

Alabama Grocer

2017, ISSUE 2

ALABAMA GROCERS ASSOCIATION



IN THIS ISSUE

A Crazy Year, So Far

AGA Out & About

Heart-Led Leadership

Doing More Than Expected



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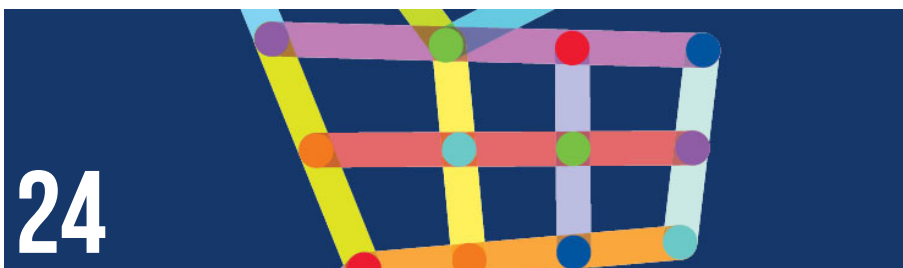
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Buy Alabama's Best

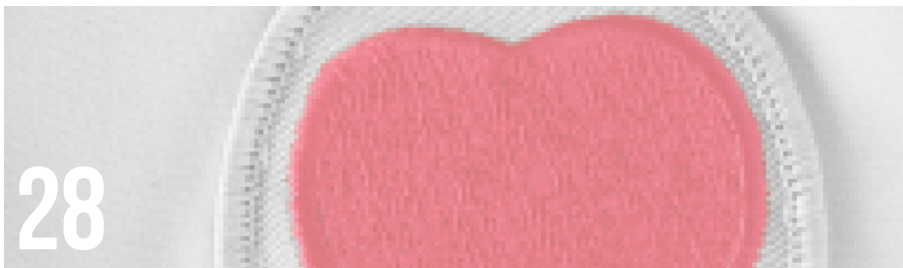
The Alabama Grocers Association joined the Alabama Department of Agriculture and Industries, the Alabama Food Manufacturers and Producers Association, and Gov. Robert Bentley to announce the "Buy Alabama's Best" campaign.



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Connecting the Dots

Are the benefits of collaboration being explored to their fullest? *Alabama Grocer* asked three industry leaders to give their views on the state of industry collaboration and how it can move forward.



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CHAIRMAN'S MESSAGE

DO NOT SQUANDER TIME



PETER GREGERSON, JR.

GREGERSON'S FOODS
AGA CHAIRMAN OF THE BOARD

THIS YEAR HAS ALREADY BEEN VERY BUSY FOR BOTH THE ASSOCIATION AND ITS MEMBERS.

This year has already been very busy for both the Association and its members. I am reminded of a quote from one of our Founding Fathers, Mr. Benjamin Franklin, "Do not squander time for that is the stuff life is made of." We have been using our time wisely and staying very busy so far this year.

In February I was proud to be appointed to serve as the Alabama Grocers Association grocery industry representative on the Governor's Grocery Tax Task Force.

In the Governor's inaugural address, he mentioned his desire to remove the state's 4% sales tax from grocery items. AGA supports this endeavor assuming the state follows the same items we currently adhere to for the Supplemental Nutrition Assistance Program.

This task force will review the potential financial impacts to the state budgets and other direct and indirect economic impacts to the state's economy and we will then offer recommendations on how to effectively repeal the sales tax on grocery. Our findings and recommendations will be due to the Governor and the Legislature by June 1.

The Membership Committee has been very busy. Mr. David Bullard, Membership Chairman has done a great job at motivating not only the committee, but also his warehouse to recruit new members for AGA.

From January to March 1 this year we already have 14 new AGA member companies. Be sure when you see a new member company representative to make them feel welcomed into AGA.

The Benefits, Services and Education Committee have had their hands full as well. This Committee led by Jay Mitchell of Mitchell Grocery Corporation has successfully administered the Scholarship Program for 2017.

As I write this, the application process has ended and all the information has been transferred to Dr. Glenn Richey of Auburn University for judging. We expect by the end of the month to be ready to call and verify employment for each potential scholarship recipient.

AGA has also secured a new member benefit, partnering with Federated Insurance. Retailers should expect these

new members to visit you and talk about how they can help your companies.

The Association Office has also gone through some changes. We were excited to welcome our newest administrative assistant, Cheryl Lusk, she comes to us after retiring from Regions Bank. Cheryl is married to Keith Lusk, they have 2 children and 4 grandchildren.

We are happy to welcome her to the AGA family and look forward to working with her. As always, your President, Ellie Taylor, continues to work tirelessly with regulatory agencies, our members and other elected officials to do positive work on behalf of our members. This is no more evident than in the Tasting Regulations she has been diligently working on with the Alabama ABC Board.

I am truly looking forward to our next big event, the AGEF Golf Outing on April 6 at Inverness Country Club in Birmingham. The money from this tournament go to fund scholarships for children in college and provide educational seminars for our members.

If you have not signed up, you need to either call the AGA Event Coordinator, Jessica Brown at the Association Office at 205-823-5498, visit the website at www.alabamagrocers.org or email her directly at jbrown@alabamagrocers.org.

“I AM REMINDED OF A QUOTE FROM ONE OF OUR FOUNDING FATHERS, MR. BENJAMIN FRANKLIN, 'DO NOT SQUANDER TIME FOR THAT IS THE STUFF LIFE IS MADE OF.'”

I would be remised if I did not mention our largest Association Fundraiser coming up in July. If you have not already made plans to join us for the 2017 AGA Convention on July 24-27 in Sandestin Golf & Beach Resort, you need to act fast.

This event is shaping up to be one of our best yet! Not only are we going back to Sandestin, we have one of the best Business Forum line ups to date. Mr. Thom Singer, motivational speaker will

be our keynote and will talk to us about reconnecting in a gadget crazed world.

We will also have an active shooter seminar; Stacey Neumann from the Alabama WIC Department will talk to us about the upcoming pilot of e-WIC scheduled for February/March 2018 and we will have an expert panel on e-commerce.

This convention is your opportunity to connect with other AGA members, hear

speakers on hot industry topics and enjoy some great entertainment. For a complete schedule and to register, please go online to www.alabamagrocers.org.

This is a great time to be involved in our Association.



*Mark
Your
Calendar!*

Alabama Grocers Association
2017 Annual Convention

July 23-26, 2017
Sandestin Golf &
Beach Resort
Miramar Beach, FL





PRESIDENT'S MESSAGE

2017 STARTS OFF FAST AND FURIOUS



ELLIE SMOTHERMAN TAYLOR
PRESIDENT
ALABAMA GROCERS ASSOCIATION

2017 STARTED OUT WITH A BANG AND IS SHOWING NO SIGNS OF LETTING UP. WITH SO MUCH GOING ON, YOUR CONTINUED INVOLVEMENT IS ESSENTIAL.

What a crazy beginning of the year it has been! From the Presidential Inauguration, to the start of the Legislative Session, to our Buy Alabama Day on the Hill, to preparing for industry events, we have been a busy Association.

As you all know, Off-Premise Tastings has been a major issue for our Association. The Alabama ABC Board has agreed that instead of moving forward our Off-Premise Tasting Legislation, SB5 (sponsored by Senator Jabo Waggoner) and HB134 (sponsored by Representative David Faulkner), they have agreed to allow this through regulation.

At their March 1, 2017 meeting, the ABC Board approved Off-Premise Tastings for both beer and wine. These regulations will now be submitted in the Alabama Administrative Monthly starting March 29th and are required to run at least 35 days for public input. May 2nd will be the 35th day.

The ABC Board will then review at its May meeting which is the last Wednesday of the month and when adopted the certified copies will be sent to the

Legislative Reference Service (LRS) where it will be reviewed by the Joint Committee on Administrative Regulation Review.

The effective date will be 45 days after filing with the LRS which will be approximately mid-July. For more on current legislation, please see Pat McWhorter's article in this newsletter.

E-WIC IS COMING!

Alabama WIC is now entering the implementation phase. The city of Montgomery has been selected as the pilot site. Following a three-month pilot, there will be a statewide rollout.

