

Upcoming Events

FMS will be attending the following:

September 10	AWG Oklahoma
Sept 15 - 16	AWG Springfield
Sept 29 - 30	IL Food Retailers
Oct 18 - 19	BR Data
Nov 1 - 3	CA Grocers

Tell Us What You Think

We look forward to receiving your feedback about the articles featured in this issue. If you have any questions or comments regarding any information within this issue, please email Bob Graybill at BobG@fmssolutions.com.

To learn how FMS can enable you to improve the profitability of your operation, please contact us at (877) 435-9400 today. Or, visit our website at fmssolutions.com.



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Smart Decisions

A bi-monthly newsletter for independent retail grocers — Sept 2009

fmssolutions.com

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Economic Indicators:

Prime Rate

08/30/09	3.25%
07/23/09	3.25%
05/04/09	3.25%
12/29/08	3.25%
01/25/08	6.50%

Unemployment Rate

August 2009	9.7%
June 2009	9.5%
March 2009	8.5%
Feb 2009	8.1%
2008 Annualized	5.8%
2007 Annualized	4.6%
2006 Annualized	4.6%

Top 5 Unemployment Rates by State (Latest data by state July 2009)

Michigan	15.0%
Rhode Island	12.7%
Nevada	12.5%
Oregon	11.9%
California	11.9%
Lowest Rate (July 2009)	
North Dakota	4.2%

Merchandising to your cash strapped customers?

Consumers are on the look out for bargains. This has equated to an increase in the amount of private label product being sold across almost every category. Some big box retailers have revamped and expanded their private label offerings in an effort to capture more of this market segment. There are some simple ways for you to expand the image of your private label and offer value to your customers without damaging your margins. Often times private label offers a higher margin percentage and sometimes greater profit dollars than the national brands. Take advantage of these profit spreads!

1. When building your end cap displays for your ad week, set up a shelf or two on the same end cap with private label products. Draw attention to these products for the value based consumer.
2. Consider some small markdowns on private label products that you place on end caps. Attempt to set multiple pricing such as 4/\$5.00.
3. Create compare and save shelf talkers that emphasize the savings against the national brands. These savings can help the consumer understand the value. These compare and save signs should be placed both on the end caps and in the aisle next to the products.
4. Attempt to locate the private label products next to the number one national brand.
5. Offer taste testing on private label products against the leading national brands. Your supplier may be able to help fund these with a free case of the private label product.

With everyone emphasizing price and private label in an effort to help consumers in this economic downturn, promoting private label can improve your value image and protect customers that may be lured by a stronger price image at your competitors.

Retail Hiring Shift May Show Growing Confidence in Recovery: NGA Fast Lanes

U.S. discount, grocery and restaurant chains are hiring a larger percentage of job applicants than seven months ago, signaling confidence the economy may be improving, software maker Kronos Inc. said in a story by Bloomberg. Kronos analyzed the 8.9 million job applications received by 68 retailers in the first seven months of the year. In July, 2.99 of every 100 applications resulted in a hire, compared with 2.75 in January, a three-year low. The pace of hiring of cashiers, merchandise stockers and other frontline workers in July was less than half that of October 2006. U.S. unemployment rose to a 26-year high of 9.7 percent in August, according to the Labor Department. Retailers fired 10,000 people last month while all U.S. employers trimmed payrolls by 216,000 after slashing 276,000 jobs in July.

Americans Change Eating Patterns: NGA Fast Lanes

A new survey finds that more Americans are changing how they cook and eat. Two out of three U.S. adults (68 percent) have changed their cooking and eating habits because of the current state of the economy, a new Harris Interactive and Whole Foods Market survey found. About half of U.S. adults (51 percent) eat dinner at home more often and more than a third (37 percent) budget food-shopping trips more strictly. At the same time, the survey found that the majority (76 percent) say they do not want to compromise on the quality of the food they buy, regardless of current food prices. While three in four (75 percent) also continue to purchase natural and/or organic foods in the same quantities as they always have, nearly two-thirds (65 percent) of consumers surveyed say they would like to find ways to be able to buy these foods within their budget. Of the adults who said their grocery shopping habits have been affected by current food prices, half (54 percent) are using more coupons, are more likely to comparison shop (50 percent), and are more likely to buy private label/grocery store brands (45 percent).

How to add dollars to your bottom line during tough times

With chains across the country ratcheting down their pricing on 1000's of items, the independent grocer is faced with greater competitive pressures despite the greater number of individuals eating at home versus out at restaurants. When looking for ways to improve your bottom line, there are a few things you can do that won't impact the service or quality to your customer. Below are two ideas to drop some dollars into your business either for improved profits or to cover lost margins:

1. **Employee Hiring Tax Credits:** The federal government has expanded the number of credits for hiring certain individuals. These credits include hiring from certain areas (Empowerment Zones), back to work programs, and disenfranchised youth. Often times you are hiring these people and don't



even realize it. The best part is that these are tax credits, not deductions, so they come right off your tax bill. We have seen customers receive as much as \$100,000 in tax screening credits.

