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QUARTER  
'08

# Below The Line

*Bottom line building ideas*



## Why Uniforms are Better for Your Business

Studies indicate that uniformed employees feel more confident, more professional and make better first impressions. They further show that more than half of patrons and businesses prefer to buy from companies whose employees are in uniform. To that end, TLM Industries, a national leading source for uniforms, provides a program especially suited for the Convenience Store market industry.

The TLM uniform program includes a matching smock and polo concept, which has become very popular and effective for companies wanting a coordinated look for their employees. In addition, TLM offers many other options from polos to button down shirts to outerwear and more. All apparel can be custom embroidered with your company logo to further enhance the look and effectiveness. TLM uniforms have been purchased by over 300 convenience store chains such as Mapco, Speedy Stop, Tesoro, Daily's, Jet Food Stores, Shop Rite and many more. Over 3 million employees nationwide have gone to work wearing TLM uniforms.

Whether outfitting CSRs, Managers or Corporate Executives, uniforms not only affect how employees look, but also have a positive impact on their attitude and the way they present themselves. This, in turn, causes consumers to react accordingly.

A well coordinated uniform program provides a professional image that builds employee confidence and helps raise the professed value of your products and services. Furthermore, a uniform program, promoting your company image, is one of the most lucrative and clever marketing investments you can make.

You are in good company when partnering with TLM Industries.

**Note:** TLM is proud to be associated with the Convenience Store Industry and would welcome the opportunity to be a part of your company. For more information visit our website at [tmind.com](http://tmind.com) or call TLM at 800-827-0640.



## First To Close Gets The Deal!



I don't know how many times I've heard a client complain about these words! They did their market research and investigated the sites. They've lined up the financing. Now, as they anticipate assimilating the new acquisition into their existing family of revenue centers, they find out that they are faced with an unreasonably short transaction time – and precious little time for performing their legal due diligence!

Does this scenario sound familiar to you? It happens quite often. In fact, it has become more the rule than the exception! While attending the annual conference of the American Land Title Association (ALTA) a few years ago I had the opportunity to discuss this situation with a Senior Legal Counsel from a major title company. (The name has been withheld to protect the innocent!) During our conversation, the attorney complained about the difficulty of doing a proper title search with such a short transaction timeframe. I asked him what his company was doing to accommodate their clients in such a climate. He answered that they tried to push back, explaining that proper title research took time. A major client told him that the title must be delivered according to the new real estate market conditions, or he (the title company client) would find a title company that would meet the timetable. "What did you do?" I asked. He said that they began to gamble, doing quick searches and – in some cases – going without professional land surveys. He told me that this had resulted in increased claims against the title insurance policies they issued.

I asked this frustrated attorney what would help his situation. His answer was that he needed land surveyors to turn their surveys around faster. I took this story back to the office and discussed it with the senior management team. Our firm made the commitment to reducing the time it took to deliver quotes and the time it took to deliver a completed survey. But, we went one step further. We also made a commitment to changing the culture throughout our firm. From customer service to survey processing to the field crews to the engineering department to the AutoCAD department – top down throughout our company – we continue to reinforce our commitment to meeting the needs of our clients, regardless of how difficult it might be. This required an investment in human assets, technology and training. But, it is an irreversible commitment. Our clients need to be able to count on us to deliver more quickly than ever before, yet as accurately as ever before. Our clients have too much at stake to take a chance on missing their closing.

So, don't pass up a deal just because you think the due diligence period is too short! Call us first. Our quotes are quick and non-binding. Chances are, we will be able to help!



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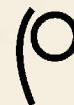
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Below The Line is mailed to over 11,000 Convenience Store executives quarterly.