The pilot is estimated to begin in Winter of 2018 and will be rolled out by WIC Public Health Areas. There are many benefits to transitioning to eWIC – from a smoother transaction at the register, automatic electronic claim payments and reduced time in checkout lanes.

To gear up for this implementation, we will be meeting several times with our Alabama WIC Task Force and the Alabama State WIC Department. If you

are a retailer or wholesaler and are not currently on our Task Force but would like to be involved in the process, please let know and we will be happy to add you. Our next meeting will be May 15, 2017.

Finally, I always encourage our members to become involved in the legislative process. Whether in Montgomery or in Washington, DC, it is important that your voice is heard and that you represent our industry.

On May 2-4, we will be attending the Annual Day in Washington Supermarket Industry Fly-In. Each year we pick specific topics that affect our industry and lobby our Congressmen and Congresswomen on the Hill.

It is a unique experience and one that every Association member should experience at least once. I highly encourage you to attend with us this year. Information about the event can be found at <https://grocersdayinwashington.com/>.

My door is always open with any questions, concerns or comments. Thank you for being a member of AGA. We appreciate your support and membership!





GOVERNMENT RELATIONS

E-WIC IS COMING TO ALABAMA

EBT stands for Electronic Benefit Transfer. WIC EBT is an electronic process where the food benefits are automatically added onto the card, similar to a debit card. This card, which will be known as the e-WIC card, will replace the current paper based delivery system. The Alabama WIC Program spent several years in the planning phase and made the decision to utilize an online e-WIC card.

Alabama WIC is now entering the implementation phase. The City of Montgomery has been selected as the pilot site. Following a three (3) month pilot we will begin statewide roll out. The pilot is estimated to begin first quarter of 2018 with statewide roll out beginning at the end of the three (3) month pilot. e-WIC will be rolled out by Public Health Areas.

As soon as the State selects an e-WIC Service Provider we will begin working closely with our authorized WIC vendors to ensure all vendors are ready for implementation.

During the e-WIC implementation phase, updates and further information about e-WIC will be posted on our website as it becomes available.

HOW WILL E-WIC IMPROVE THE SHOPPING EXPERIENCE?

Smoother Transactions at the Register

Store employees are no longer the “WIC Police”. WIC food items will be identified by the cash register system at the time of purchase.

Each WIC approved item will be maintained in the Universal Product Code (UPC) database, providing stores with a more accurate description of WIC approved items. * Alabama WIC will maintain the UPC database with the assistance of our authorized WIC vendors. This database will be updated regularly to ensure all authorized WIC items are available for purchase.

e-WIC will reduce the number of non-approved WIC items being purchased,

because non-WIC items will be identified during scanning. Incorrect package size and/or quantity will not be allowed when using the e-WIC card. *More information to come regarding the UPC collection process.

Automatic Electronic Claim Payments

e-WIC eliminates paper WIC checks, reducing paperwork and streamlining back end processing. The store’s account will be credited within 24-48 hours for food benefits redeemed by participants. In addition, staff will no longer be responsible for applying the WIC vendor stamp because claims are submitted and paid electronically.

Reduced Time “In Lane”

Participant authentication is managed through the use of a participant PIN, eliminating the need for the cashier to verify the signature on the check with the signature on the WIC ID folder.

The WIC customer will no longer be required to separate individual family member’s WIC items during checkout.

USDA FOOD AND NUTRITION RESOURCES (USDA FNS) FOR E-WIC

USDA FNS provides two publications that govern WIC EBT processing standards for all entities involved. These are the Operating Rules Women, Infants and Children (WIC) Electronic Benefits Transfer (EBT) and the WIC EBT Technical Implementation Guide (TIG).

The guidelines establish a framework for consistent procedures and implementations by State agencies and their participating retail vendors.

The guidelines have been developed at the request and input of WIC State agencies, food retail vendors, EBT processors,

third party processors, payment terminal device manufacturers and cash register software manufacturers.

The Operating Rules provide a framework for the initiation and continuing operation of a WIC EBT program. It lays groundwork to provide services consistently regardless of the Processor or location of the WIC vendor. It addresses the operation of WIC EBT for all entities, including: WIC Authorities, WIC Cardholders, retail system providers, WIC Vendors, Acquirers and the Processors of these entities.

The TIG consists of the specific implantation guidelines of the X9.93 standards for parties processing a specific subset of EBT Transactions. The TIG applies to retail merchants, POS system integrators, cash register vendors, POS terminal vendors, third party processors and EBT Card Issuer processors.

If you are an authorized Alabama WIC Vendor your cash register system/point-of-sale representative will be familiar with these documents. They will utilize these documents to integrate e-WIC into your existing system.



GOVERNMENT RELATIONS

CAPITOL DRAMA



PATRICK MCWHORTER
LEGISLATIVE REPRESENTATIVE
THE MCWHORTER GROUP

THE ALABAMA LEGISLATURE HAS TAKEN SPRING BREAK FOR THE NEXT TWO WEEKS DUE TO THE SPREAD OF HOLIDAYS NOW CELEBRATED BY THE STATE'S SCHOOLS.

Members will return to work April 4, which will mark the 14th day of the allowed 30 legislative days for this session.

Shows and side shows swirl all around the State House. Governor Robert Bentley, in the midst of investigations by the House Judiciary Committee, the state Ethics Commission, and the Attorney General's Office, made two trips to the Emergency Room due to heart problems.

Rumors have engulfed Montgomery that this may be a sign that he is considering stepping down as Governor prior to the possible April 5 release of the Ethics Commission's report.

His office denied those rumors and said he is intent on completing his term.

In spite of that, rumors persist that Lt. Governor Kay Ivey is making preparations to assume the office. The House Judiciary Committee has restarted its investigation for impeachment purposes.

Of course, the Legislature is conducting business while all this is going on. One good thing that has happened since the GOP takeover in 2010 is the continued reduction of bills introduced.

Under previous rule, it was common to see in excess of 1,000 bills filed in both the House and Senate. To date, the current session has seen only 774 bills filed. I bit ironic, however, to say only 774 bills.

On March 16, the House of Representatives fulfilled a portion of their primary constitutional duty in passing the General Fund budget. But there is a lot of work to be done before that budget becomes law. House Ways & Means Committee approved, and the full House approved, a budget that reserved

over \$90 million out of concern what will happen in Washington DC with Medicaid and Children's Health Insurance funding.

If the Senate agrees, that will almost certainly necessitate a special session prior to the October 1 beginning of the next fiscal year. There almost certainly will not be any efforts to raise new revenues in this session.


The Senate had intended to pass the Education budget Thursday, but several Senators objected to having such a short time to review the committee's work. That bill will be before the Senate upon their return April 4th.

There are several bills which are monitoring on behalf of the grocers in our state. A complete listing can be found on the weekly Market Minute.

The work of this session must constitutionally be completed no later than May 22, 2017. Therefore, this extended break will cause a fairly intense effort on the part of the Legislature to complete their necessary work.

The Governor's Task Force tasked with the study of how to remove the state's sales tax on groceries is completing its formation, and will begin work very soon. AL Department of Revenue Commissioner Julie Magee will chair the Task Force, which must complete its work and report to the Governor by June 2017.





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AGA NEWS

GOVERNOR JOINS AGA TO LAUNCH "BUY ALABAMA'S BEST" CAMPAIGN

On March 1, 2017, the Alabama Grocers Association, the Alabama Department of Agriculture and Industries and the Alabama Food Manufacturers and Producers Association held a media briefing for the Buy Alabama's Best campaign on the Capitol Lawn in Montgomery, Alabama.

The Buy Alabama's Best campaign will run throughout the year and is designed to inform and educate consumers on what products are made, produced, manufactured and/or headquartered in the state of Alabama. Proceeds from the

sales of Alabama products will benefit Children's of Alabama.

Event speakers included Governor Robert Bentley; Commissioner John McMillan, Alabama Department of Agriculture and Industries; and Alabama Secretary of State, Mr. John Merrill.

Following the media briefing over 400 people including Alabama legislators and staff sampled some of Buy Alabama's Best members' products.