2. **DSD Audits:** Have an outsider take a look at your vendors, what you are paying, what allowances you are receiving. We all feel that we have control over our allowances, vendor invoicing and buy-in periods for ads, but why not let someone take a look. This process can help you identify problems and prevent them in future years. Because this process is done on a contingency basis, if nothing is found, you pay zero dollars! So even if you feel there would be nothing to find, you have nothing to lose and only the potential to add to your bottom line. The average recovery is about \$2500.00 per store.

If you are interested in either of these services, please contact Mark Ehleben at (888) 233-6533 at extension 1402.



Looking for a Retail Accountant?

Looking for a strong Accounting Manager/Assistant Controller with over a decade of experience in retail grocery accounting?

Brent Lundquist is available for hire and is seeking employment in the southeast. He is willing to relocate to states in the southeast portion of the country. He currently resides in Birmingham Alabama. He previously worked with an FMS client who was sold. He has managed everything from payables, retail inventory, and general accounting functions. In addition he has worked with Books-a-Million a book retailer in the southeast.

You may contact him at bwlundquist@gmail.com

Watching Your Cash

With the economy in a slump and increased unemployment, it is a good idea to keep an eye on the cash levels in your stores. Hard times typically result in increased crime levels.

Cash on Hand

Now is a good time to do a quick check up of your stores cash levels by day and even time of day. If cash is building, you may want to schedule an additional armored car pick up or deposit to the bank. If your store has timed drop safes, be sure that

store personnel are making drops frequently enough to reduce the risks and enticements for armed robbery.

Cash in Till

Most cash register systems will indicate when a "pick up" is needed. If yours does not, head cashiers should periodically perform "pick ups" throughout their shift. A full till drawer may encourage a thief. In addition, be sure cashiers understand not to turn their back on an open drawer. In addition, block off closed lanes to prevent someone from approaching from behind the cashier to "grab and run".

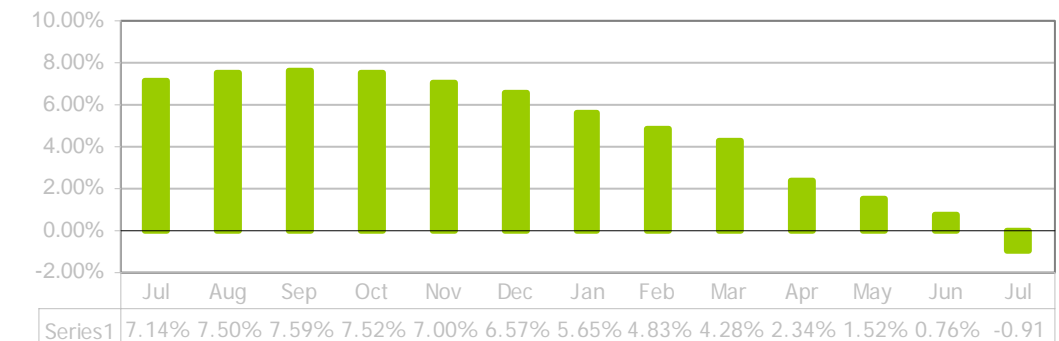
The easier and bigger the bounty for a thief, the more likely they will try.



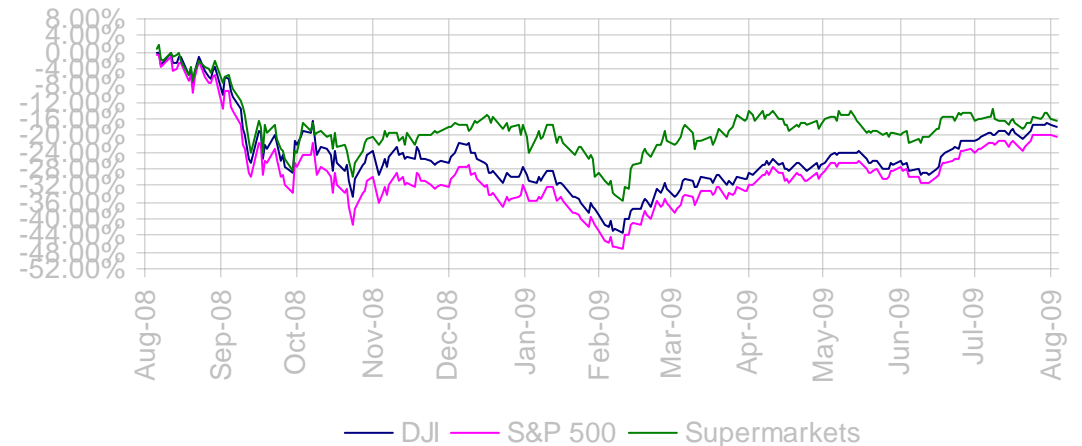
Statistics

CPI-Food at Home

Change versus Same Month Last Year



FMS Supermarket Index



Supermarkets include the following ticker symbols: DEC, MKTA, SWY, SPTN, GAP, KR, WMK, WFMI, SVU