# Loyalty Programs – The Next Level

## *Adding New Features to your Loyalty Program for a Real Boost!*



**PINNACLE**  
CORPORATION

With any luck, this piece will appeal to all retail convenience organizations whether you have implemented a loyalty program or not. If you have not implemented a program you should be thinking about it, because your competition likely is and they will eat your lunch with new services and programs that will take your customers and make it more difficult for you to take theirs. If you have implemented a loyalty program, you have already been through the evaluation and ROI process. You have built and distributed the cards and marketing materials. You have evaluated consumer purchase data and have built various promotions and programs to increase sales. And... you have proven that a loyalty program really can produce an increase to the bottom line. Now what?

Don't stop there because you have just started the journey. Don't forget about two primary components that will influence the adoption, or retention of the loyalty program that you have spent so much time building and proven successful; or at least is successful based on the consumers that have adopted the program thus far. First, your loyalty program will only remain this successful until your competitors replicate it. You must stay ahead of them by adding new loyalty features that will keep them behind you. Second, what about your consumers that aren't signing up for your loyalty program, are there additional services or features you should be offering in order to accelerate the adoption rate?

When I talk about **Loyalty Programs** I always like to voice my opinion that Loyalty means more than the vast majority of the industry's definition of '...offering some type of program that evaluates consumer purchase behavior to build programs designed to encourage increased spending'. It's more than that though, a Loyalty Program is better defined as **'any service offering you can provide to the potential consumer base to get them into your store and do things that help you make more money'**. There are several things happening in the market and solutions offered by some solutions providers that will help you do just this, and work seamlessly with your existing loyalty program and its card deck.

### **Restore lost convenience associated with disabling post-pay pumps.**

Whether you've been forced to disable post pay pumps due to local laws or simply as a defensive measure to stop fuel theft associated with drive-offs, the net result is penalizing the honest consumer that prefers to pay for fuel with cash. Restore convenience to those consumers by offering them a card that provides the ability to enable a pre-pay dispenser for post-pay. By signing up with their driver's license or some other piece of identifying information, you know exactly who is using the card and the account is automatically disabled in the event a drive-off occurs. With a pump authorization card offering, you restore convenience which instills loyalty, you don't lose customers to the competitor, and you stop losing profits associated with fuel theft.

**Host your own branded stored value card program.** Why let another company manage your prepaid card program when you can do it yourself,

taking advantage of all the benefits that they do. You manage the cash and use of the float, and branding the program to your company ensures consumers are spending those dollars where you want them to... your stores.

**Kill the credit card fees by offering an ACH alternative.** Offer your consumers a card that they register with their bank account, payments then become an ACH payment instead of a debit/credit payment. It's a flat fee alternative opposed to the fee plus percentage of ticket value credit/debit model, and most providers offer a guaranteed model that does not put you at risk of NSF funds. In fact, a 12 gallon fill up at \$2.79/gallon, using a fairly aggressive rate of \$.02 + 2% of the transaction amount, you will give up \$.69 for a typical credit/debit card transaction. Compare that to a flat, per transaction guaranteed model ACH fee in the neighborhood of \$.15, you've just put \$.54 (\$.045/gallon) back to the bottom line. How does that restore convenience and loyalty, how do I get them to use their ACH card? Offer a 3 cent per gallon discount to the consumer for using their ACH card instead of their credit/debit card and you still put \$.18 to the bottom line. You win, the consumer wins.

**Leverage the same card for all "loyalty" features.** Each of the various features you offer within your loyalty program will resonate with some segment of your potential consumer base, but leveraging the programs together from the same card will have a real impact and increase your adoption rate. For instance, no one will forget to pull out their loyalty card to receive some promotional discount that they qualify for, but your chances of their using your ACH payment solution are much higher if the loyalty card they just used is also the payment card and they don't have to fumble in their wallet for their credit card. Additionally, you can combine rewards from the various programs to really make an impact in the consumer's eye. It's powerful when you offer the consumer 3 cents off per gallon for using their loyalty card but even more powerful when you extend an additional 3 cents discount for using the stored value card feature for payment.