Alabama food product sales have a \$2 billion impact in Alabama's economy, tax base and along with the grocery and food service industries, employ one out of every four Alabamians.

"When you are shopping in your local grocery store, please be sure to look for the Buy Alabama's Best logo on your favorite Alabama products. You will be helping to support Alabama's economy, local jobs, and supporting Children's of Alabama, a wonderful Alabama based charity." said Ellie Taylor, President, Alabama Grocers Association.

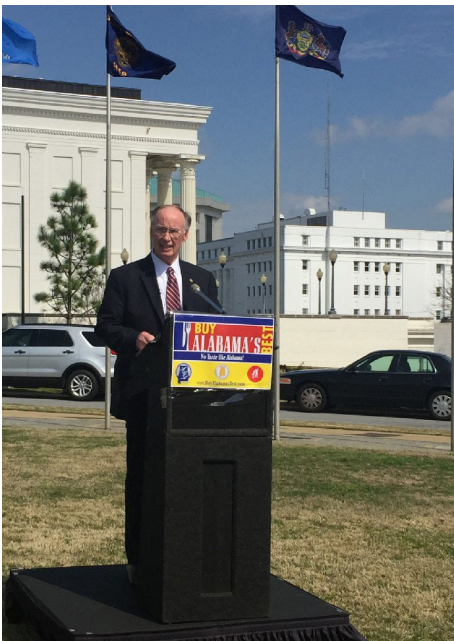
Retailers throughout Alabama will be supporting this campaign in their stores



Pat McWhorter, The McWhorter Group; Jessica Brown, AGA Event Coordinator; Keith Lusk, Golden Flake; Wade Payne, Food Giant and Harold Garrett, Gateway Foods.

with Alabama product displays, ads, signage, special promotions and will sell Children's of Alabama icons to support our fight to find a cure for pediatric cancer. When consumers shop in their local grocery store, they need to look for the Buy Alabama's Best logo under products to ensure they are buying the best products made right here in Alabama.

"By supporting the local economy and purchasing products made in our state, folks can feel good about not only



Governor Robert Bentley, State of Alabama.



Commissioner John McMillan, Alabama Department of Agriculture.

"SINCE 1911, CHILDREN'S OF ALABAMA HAS PROVIDED SPECIALIZED MEDICAL CARE FOR ILL AND INJURED CHILDREN."



AGA NEWS

benefitting local industry but also helping to spread hope to Alabama families facing cancer,” said Emily Hornak, Community Development and Cause Marketing manager at Children’s of Alabama. “We are so grateful to our community partners and the difference they are making through this campaign.”

Since 1911, Children’s of Alabama has provided specialized medical care for ill and injured children. Ranked among the best pediatric medical centers in the nation by *US News & World Report*, Children’s provided care for youngsters from every county in Alabama, 42 other



Sampling lines.

states and 10 foreign countries last year, representing more than 653,000 outpatient visits and nearly 14,000 inpatient admissions.

With more than 2 million square feet, it is the third largest pediatric medical facility in the U.S. Children’s offers inpatient and outpatient services across its

“WE ARE SO GRATEFUL TO OUR COMMUNITY PARTNERS AND THE DIFFERENCE THEY ARE MAKING THROUGH THIS CAMPAIGN”

Russell Campus on Birmingham’s historic Southside with additional specialty services provided at Children’s South, Children’s on 3rd and in Huntsville and Montgomery. Primary care is provided at more than a dozen medical offices in communities across central Alabama.

Children’s of Alabama is the only medical center in Alabama dedicated solely to the care and treatment of children. It is a private, not-for-profit medical center that serves as the primary site of the University of Alabama at Birmingham (UAB) pediatric medicine, surgery, psychiatry, research and residency programs. More information is available at www.childrensal.org.

The Alabama Grocers Association is a state trade association representing the grocery retail industry since 1990. With more than 125 retail members operating nearly 1,000 stores nationwide, as well as over 225 manufacturers, brokers, wholesalers and other members, the AGA is the voice of the industry in the state of Alabama. For more information, go to www.alabamagrocers.org.

For a complete list of Buy Alabama Best participating companies, visit www.buyalabamasbest.com.



Bill Davis, A and R Supermarkets; Emily Hornak, Children's of Alabama; Wade Payne, Food Giant and Bob Durand, AWG.



Alabama Governor Robert Bentley Sampling some Coca-Cola products.



AGA NEWS

AGA OUT AND ABOUT

Welcome to our new section of the AGA Digital Magazine called AGA Out and About. We created this page to help celebrate all the positive celebrations of our member companies. If your company wins an award, has a grand opening or has something amazing happen, please be sure to let us know. We love to celebrate your successes!



Governor Bentley signing Executive Order 28 creating the Alabama Grocery Tax Task Force. AGA Chairman Greg Gregerson will sit on this Task Force to represent the Grocery Industry.



Downtown Birmingham Publix Grand Opening.



James Mowery, District Manager of Publix and Jessica Brown, AGA Event Coordinator at the Publix Distribution Center Grand Opening.



Congrats to Jerrico Everhart, Mitchell Grocery for competing in the NGA Best Bagger Contest!



Spending time with AGA members David Mitchell, Mitchell Grocery and Jimmy Wright, Wrights Market at the NGA Convention.



Congrats to Piggly Wiggly Alabama Distributing Company for winning the 2017 Progressive Grocer Outstanding Independent in Produce at the NGA Convention.



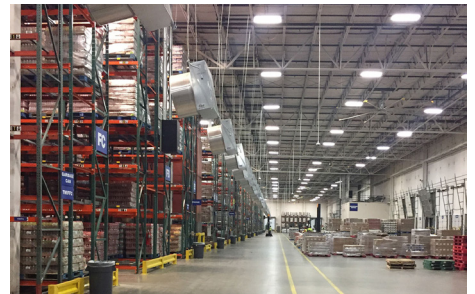
Legislative Chairman, Wade Payne of Food Giant speaking to Governor Robert Bentley at the Buy Alabama's Best Kick-Off Event.



Ribbon Cutting Celebration at the Downtown Birmingham Publix! Ellie Taylor, President of AGA seen here with Joe DiBenedetto and Kris Jonczyk of Publix.



Welcome Cheryl Lusk as the new AGA Administrative Assistant. She comes to us from Regions Bank.



New Publix Distribution Center in McCalla, Alabama.



AGA NEWS

The Alabama Grocers Association wishes to recognize its Diamond and Four Star Sponsors for their generous support of the AGA Annual Convention.

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INSIDE THE BELTWAY

UNLEASHING A POPULIST WAVE AGAINST #UNFAIRSWIPEFEES



JENNIFER HATCHER

SENIOR VICE PRESIDENT
GOVERNMENT AND PUBLIC AFFAIRS
FOOD MARKETING INSTITUTE

THE FOOD MARKETING INSTITUTE (FMI) RECENTLY LAUNCHED A WEBSITE AND DIGITAL CAMPAIGN TO SHINE A LIGHT ON THE SWIPE FEES PRACTICES OF BIG BANKS AND CARD COMPANIES.

On the FMI website, we ask consumers to join our grassroots efforts to keep credit and debit card fees in check by signing the petition found on the Citizens Against Unfair Swipe Fees (www.unfairswipefees.com).

We would love for you to lend a hand by engaging on social media. Like us or comment on Facebook. Retweet information on Twitter. Any help in raising consumer awareness and directing traffic to the website would be greatly appreciated.

We know when the newly elected Congress returns to Washington, one of their agenda items is the repeal of the Dodd-Frank Wall Street Reform and Consumer Protection Act. As you know, the only control or oversight of swipe fees currently in place is a hard-fought amendment included in the 2010 Dodd-Frank legislation that allowed the Federal Reserve to monitor and put caps on debit fees and required at least two ways to route a transaction – i.e. competition!

Obviously, this second one is a tough one to explain, however, consumers are quick to understand that it is better to have 12

highways to go down than one (for everyone except the person who collects the toll). The existence of 12 regional networks to route a transaction instead of one means there are options if a particular option goes down – greater “up time.”

Also, if a retailer is more comfortable with a particular network’s security protections or lower price, transactions can be routed there first.

Our goal with this campaign is to educate consumers about the high fees merchants and ultimately, consumers, are charged by big banks and card companies every time a card is swiped or dipped – \$79 billion per year and \$2,500 per second. A ticker on the website calculates this for visitors.

Our hope is that by showing consumers how much big banks/card companies collect from every swipe and dip that they will be willing to engage with their Members of Congress to keep these checks on debit cards in place.

Americans pay the highest swipe fees in the world and this is one arena in which I am reasonably sure we do not wish to remain

number one. This year, let’s be aware and intentional about who receives our holiday gifts.

Post Christmas, the campaign changed from presents to holiday returns and evolved a gain as the Super Bowl approached. Again, our goal is to be visible, not just with grocers and associates, but also with consumers, as we know the only way to win this fight on Capitol Hill is to have our customers’ support.

When the Senate and House reconvened in January, one item anticipated to receive an early floor vote was an attempt to eliminate the big bank oversight put in place by the Dodd-Frank Wall Street Reform and Consumer Protection Act passed in 2010.

At stake in the consideration of the Financial CHOICE Act – House Financial Services Committee Chairman Jeb Hensarling’s legislation intended to repeal and replace Dodd-Frank – would be the loss of debit swipe fee reform, established by the Durbin Amendment.

Our industry fought hard for this reform and if it gets removed, then once again big banks would be granted open season on setting debit card swipe fees as high as they want and under anti-competitive terms by eliminating competition.

Continued on page 20 ►



WASHINGTON REPORT

A NEW ADMINISTRATION CREATES NEW OPPORTUNITIES



PETER LARKIN
PRESIDENT AND CEO
NATIONAL GROCERS ASSOCIATION

WHILE 2016 BROUGHT CHANGE ON MANY FRONTS IN WASHINGTON, D.C.— MOST NOTABLY IN THE WHITE HOUSE, INDEPENDENT SUPERMARKET OPERATORS CONTINUE TO HAVE A LONG LIST OF PRESSING MATTERS TO DISCUSS.

From protecting debit swipe fee reforms to labeling policies to countless regulations, there is never a shortage of issues impacting the supermarket industry. The following issues were closely monitored in 2016 by the National Grocers Association and remain of critical importance to independent grocers in 2017.

Durbin Amendment/Debit Card Swipe Fee Reform: Congress enacted debit card swipe fee reform, also known as the Durbin Amendment, as part of the Dodd-Frank legislation in 2010, but since this bill was passed, U.S. merchants continue to fight for transparency and competition in the credit and debit card industry.

Prior to the 2016 elections, the House Financial Committee narrowly passed the Financial CHOICE Act, a Dodd-Frank reform package that included language to repeal the debit reforms contained in the Durbin Amendment. This bill was introduced by the Chairman of the House Financial Services Committee Congressman Jeb Hensarling (R-TX).

While the House did not bring the legislation to the floor for a vote, NGA is preparing for a renewed push in support

of a similar bill in 2017. NGA, along with other supermarket industry stakeholders, is encouraging the grocery industry to contact their Member of Congress to urge them to oppose any legislation that would alter the Durbin Amendment and reduce competition in the debit routing market.

Health Care Reform: The President-elect has placed repeal of the Affordable Care Act (ACA) on top of his to-do list, and with a Republican-controlled Congress that effort seems much more likely to succeed. While repeal is on the agenda, at the time of this writing the details for an ACA replacement is unclear. Many in Washington have speculated that the incoming Trump Administration's replacement bill could mirror House Speaker Paul Ryan's "A Better Way" health plan. Included in Speaker Ryan's plan are some proposals, such as individual tax credits and health savings accounts, that Trump had endorsed along the campaign trail.

SNAP and federal feeding programs: In 2016, the House Agriculture Committee

conducted more than a dozen hearings on the Supplemental Nutrition Assistance Program (SNAP), including hearings last May in which NGA Board members testified. Given the interest from Members of Congress on SNAP, we anticipate to see more pressure in 2017 to bring about "reform" of this program. NGA will remain focused on ensuring any proposals, including ones that limit what items SNAP recipients can purchase, do not add new costs, or administrative burdens on independent supermarkets.

In addition, the House and Senate Agriculture Committees are likely to begin the process of drafting a new farm bill next year. Farm bills are large bills that package together several different agriculture priorities, including crop insurance, livestock issues, and nutrition policies.

Continued on page 19



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◀ Continued from page 18

**“THERE IS NEVER
A SHORTAGE OF
ISSUES IMPACTING
THE SUPERMARKET
INDUSTRY.”**

Traditionally, legislation encompassing nutrition programs (including SNAP) are included as a part of the farm bill in order to receive urban support for the farm programs that often only appeal to Members of Congress from rural districts. These bills are large and expensive, and usually result in tough fights as both Chambers look to pass a product that pleases several different constituencies.

GMOs: After a year of intense debate and legislative jockeying, a biotechnology labeling law that created a national labeling standard for food products made with genetically engineered (GE) ingredients and genetically modified organisms (GMOs) was enacted in July 2016.

The action now shifts to the U.S. Department of Agriculture (USDA), where the agency will begin the rulemaking process that will decide how the law is implemented across the country.

NGA is already focusing on what opportunities and challenges the new administration and Congress may bring in 2017. Given these changes, we will have much work to do to educate lawmakers and regulators about the positive impacts the independent supermarket industry has on the economy and local communities. To make your voice heard on these issues, please visit www.grocerstakeaction.org. ■

INSIDE THE BELTWAY

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**“OUR HOPE IS THAT BY SHOWING CONSUMERS
HOW MUCH BIG BANKS/CARD COMPANIES
COLLECT. THEY WILL BE WILLING TO ENGAGE
WITH THEIR MEMBERS OF CONGRESS.”**

Banks and card companies are applauding this transition as they have managed to convert that system into the best kind of profit center; one where the customer – for the most part – is not even aware they are paying. It costs American consumers and businesses somewhere between 23 cents and \$4 every time a credit or debit card is used to make a payment. This is a high fee for a service that actually costs the banks very little, and they have been very successful at hiding what those fees are, and who exactly is assessing them.

Under the 2010 reforms that the big banks hope to repeal early in 2017, the Federal Reserve is required to collect data on banks costs’ relevant to debit card swipe fees and can adjust their caps based on what they find.

We need your customers’ help and your help in making sure the debit reforms are not repealed, as they are the only measure we have in place to keep the greed of financial institutions in check.



If you are willing to sign a letter to Congress, encourage others to sign our petition or post a short video clip of the impact of swipe fees on your business and your customers, let us know, jhatcher@fmi.org. We appreciate your help! ■



OUTSIDE THE BOX

NEW RETAIL PERSPECTIVES



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Remember the old neighborhood video stores that cropped up in every town and seemed to die out as quickly with the advent of streaming services? Well, they're still around thanks to increased demand and some new strategies. There are still about 100 video store holdouts across the U.S. selling DVDs Blu-Ray and even VHS tapes – many of them in places where you find a large locavore population. Places like Video Free Brooklyn in New York, Vulcan Video in Austin, Texas and Movie Madness in Portland, Ore., have become one-stop shops for popular and obscure films you would need to get from multiple streaming services like Netflix or Hulu and movie props and accessories.

Retail Waterloo

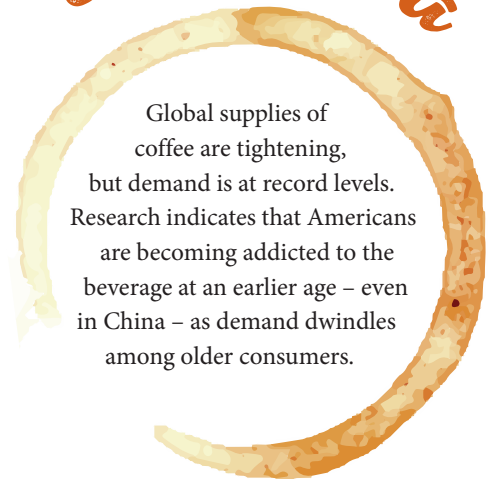


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Turns out you can teach an old dog new tricks. In this case, an English bulldog – new tricks. The former Eurostar terminal at London's Waterloo Station is being refitted for 135,000 square feet of retail space on three floors. But the project isn't just for the benefit of commuters. British Railways and the Department of Transportation want to make Waterloo station as much a retail destination as the High Street.