Loyalty programs don't stop with your successful implementation of a rewards program that has been built on top of consumer purchase behavior. If you haven't implemented some type of true loyalty program that is putting more dollars to the bottom line you should be, but don't get comfortable after you've achieved that level. Your competitors just might be getting close to outsmarting you with features you haven't thought about.

Curious how Pinnacle's clients are leveraging these advanced loyalty features? Visit client samples on Pinnacle's website @ <http://pinncorp.com/Pinnacle/Default.aspx?tabid=1340>.

### **Drew Mize, VP Retail Solutions**

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# Floor Your Customers With Tile Time

Our customers tell us that the ceramic tile floors found in many convenience stores are just plain tough to clean. They are porous, grouted, and often abrasive so they hold dirt and grime. The last generation of floor cleaners used two approaches. One approach used caustic formulations which cleaned certain types of soil, but often left the floor slippery. The other approach used a slightly acid formula which cut down on slipperiness, but didn't clean well. TILE TIME with SilaPro\* cleans better than the harmful caustic formulas and has a better slip coefficient than the acids.

Here is a short list of things TILE TIME will do that typical floor cleaners won't:

- Remove heavy grease from food service
- Remove petroleum based soil
- Deep clean grout
- Aid in slip control
- Total tile renovation



This is how TILE TIME Aids in Slip Control: Floors become slippery for a few simple reasons. When dirt and soap residue are present on the floor surface, they provide a flow area between the foot and the floor. As a result, your feet never really make solid contact with the floor. In addition, dirt penetrates into the open pores of the floor, clogs them, and limits their ability to aid in slip resistance. TILE TIME corrects both of these potentially dangerous situations. Its deep cleaning SilaPro\* emulsifier penetrates and removes pore blocking soil. Its customized blend of surfactants breaks through surface dirt and deposits.

Make your floor new again with TILE TIME

Has your floor lost its natural luster because of embedded dirt. With TILE TIME and the simple "Wake Up Your Floor" process, total renovation is possible.

The TILE TIME Deal: 1 gallon of TILE TIME and 1 Magic Measuring Cup for \$16 including shipping and handling. A free "Wake Up Your Floor" chart is available upon request – no purchase necessary. Call 800-441-7146 or email Joe DeLuca at [jdeluca@apterindustries.com](mailto:jdeluca@apterindustries.com)

# Defining Lowest Total Cost of Risk

More than a matter of semantics, there is a definite difference between "price" and "cost." Understanding the difference can have a significantly favorable impact on your convenience store's bottom line.

Fundamentally, you have two major decisions to make to determine "total cost of risk." The first is choosing the agent; the second is selecting the carrier. But before either decision is made, the value proposition for each must be understood.

## VALUE PROPOSITION - Agent

First and foremost, it is imperative your insurance agent understands your business. They should place their emphasis on reducing costs and increasing profitability by focusing on process improvement in key areas such as: employee turnover, employee selection/hiring, inventory shrink and cash shortages. All of which lead to greater risks and higher costs. A knowledgeable agent matches your needs with qualified carriers, submits a convincing case for coverage, and holds the carrier responsible.

## VALUE PROPOSITION - Carrier

The insurance carrier accepts (or rejects) an identified risk for a price or a premium. Be certain about the carrier's financial stability, ability to serve, claim management process, history of payment, and geographic qualifications. It is imperative an agent have favorable access to key convenience store insurance carriers within the marketplace, both regionally and nationally.

With those value propositions in mind, be wary of the agent who begins an insurance discussion with price. Price is the easiest part of insurance to understand, and it can have the least impact on an asset-protection program. A number of considerations must precede "price" in order to achieve lowest total cost of risk.

The primary course of action is a structured Risk Management Process.

## Five-Step Risk Management Process

1. Establish objectives
2. Gather and evaluate information
3. Weigh the alternatives
4. Select the most effective solution
5. Monitor success and adjust techniques

Steps 1 and 2 require an agent who has full knowledge of your convenience store. Steps 3 and 4 demand an agent who has mastered his/her business. Step 5 combines the two areas of knowledge in a blend of know-how and know-who.