Hot Java

Global supplies of coffee are tightening, but demand is at record levels. Research indicates that Americans are becoming addicted to the beverage at an earlier age – even in China – as demand dwindles among older consumers.



Remember Boston Market – the darling of the fast casual dining industry? The chain has been pretty quiet of late, but that may be coming to an end. The company hired a new ad agency, The Richards Group, to get back some of the luster it lost to Chick-fil-A. Plans include new branding and creative strategy.



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Millennial Mambo

Millennials just don't buy groceries and Donald Trump never had a chance of becoming president either. Right? Well, the latter has been disproved and now from the UK comes evidence that Millennials might be the best supermarket customers yet. Nielsen Homescan in the UK found that households where 16 to 35-year-olds are the main shoppers, grocery spending has increased 7.9 percent—far stronger than other groups. The conclusion? Millennials are freeing up more of their hard earned dollars for groceries and shop more frequently.

However, the study also shows that Millennials are increasing spending at discounters and bargain stores like Aldi, where sales among that group increased 46% over the past year.



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NUTS TO YOU!

Sometimes, customer service can go a bit too far. Three Squirrels, a growing Chinese e-commerce brand that sells nuts and snacks, uses cartoon squirrel mascots on its logo and commercials. But customer service employees also play the role of pet squirrels with squirrel-related nicknames and address shoppers as their “owners.” Apparently this oh-so-cutesy strategy works, especially with Chinese Millennials who see the company’s products as a healthy, youth-focused brand.



According to Adobe, online sales on Black Friday grew 21% over last year to \$3.3 billion. In fact, Target noted that target.com had its best day ever on Thanksgiving, with sales up double digits.

Service with a Bark

Is Fido in a hurry for a new bone or is kitty craving a new scratching post? Now no one has to wait thanks to PetSmart, which has started offering same-day delivery through Deliv, a Silicon Valley startup. The service is available in Los Angeles, Orange County, San Francisco, San Jose, Las Vegas, Atlanta, Miami, Seattle, and Chicago, with eight additional markets soon to come on stream.



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VIEWPOINT

GOING, GOING...GONE



KEVIN COUPE

FOUNDER, MORNINGNEWSBEAT.COM

AMAZON ENDED 2016 BY REMINDING THE RETAILING BUSINESS OF THE COMPETITION LEVEL IT INTENDS TO PROVIDE IN 2017.

The alert came in the form of a new concept called Amazon Go, which is in beta testing right now in Seattle, Wash., scheduled to be open to the general public early in the New Year.

Here's what we know about this new and unexpected format.

Amazon Go is a 1,800 square foot convenience store format that allows consumers to enter the store using a mobile application, choose the items they want, and then leave – without having to go through a checkout lane.

The concept in some ways is reminiscent of one that IBM illustrated in a television commercial more than a decade ago, which showed a guy in a big coat wandering through a supermarket shoving products into his pockets; rather than being a shoplifter, the commercial's denouement showed that he's actually using the store's RFID system, which eliminates checkout lanes.

IBM said that the commercial was a vision of the future...but it was a future that never really came, in part because of the cost of RFID tags, but more, I think, because retailers really saw no need to eliminate a part of the shopping experience that nobody really likes but everybody accepts.

Until now. Until Amazon decided to challenge conventional wisdom and expectations.

As best we can tell, Amazon isn't using RFID technology for its system. Rather, it says that it is using the same sort of technologies that power self-driving cars.

They call it "Just Walk Out" technology, and it combines what Amazon refers to as a combination of "computer vision, deep learning algorithms, and sensor fusion" to allow people to walk through the store, with everything they pick up added to their virtual cart. The products are charged to the person's Amazon account on departure from the store.

By the way, if you're interested in seeing the video that Amazon posted to YouTube introducing the concept, go here: www.bit.ly/AmazonGoVideo

What we don't know about Amazon Go is what the company's plans are for any sort of expansion or national rollout.

We also don't know how this concept will merge or dovetail with other bricks-and-mortar plans that Amazon has been pursuing, including a grocery format that would focus on click-and-collect technology.

The video hints at the likelihood that Amazon may be offering a broader selection of fresh foods than one might've expected, but we don't exactly know the extent of it, nor how fresh categories will be serviced.

And we don't know whether Amazon could make store patronage dependent on being a member of its Prime program; it hasn't said anything about that, but it wouldn't surprise me since Amazon has been disciplined and relentless about luring/pushing people to join Prime, which for \$99 provides expedited shipping and a host of other features. (Prime members spend on average twice as much on Amazon each year as non-Prime members.)

My friend Tom Furphy, who got Amazon into the CPG business and launched Amazon Fresh, and is CEO and Managing Director of Consumer Equity Partners (CEP), a Seattle-based venture capital and venture development firm, says that he likes the idea of an Amazon Go-Prime tie-up, saying it would be "consistent with the treatment of Prime customers throughout the rest of the Amazon ecosystem... I would have no problem giving Prime members access to exclusive deals or products. And I would support offering better pricing for Prime members."

To me, perhaps the most important thing about Amazon Go is that it illustrates the degree to which Amazon is willing to challenge itself and conventional wisdom when it approaches a project.

“GOOD IS NOT GOOD WHEN BETTER IS EXPECTED.” — VIN SCULLY

Amazon doesn't just offer a me-too solution with some minor tweaks to the customer experience. (Think about how the Microsoft Store is just a pale imitation of Apple Store, except with fewer customers and lower sales.)

No, Amazon thinks big...the store, as shown in the video, seems to be a significant rethinking of the shopping experience. It won't be for everyone, it won't be for every trip, and it won't be for all locations.

But it has the potential for moving the needle...and for raising the bar on what will be considered a competitive entry by virtually every other player in the retail food business.

It also is important to remember that Amazon Go isn't taking place in a competitive vacuum. It is being developed inside a company that already has a robust e-commerce business, and game-changing concepts such as Prime, Subscribe-and-Save and Dash Buttons.

And, Amazon Go is opening at a time when its Echo/Alexa voice recognition technology allows people to place orders just by talking to their devices. (If you are not intimately familiar with all these entries, it's time to get on the stick.) It's like everything is aimed at fulfilling the now-familiar Amazon mantra: “We don't want to sell people stuff. We just want to make it easier for them to buy things.”

There are, of course, potential downsides for Amazon. For one thing, it puts the company's strategies and tactics on full view for competitors to observe and learn from, and it also takes away a little flexibility, since there is no way that the bricks-and-mortar world can be as nimble as the virtual world.

It'd be foolish to focus on the potential downsides for Amazon, though. I got a taste of this when I first wrote about Amazon Go on MorningNewsBeat, and got a bunch of emails from traditional retailers who seemed mostly focused on how shoplifting could be an enormous problem. My answer to this is that yes, it could be, but it seems to be a pretty good bet that Amazon has figured out how to deal with it. Besides, there is little that Amazon would like than for all its competitors to be focused on shoplifting while it tries to change the world.

The thing that retailers competing with Amazon - and let's face it, every retailer competes with Amazon - have to focus on is how they are going to approach a world in which good enough not longer is good enough, where consumer expectations are being reshaped...and not just by the retailer down the road or across the street.

Sometimes the response may be intertwined with technology, but sometimes not. I was actually heartened when I saw a video produced by Fresh retailer Monoprix that poked gentle fun at Amazon Go while pointing out that it has offered many of

the same benefits for a decade by using “Human Technology.” You can watch that video here: www.bit.ly/MonoprixVideo

The strategies and tactics you use to compete in this environment are less important than the act of constantly, consistently, disruptively finding new ways to compete and be relevant to your shoppers. If you think you're not going to be affected by what companies like Amazon are doing, think again.

And remember the words of the immortal Vin Scully: “Good is not good when better is expected.” ■

“IF YOU THINK YOU'RE NOT GOING TO BE AFFECTED BY WHAT COMPANIES LIKE AMAZON ARE DOING, THINK AGAIN.”





For years, phrases like customer-centric, best practices, CPFR, supply chain collaboration have been buzzwords throughout the retail industry. As competition for the consumer dollar increases among brick and mortar and online stores, these factors and relationships between independents, manufacturers and brokers have never been more urgent.

But are the benefits of collaboration being explored to their fullest?

Alabama Grocer asked three industry leaders – **Chris Coborn**, chairman and CEO, Coborn's, Inc.; **Denny Belcastro**, vice president, customer and industry collaboration, Kimberly-Clark Corp.; and **Mark McLean**, division manager, CROSSMARK, Inc. – to give their views on the state of industry collaboration and how it can move forward.

AG: We've been talking about better collaboration between trading partners for decades. Are we making progress?"

McLean: "We are. It seems that all parties appreciate that we can accomplish more together vs. running in our own directions. Admittedly, it's easier said than done. The challenge is working together throughout the year to stay on the right path."

Belcastro: "There's been a lot of progress. But it's somewhat like a Tale of Two Cities – the best of times and the worst of times. Our industry has developed and utilized some of the finest technology delivering point-of-sale information, consumer trends and shopper insights. However, some manufacturers are still trying to figure out how to use the information in the best way retailer-by-retailer and it takes time building the needed trust."

AG: How so?

Belcastro: "When I was a sales rep, either calling on stores or at their buying headquarters, I met with retailers to explain our company and our brand marketing approach, our strategy and the tactics we were using to drive awareness and velocity. In today's marketplace, you would hope that a digital approach, especially with media and consumer promotions, would enable us to take information to the marketplace quicker, faster and better."

"It's getting to consumers quicker, but, in some cases, CPG manufacturers are still missing a beat getting to all retailers on a timely basis. It may be that connectivity to retailers needs to be re-worked."

Coborn: "I think the move away from direct sales force coverage to store coverage with brokers is increasing the quality of service we see. But some CPG companies are going back to direct sales forces to get a higher quality store call. We're relying on both sales teams to collaborate closely on all supply chain issues with retailers."

AG: What's most important?

McLean: "Honesty. Everyone has to take a step back and be honest with themselves and their partners. If we all have similar expectations and are aligned going into planning, the chances for success increase."

"We're in the relationship business and you have to build those relationships with trust."

AG: Specifically, what are retailers looking for?

McLean: "Everyone wants efficiency and simplicity. You can see retailers' eyes glaze over when you walk in with a 50-page presentation – paralysis by analysis. All of this information may not be applicable to the way they go to market."

"Boil down the information to key takeaways on how it all applies to their business. We need to avoid overcomplicating the routine tasks."

AG: How tough is it convincing independents that they are on a level playing field with the chains?

McLean: "We all win when we sell more cases. We have to do everything we can to balance the needs of retailers with our clients. Finding that middle ground means everyone wins. Let's find that common ground, build a plan and then execute the plan that push cases through the door."

AG: How do independents fit into the picture?

McLean: "They know their customers better than anyone else and have the agility to be quicker to respond and implement to capitalize on the opportunity for growth. Right now these retailers don't have a lot of excess cash to waste on learning on their own."

"They're looking to the industry for best practices and to follow the lead of larger retailers in category management and shopper marketing. Some may be at a slight disadvantage because they're not getting all the pertinent information on a timely basis."

Coborn: "Well, the second half of the year was challenging for independents because chains were doing a bit better. As a result, CPG dollars went where they generated the most results and sold the most cases. It's a strategic spend. At the end of the day, if they [manufacturers] offer us more dollars to drive business they expect results."

AG: Driving business is more complicated now with everyone selling groceries. What should be done?

Belcastro: "I think Kroger is still the best model for the independents to emulate. While they have become larger through acquisitions, Kroger never lost sight of their local operational and executional focus."

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For them, centralization isn't only about efficiency but also coordinating learning and best practices and sharing within their network.

"While they coordinate procurement and a game plan for their divisions, they don't script or write all the plays. The divisions find a way to adapt to what their local customers need and want."

AG: How can independents emulate Kroger with vendors?

Belcastro: "By being more visible at various industry events and opportunities to engage with their suppliers and CPG manufacturers. The best way to get attention is through industry associations like the Alabama Grocers Association, National Grocers Association or Food Marketing Institute as well as their wholesaler or co-op where they can gain access to some of the best practices and successful approaches to take. Sometimes, they will learn some valuable lessons on what not to do."

AG: Maybe the first step is to use technology like webinars or podcasts?

McLean: "It could work better than retailers waiting for that information. A half-hour webinar for a group of retailers can get the ball rolling."

Coborn: "Independents have to stay innovative. Kroger's good at acquiring customers and selling up to the customer base. They know how to use data and we [independents] have to be smarter about leveraging that intelligence."

"The old traditional ROP still works. Price and value customers especially want more incentives to be loyal to your store. It's about retailers and manufacturers leveraging each other's strengths."

AG: What does efficiency and innovation mean to you?

Coborn: "Well for one thing, e-commerce is not the end all, but to ignore it would be a mistake. It has to be on your radar. We also have to pay more attention to the discount channel this year. Households are

still under a lot of stress and we need to pay greater attention to what goods and services are selling."

AG: Being more customer-centric?

Coborn: "Exactly. Millennials are not the same as boomers. Their capacity to spend is growing but they don't shop like their predecessors because of access to technology like mobile marketing and electronic coupons. We have to play into that."

"Going about your business the same way as before means missing the bull's-eye. If you want to be around another generation you have to adapt to a rapidly changing market."

AG: The phrase "best practices" is also thrown around a lot. What does that really mean?"

Belcastro: "Throughout the industry, there are valuable knowledge partners and suppliers that work collaboratively with manufacturers to test or pilot new ways on working together for growth, efficiency and effectiveness. It could be in several key areas of promotion activation, shelving, or incremental merchandising."

"It starts with matching strategies with common goals using shopper insights with their primary or targeted shoppers. They may have kids in local schools and are engaged actively in the community. You have to find out which categories are the sweet spot for them."

"Maybe it's baby-oriented categories or nutritional products like protein shakes. In either cases, using methodology and key learning from other case studies, independents can serve as a 'field laboratory' to create what may be the best way to approach these shoppers are as loyal customers."

AG: How can independents play a larger role in all this?

Coborn: "As a group we need to leverage our relationships across the entire supply chain and stay engaged. Our stores are very close to our consumers and that's why CPG companies listen to what we have to say. I think we're unique in the market."

Belcastro: “One of the things we’re doing at Kimberly-Clark is finding out in which categories independents need help – whether it’s baby care, adult care or the paper category. Retailers have to look at five or six key categories and work with vendors to get the information they need to start the process.”

AG: How can collaborative efforts be improved?

Coborn: “Brokers represent a lot of companies but are not necessarily the decision-makers who can move the dime.

“Associations have given us a forum for improving category performance through top-to-top meetings with CPG partners who can make decisions. Those meetings are a big step forward.”

McLean: “It’s tough getting the decision makers to the table all the time. The prep work is equally, if not more important than the conversation itself. If we know what’s expected before we go into a meeting – for example, five questions that retailers need answered – then the right decisions can be made.

“There’s always a lot of discovery that often requires people to get back together at a later date. The problem is that a day can turn into a month and then a quarter.”

AG: What I’m hearing is that collaboration is a two-way street?

Belcastro: “Absolutely. I do a lot of one-on-one meetings where we try to find out what retailers need. Many independents, especially those that cater to multi-cultural locations, have a wealth of knowledge.

Coborn: “Well, we all have the numbers. Those aren’t difficult to get. We need manufacturer partners at the table that will help us use the information. In order to influence the outcome they have to be part of that process or else you’re just swimming alone. On the other hand, I agree that retailers have to be more engaged and participate in the process. You can’t just sit down at the table and wait for things to happen.”