If you are in doubt about the benefits of lowest total cost of risk, we would be happy to conduct a five-year loss-history Risk Management Audit. By looking back on your own historical information, we can help you demonstrate how and when past coverage purchased primarily on lowest price alone was less effective and ultimately more expensive. Initial price is meaningless without the measure of quality. Quality determines the lowest total cost of risk.



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# Image Vaults Enterprise Video Analysis

- POS Integrated
- Automates Analyzing Data
- Detailed User Reports
- Provides Graphs & Charts
- Manages large networks
- And Much More

In late 2007, Image Vault, a member company of the FireKing Security Group, announced the availability of Image Vault Enterprise Video Analysis or "EVA," a customizable software application designed to allow users at the enterprise level to monitor and extract information from all DVR systems in the organization's network simultaneously.

According to David Goffinet, Image Vault's Senior Vice-President & COO, the Image Vault EVA is a breakthrough application in the way DVR's are deployed in larger organizations. "Before Image Vault EVA, DVRs operated as a reactive security measure, because every individual DVR location's exception report had to be collected, and then analyzed for patterns and trends, and the info often just uselessly sat within the organization at the individual store level until someone took the considerable time needed to analyze all the data and package it for consumption at a higher level." Consider the situation with VERC, a multi-location c-store chain in the New England region. According to Barry Ahern, director of operations and HR at VERC Enterprises, "we looked for ways to improve our situation with regard to shrink, and we knew that up-to-date video surveillance technology that would integrate with our POS systems would solve some of our shrink challenges. (An evaluation of several vendors resulted in VERC's purchase of the Image Vault DVR surveillance system from FireKing Security Products.)

Through a single, easy-to-use interface, the Image Vault EVA completely automates the process of extracting and analyzing important data from all DVRs in a network, all the way up to an enterprise level. Image Vault EVA also automatically monitors the health of each individual recorder, updates the software, and adds and removes capabilities.

Image Vault EVA utilizes two integrated components that create effective and detailed reports for its users. The first component collects data at each DVR system in the owners' network, while the second feature, the analyzing application, interprets all of the data collected, and then immediately provides several graphs and charts outlining the Image Vault EVA's output. The reports can be system-wide or broken down to the store level; whichever best suits the end-user's needs.

By automating significant steps in the processes, Image Vault EVA provides the end-user much greater decision-making power and flexibility when managing larger networks of DVRs spread out across numerous locations.

To add Image Vault EVA, customers should have the latest version Image Vault DVRs and playback software (V9) and broadband connectivity. Image Vault EVA can be installed with a CD or remotely by Image Vault tech support. For more information please visit [www.image-vault.com](http://www.image-vault.com) or call 1.888.462.4382.

## About FireKing Security Group

FireKing Security Group manufactures a broad array of security products with best-in-class service and support for businesses around the world. The products and services we offer focus solely on protecting customers' assets, people, and vital information. FireKing Security Group's brands include FireKing fireproof files and safes; Adesco, EXL, McGunn, Meilink, and Gary home, office, and commercial safes; NKL and PerfectCash cash-handling and cash-validating products; and Image Vault digital video security solutions. The New Albany, Indiana-based company is privately held. Additional information about FireKing is available at [www.fireking.com](http://www.fireking.com).



**David Goffinet**  
Image Vault's Senior  
Vice-President & COO

*"Image Vault EVA is a breakthrough application in the way DVR's are deployed in Larger organizations."*

# Retail fuels pricing and performance management in the palm of your hand

*KSS launches a new generation of mobile pricing technology and performance data visualization tools*



In today's internet world, we find ourselves constantly looking for instant information and feedback. This is true for fuels pricing and performance analysis and KSS' PriceNet Mobile and KSS Visualizer satisfy retailers' needs for real-time market monitoring and response.