McLean: “With the amount of brokers and vendors calling on independent retailers, they are pulled in a million different directions. We all can bring certain

knowledge and expertise to the table that can help build the best plan possible. And when we do agree on a plan, we all need to make sure we are sticking to it.

“I think there is an opportunity to get information more quickly to the independent class of trade. A better way might be a collaboration call with a group of independents with similar interests to cover major initiatives, like a new item launch or a strategic shift. Then, we can follow up with specifics for individual accounts that are most pertinent to their business.”

Belcastro: “We’re working with Unified Grocers to better understand their customer base and look for unique ways to mutually grow our businesses. For example, gaining the right products for distribution that appeals to their multi-cultural retailer base is critical.

“In addition, taking the understanding of their information on urban stores to build programs that are specific to those retailers that may have limited shelving or space to merchandise.

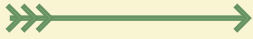
AG: In general, how can these collaborative efforts move along quicker?

Belcastro: “Basically, I want to hear the retailer perspective on what they need. If you’re a one store operator, it may be time to think about redesigning your store format to serve the demographics of their marketplace and capture the unique and special place you have with shoppers with your format.” ■

become a



HEART-LED



LEADER





SELF-SERVING LEADERS BUILD A RESUME THAT IS IMPRESSIVE, BUT **HEART-LED LEADERS** BUILD A LIFE THEY ARE PROUD OF.

By Tommy Spaulding

One stormy night many years ago, an elderly man and his wife entered the lobby of a small hotel in Philadelphia. Trying to get out of the rain, the couple approached the front desk hoping to get a room for the night. “We’d like a room, please,” the husband requested. The hotel clerk, a friendly man with a winning smile, looked at the couple and explained that there were three conventions in town. “All of our rooms are taken,” the clerk said. “But I can’t send a nice couple like you out in the rain at 1:00 in the morning. Would you perhaps be willing to sleep in my room? It’s not exactly a suite, but it will be good enough to make you folks comfortable

for the night.” When the couple declined, the clerk insisted. So the couple agreed to spend the night in the clerk’s room.

As he paid his bill the next morning, the elderly man said to the clerk, “You’re an exceptional man. Finding people who are both friendly and helpful is rare these days. You are the kind of manager who should be the boss of the best hotel in the United States. Maybe someday I’ll build one for you.”

Two years passed. The clerk was still managing the hotel in Philly when he received a letter from the old man. It recalled that stormy night and enclosed

was a round-trip ticket to New York, asking the young man to pay him a visit. The old man met him in New York, and led him to the corner of Fifth Avenue and 34th Street. He then pointed to a great new building there, a palace of reddish stone, with turrets and watchtowers thrusting up to the sky. “That,” he said, “is the hotel I’d like you to manage.”

That old man’s name was William Waldorf Astor, and the magnificent structure was the original Waldorf-Astoria Hotel. The clerk who became the first manager was George C. Boldt.

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“BUT LEADERSHIP IS ABOUT MORE THAN HARD WORK,” HE SAID. “LEADERSHIP IS ALSO ABOUT CHARACTER.”

This young clerk never foresaw how his simple act of sacrificial service would lead him to become the general manager of the world’s most glamorous hotel. (Source: Growingleaders.com).

I’ve heard this story a hundred times. Each time it raises the hairs on the back of my neck. Each time it teaches me the difference between “service” and sacrificial service. The difference between a self-serving leader and, what I call, a heart-led leader. And how when you go the extra mile with serving others, you never know how your life (and business) may change forever.

A mentor of mine, Bill Graebel, CEO of Graebel Relocations, once told me, “Most of us go out of our way to help ourselves, but few go out of their way to help and serve others.” And, often, when we do genuinely serve others and lead from the heart, it is not seen by others. I learned this valuable lesson as a young teenager.

When I was growing up, I was a Boy Scout. As with most things in my life, though, I wasn’t content to be just a regular Scout. I wanted to excel. So, I pushed myself to earn the coveted rank of Eagle Scout, which is achieved by only about five percent of all Scouts. In fact, I achieved this honor when I was 15-years-old, which at the time made me the youngest Eagle Scout in the history of our troop. Then, when I attended a Boy Scout summer camp one year in high school, I made it my goal to be named the Outstanding Scout, which our Scoutmasters told us would be awarded at the end of the camp to the individual who had best demonstrated leadership and character.

I wanted so badly to win that award that I could taste it. For the next few weeks, I worked as hard as I could work. I kept my tent and camp site perfectly clean. I hustled everywhere and when the camp leaders were looking I hustled even more. I strived to be a leader around other Scouts. By the time camp was finished, I was certain that no one had outworked me or outhustled me or shown any more leadership than me. So, when all of the campers and troop leaders gathered on the last night in front of a roaring campfire and under a sky full of stars, I knew they were going to call my name as the winner of that summer’s Outstanding Scout award.

When the time came, the Scoutmaster made a speech about the importance of leadership and character. “And, in our judgment, the Scout who has best demonstrated those traits this summer is...” I took a deep breath and started to stand up. “...Jimmy Brown.”

Jimmy Brown? What? I was stunned. Who the heck is Jimmy Brown? He wasn’t a better Scout than me. He wasn’t a better leader than me. He hadn’t outworked me during camp. How could they not have noticed all my efforts, my skills, my leadership capabilities? Jimmy Brown? Are you kidding me? What more did I have to do? I went to bed that night utterly confused, frustrated and dejected.

The next morning, when camp was over and we were all waiting around for our parents to come pick us up, I happened to find myself standing next to the Scoutmaster. So, I managed, a bit awkwardly, to steer the conversation towards the Outstanding Scout presentation. “Tell me about Jimmy Brown,” I said. “Why did he win the award?”

The Scoutmaster looked at me and put his hand on my shoulder. “Tommy boy,” he said, “you’re a great Scout and I know that you may have worked harder than any other young man here this summer.”

I nodded.

“But leadership is about more than hard work,” he said. “Leadership is also about character.”

He then told me a story about something that had happened a week earlier, unbeknownst to me or any of the other Scouts. “We put a large log on the path between your campsite and the cafeteria,” he told me. “And then we hid in the woods to see what would happen when you all encountered that obstacle on the path. We watched as you and a hundred other Scouts walked down that path and, one by one, stepped over that log on your way to grab a cheeseburger at the cafeteria. But Jimmy Brown missed lunch that day. Because when he noticed the log there, he stayed behind and worked all by himself to move that log and get it off the path.”

The Scoutmaster reminded me once more that leadership was about character. “And Tommy boy,” he said, looking me straight in the eyes, “character is what you do when no one else is looking.”

Character is what you do when no one else is looking.

What a great lesson. If it weren't for Jimmy Brown and if it weren't for me failing to win that Outstanding Scout Award that summer, it would have taken me a lot longer to grasp this important lesson. Self-serving leaders are concerned with winning the "Outstanding Scout Award", but heart-led leaders are concerned with doing the right thing regardless of what anyone else thinks, regardless of whether anyone else is looking. Self-serving leaders build a resume that is impressive, but heart-led leaders build a life they are proud of.

lead with love – we care deeply about serving others, about selflessness, about doing the right thing even when it's difficult, about developing empathy and demonstrating generosity, about all those ideals that may seem "soft" but, in fact, allow us to live and lead more powerfully.

I've met thousands of leaders in my career, and I make it a point to learn as much as I can from every one of them. In all of my conversations, one thing has become abundantly clear: Leaders and organizations that lead with their hearts are more successful and have better results than those that don't.



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It all starts with this critical question: What is your leadership philosophy?

If you don't have a leadership philosophy, that's OK. Most leaders don't have a specific philosophy, at least not one they can name. I hope to change that. I hope you'll choose to become a heart-led leader. I want this for you because it will change your life, your organization and the lives of everyone you touch. And if you do it right, it will also change the lives of everyone they touch. If you want to have that kind of impact in the world, you have found your leadership philosophy.

Leading from the heart means leading with love. If the word love scares you, then use passion, commitment, compassion, caring leadership, purpose-drive, mission-driven or your choice of any similar word or phrase, because at the core these are all forms of love. In this context, love is simply an unselfish and genuine concern for the good of others. So, when we lead from the heart – when we

Love and results are not opposites. They are two sides of the same coin. It is not love or results. It is love-driven results.