PriceNet Mobile delivers real-time pricing on web-enabled mobile devices, providing the instant information which minimizes delays in responding to market events and/or competitor price changes that cost retailers in lost volume, margin or price image. This solution is available as a stand-alone system or an add-on for customers already using PriceNet. So how does it work? Personnel out in the field enter competitor price surveys directly into PriceNet Mobile and immediately receive new price proposals for approval and subsequent implementation. Users will also be able to review key performance measures and receive exception-based alerts, e.g. volume running rate and margins below targets, no competitor survey for the past 2 hours. PriceNet Mobile also delivers business critical information to field personnel when they need it most.

"PriceNet Mobile gives me the ability to make pricing decisions from my Blackberry", said Dennis Williamson, general manager of Ricker Oil. "This addition to our existing pricing system enables me to respond faster, especially on weekends and while out of the office."

KSS Visualizer is a web-based data visualization tool to quickly draw attention to significant changes in performance measures such as volume, running rates, margin, and competitor price position, at any level of a retailers business from individual grade/store to overall network. It's a snapshot of how your sites are performing that answers two key questions:-

Which sites/areas/regions are most **important** to focus my limited time on; and Which sites/areas/regions need **urgent** attention

Using color to indicate deltas to user-configurable goals or measures, KSS Visualizer allows users to instantly identify issues demanding their attention without the need to analyze spreadsheet tables, take time building reports or make sense of data coming from multiple data sources. Users can easily configure the tool to represent their network hierarchy and drill-down into the detail with a click of a mouse. KSS Visualizer is flexible enough to work with a variety of data sources and can be applied to monitor fuels, store and other profit centers.

For more information contact KSS via email at [info@kssg.com](mailto:info@kssg.com) or visit us online at [www.KSSG.com](http://www.KSSG.com).

## Strategy Implementation and the Balanced Scorecard

*Did you know that the odds at gambling casinos favor the house by better than five out of ten?*

Drs. Kaplan and Norton, founders of the Balanced Scorecard methodology, presented results from a study that revealed results of companies implementing strategy. The results revealed that **nine out of ten companies fail to successfully implement strategy** and these are companies with a strategy. This says the odds of a company successfully implementing strategy are one out of ten.

The study concluded there were **four major barriers to strategy implementation**.

- The **vision barrier** showing only 5% of the workforce understands the strategy. The executive leadership team often isn't on the same page in understanding the strategic destination of the organization. Even when they are, that understanding isn't driven into the organization. As a result the workforce has little chance of understanding the organization's strategy and even less at implementing.
- The **people barrier** showing only 25% of managers have personal objectives and incentives linked to strategy. All the organizations had programs for developing personal objectives but these programs didn't have the managers linking the development of these personal objectives to the organization's strategy. Similarly, the incentives of either rewards or recognition were not linked to achievement of strategy.
- The **resource barrier** showing 60% of organizations don't link budgets to strategy. Often the strategy development process is done once a year and put on the shelf until its time to do again the following year. The budget process is often done in absence of the strategy.
- The **management barrier** showing that 85% of executive teams spend less than one hour per month discussing strategy. The executive teams typically are spending meeting time focusing on operational issues. If the executive teams aren't spending time discussing strategy, then who is?

With these four major barriers it is easy to see why the odds of successfully implementing strategy are only one out of ten.

But organizations using the Balanced Scorecard have beaten those odds. Not only have they beaten the odds of implementing strategy, they have done it rapidly and with significant results. The Balanced Scorecard is a strategic management system that provides a framework that helps organizations translate strategy into operational objectives that drive both behavior and performance.

The power of the Balanced Scorecard is in its ability to translate the organization's vision into operational objectives, the design of cause and effect in the objectives that represent strategy, and the focus on measuring strategy. The framework is ideal for communicating direction and results, linking to budgets, as well as incentive compensation and individual performance development systems. Incorporating all facets of the Balanced Scorecard methodology will truly drive focus and alignment of the organization.

The power of an organization with all members rowing in the same direction is absolutely tremendous. The Balanced Scorecard provides the framework to make this happen.



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