If you love what you do, if you love the people you do it with, if you love your culture, if you love your mission, if you love your team, if you love your investors, if you love your clients, if you love your customers— you will gain better results.

Defining your leadership philosophy is one of the most important steps you can take as a leader. Your philosophy filters every thought and action you take as a leader. Every decision you make and every conversation you have with your team. And when you take the journey to heart-led leadership – and it's definitely a journey – you will make a significant impact on the lives of those that choose to follow you. ■

**“CHARACTER IS
WHAT YOU DO
WHEN NO ONE
ELSE IS LOOKING.”**



Tommy Spaulding was a featured speaker at the 2017 Independent Operators Symposium in January. He is the New York Times national bestselling author of "The Heart-Led Leader" and "It's Not Just Who You Know." To contact or learn more about Tommy Spaulding, please visit: www.tommyspaulding.com.





15 MINUTES WITH...

ERIC SAPERSTON

CHIEF CREATIVE OFFICER
LIVE IN WONDER

BY LEN LEWIS

Eric Saperston isn't your conventional consultant. He's more at home in a Volkswagen van than a chauffeured limo, or at a tacqueria on the beach in Mexico than a Michelin-starred restaurant. But conventional isn't what you always want in a world and retail industry that's anything but conventional. And the lessons he's learned from interviewing the famous, near-famous and just regular folk in his travels, offer valuable lessons for living life and doing business.

CG: You talk about resourcefulness, tenacity and courage. Are we seeing enough of it in business and elsewhere today or less so than in the past?

Saperston: There are many people who exhibit these qualities and a lot who don't. The important thing is to live an extraordinary life – everyday people producing extraordinary results.

What prevents people from doing that?

It's the need to reduce or eliminate fear. Venturing into the unknown is frightening. People don't like being judged, looking foolish, ostracized or have egg on their face. In order to succeed immediately, they try to minimize risk. That fear just cripples and paralyzes people.

There's a great quote by Theodore Roosevelt that goes, "Do what you can with what you have where you are." To do something bold

and innovative you have to be willing to do that. It enables you to be in motion. Too many people won't jump in and learn on the way. They want to reduce risk by having all these reports and analyses before they do anything.

"THE IMPORTANT THING IS TO LIVE AN EXTRAORDINARY LIFE — EVERYDAY PEOPLE PRODUCING EXTRAORDINARY RESULTS."

Doesn't everyone want to reduce risk?

I'm not advocating foolish risks, but be an educated risk taker. Life is a journey, an adventure that's to be lived and experienced. Resources will come along the way. They're not all there at the beginning of the journey.

Tenacity and resourcefulness is what people pack to go on an adventure. You can't anticipate that everything will line up. You've got to do with what you have and be persistent.

Does that fear factor stifle innovative thought?

It depends on the culture, but generally that's true. I was just in Tulum, Mexico, where a friend of mine has a taqueria right on the beach – a nice blend between business and the environment. You can't do that here because we seem to have a fear-based culture where everything is contained. It's made us a little soft as a culture.

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I'll give you an example. When I was a kid we climbed trees. I've seen statistics that 70 percent of kids haven't climbed a tree because their parents are afraid they'll fall.

The media also make us fear-based by running the same stories over and over. It makes people afraid to explore the world. As corporations and organizations, we're often spending too much time focused on fear and less on what's possible and what to create. Those companies that rise to the top buck the system and create a culture of innovation.

“WE SHOULD BE GIVING PEOPLE THE COURAGE TO FINISH WHAT THEY STARTED BY DISCOVERING THE RIGHT WAY TO DO THINGS ALONG THE WAY. THAT’S MAXIMIZING HUMAN POTENTIAL.”

A lot of people look at Silicon Valley as the epitome of innovative culture.

That's true for some people there. But there are pioneers in every field breaking the rules in innovation and creativity – boldly going where no one has gone. My favorite analogy about staying safe and conservative is the trapeze artist. If you're in midair, you can't reach the bar you want to grab unless you let go of the one you're holding.

What people have you met who have these qualities?

I've met a wide variety of amazing people over the past 20 years who have produced extraordinary results. And success is not just about people who made a lot of money. These are people doing non-profit work, or people in politics, music art and literature. These are people who radiate delight. They wake up excited and love what they're doing. That's the common factor.

These are people who live extraordinary lives with a sense of wonder and curiosity. They're not coming from a place of entitlement or apathy with the attitude that “this is the way we've always done things.” They see life as adventure – not live it as a victim.

Are these the people who eliminate the fear factor?

Well, everyone's afraid. No one is immune. If I've discovered anything it's that we are more alike than different. At the end of the day we all put our pants on the same way and trying to find our way in the world. People would be better served by looking at others and being intrigued, not fearful. We have to confront fear all the time. The question is whether we allow that to stop self-expression.

In what way?

We spend too much time telling people they can't do things and it stops them in their tracks. People will say you're not qualified to do something, or you won't make money at it, or that it's already been done. Basically, they tell you why you'll fail.

Were a culture of starters, but that's the easy part. The real challenge is to finish something. It's that last three outs in a ballgame, the last mile. We should be giving people the courage to finish what they started by discovering the right way to do things along the way. That's maximizing human potential.

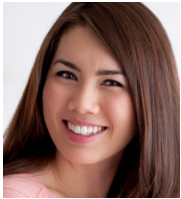
I guess it all gets back to coping with the fear of failure?

Everyone has fear. The question is whether you allow it to stifle self-expression. You have to be willing to make mistakes and handle rejection. No one writes a hit song or movie out of the gate. ■



MOMMY BLOGGER

SAVED BY THE SNACK



LARA BALDWIN
BLOGGER

SNACKS ARE THE WD-40 OF PARENTING; WHEN STORES SUPPORT THIS IT MAKES ME FEEL A LITTLE LESS FRAZZLED AND A LITTLE MORE SUPERHERO.

I remember my early days as a frazzled, exhausted mother of two (last week), running into a friend and her three children at the bulk grocery store. I had two kids on the brink of a meltdown, but somehow her whole crew was quietly content as she strolled the aisles. “How do you do this?!” I asked. “You are a shopping superhero!”

She laughed. “Oh, honey, you need snacks. You can bring kids anywhere if you have enough snacks.”

Nowadays I’m strategic about snacks and know all the tricks to find every in-store opportunity to get one. And I’m not alone – parents everywhere rely on these measures to make it through their grocery list in peace.

Samples

I know moms who take their kids to sample-dense stores for lunch. While I don’t go that far, I cannot deny the occasional tactical trip to stores I know will offer a sample or five. My preschooler loves the mystery of what will be offered, and I love that it’s a surefire way to get him to try something new.

Register Treats

Usually a lollipop presented by the cashier as I swipe to pay. While I am not against an occasional sweet treat, I do appreciate

when the employee discreetly asks me first before offering one to my kid. Stickers, though unfortunately not edible, are a nice alternative for parents who choose to forgo the sugar but still need a little incentive to get to the checkout.

In-Store Cafes

Ask a mom if it’s a plus that she can pick up a latte for herself and a bag of crackers for her children while shopping and you will be met with a look as if you asked if it’s a plus that the store carried milk and eggs.

Fruit Wagon

Bingo. Whether it’s an actual basket of fruit for kids to choose from or simply a policy that each child gets one piece per visit, this new trend is the gold standard when it comes to snacks. Some like to use the promise of that pear at the end of shopping while others go with the eat-while-you-shop route.

Either way it’s a win-win-win: kids get a snack, parents like that it’s healthy, and it seems like a great way for the store to offload some of those ripe bananas.

The only challenge is convincing my kiddo that he can’t choose a whole watermelon or pineapple.

Sure, I can (and do) bring my own snacks to the store, but everyone knows food is better when it hasn’t been unearthed from the depths of your mom’s purse. These tricks have all but ended the age-old dilemma of whether or not it’s acceptable to let my child consume an item off the shelves before paying for it (By my estimation, 90 percent of parents admit to this practice. The other 10 percent are lying). ■



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