

The Voice

of the **Nebraska Grocery Industry**
May/June 2013

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Scan the code to see the entire AWG story as told by our member retailers.



Associated Wholesale Grocers, Inc.
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Nebraska Food News... People... Places... Things...

This section of the magazine is dedicated to announcing the changes, additions, promotions, etc., regarding members of the grocery industry in Nebraska. We invite members to submit information that can be included in this section.

Roberts Dairy will begin marketing its fresh, local, high quality milk and dairy products under the Hiland Dairy Foods label, beginning in May. The move will solidify the synergy between two of the country's finest dairy producers, under one name. Roberts Dairy has been a division of Prairie Farms – Hiland Dairy since 1981. Hiland Dairy has been serving the Midwest for more than 75 years, producing pure, fresh-from-the farms wholesome milk and dairy products.

Natural Grocers by Vitamin Cottage will open its second Omaha store this summer at 78th and Dodge Streets. The new store is expected to open July 16. The national organic grocery chain currently operates one Omaha store near 180th Street and West Center Road and one in Lincoln.

The Preservation Association of Lincoln awarded their City Center Award to **Leon's Gourmet Grocery** and **Ideal Grocery** stores for their outstanding job of maintaining local historic markets contributing to the vitality of the center of Lincoln.

Wolbach's only grocery store closed. The business opened its doors in January 2011. It specialized in organic food, but also offered standard food items. Citing high fuel costs, low sales and no availability of additional help, the group that owned the store made the decision to close the doors as soon as their inventory was sold.

Bud and Suzanne Yelkin recently purchased **Lou's Grocery** in Eagle from Lou Stanard. After 19 years of waking up early, stocking shelves and taking deliveries, Stanard is hanging up his grocer's apron. The Yelkin's had thought about buying a small business over the years and saw an opportunity when Stanard put the store on the market.

Blake Schwartz, owner of **Hometown Market** in St. Paul, has been recognized as a "Success Story" by the Nebraska Business Development Center at the University of Nebraska at Kearney for Hometown Market's commitment to excellence

following a business transition. NBDC recognizes a small business that has been successful and serves to contribute to the economic vitality and quality of life in Nebraska. Schwartz began his journey in grocery stores at a young age when he started as a bagger and gained experience in every department, eventually becoming a department manager at a grocery store in Grand Island. Schwartz joined Hometown Market in 2005 as a partial owner and store manager. He purchased the store in 2012.

Ewoldt's Grocery Store of Thedford recently added a new sign to the front of their building. The sign was installed in March by Love's Signs of Norfolk.

The Nebraska State Patrol, in conjunction with the North Central District Health Department, recently conducted compliance checks at 27 alcohol retail outlets in Antelope County. During the checks, conducted over the past few months, no businesses were found to be non-compliant for selling alcohol to minors. The retail outlets checked during the collaborative effort included convenience, liquor and grocery stores, as well as restaurants and bars.

Tom and Linda Barnes have purchased the **Central Food Store** in Newman Grove from Robert Schmadeke. They will take over operation on or before May 9th.

When members of the Ashland community Resource Center committee approached a local business about donating, they had no idea it would turn into as big a promotion as it did. ACRC asked **No Frills Supermarket** in Ashland to donate to their campaign to raise \$5.1 million to build a new facility that will house the community's public library, senior center and community meeting rooms. Rather than simply donate, No Frills developed a campaign to solicit \$1 donations to the ACRC fund from shoppers. Each donation is marked by a piece of paper with a drawing of the proposed facility. Then the pieces of paper were hung in the front windows of the store. The promotion ran through the month of April. In addition No Frills is hosting multiple weekend fundraisers for the ACRC.



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Navigating the New Food Movement: Anti-biotech Fight...Off the Ballot, but Now in Your Stores?

Opponents of Biotechnology in Food Production Vow to Fight On.

California's ballot measure that would have made California the first state to require foods raised using biotechnology to be labeled as such went down to defeat by a significant, but nail-biting, 52 percent to 48 percent. Although polls showed support for the initiative was at one point higher than 60 percent, advocates for the measure complain that a last-minute infusion of an estimated \$45 million in spending by opponents, including the Grocery Manufacturers of America, turned public support against it by arguing it would increase food prices and hurt local supermarkets and other businesses.

Advocates for biotech labeling, such as Michelle Simon, a public health lawyer and author of *Appetite for Profit: How the Food Industry Undermines our Health and How to Fight Back*, put a brave face on her movement's loss. "The campaign is still an important step forward in the larger political fight against Big Food, one that raised a lot of awareness about GMOs, food production, and corporate tactics, both in California and nationally," she said. "The effort to pass Proposition 37 in California demonstrates a 'bona fide movement gathering steam.'

Following the California loss, the Pacific regional director of Food & Water Watch, an environmental group that actively campaigns against modern farm practices, said in a statement, "The incessant drumbeat of misleading and outright false industry advertising was barely able to defeat this popular measure. While disappointed in the result, we believe that this movement to label GE foods is stronger than ever and we will continue to build a robust national grassroots campaign to push for mandatory labeling across the country."

Taking the fight to your stores?

For the record, that campaign is expected to take two tacks: A series of renewed pushes at the state level to introduce legislation and increased pressure at the federal level to overturn the U.S. Food & Drug Administration's long-held position that biotech crops are not substantially different than those genetically altered by traditional

breeding methods and thus do not warrant special labeling.

Off the record, grocers should prepare for increased attention on the issue at store level. Those efforts could take the form of:

- Boycotts of the food companies who opposed the California initiative. Pepsi, Coca Cola, Nestle, Kellogg's, General Mills, Hershey, J.M. Smucker, Hormel and other large manufacturers provided funding support to defeat the initiative. They have therefore been targeted as potential boycott prospects.
- Supermarket postcard, manager's-letter and online letter-writing campaigns, designed to give the impression of emerging grassroots concern regarding biotech that demands immediate answers, from you.
- Continued promotion of farmers' markets, community-supported agriculture and other direct-to-farm merchandising campaigns as the healthier, "non-GMO" alternatives to the traditional food-delivery chain that ends at supermarkets. Expect new health messages to be coupled with price messages backed by increased lobbying to promote the use of public-assistance benefits at farmers markets.
- Freelance labeling and other product tampering. "We, the people need to stand up for ourselves and each other, not just at the voting booth every couple of years, but in our every day lives," writes former Kansas City public interest attorney and "socially just agriculture" advocate Maria Whitaker. "Please feel free to download sticker templates...and print them out, so the next time you head to your grocery store, you can help let people know what's in their food."

Like it or not, says Kevin Murphy, president of Food-Chain Communications, a communication firm designed to increase communication within the food system, the promise of these guerrilla tactics targeting food retailers will put you in the center of the controversy. You should consider this an opportunity to add value to your traditional merchandising by engaging in the debate, forcefully and directly. No one else in the chain is in a better position to do so.

“Once it became a political fight, opponents of labeling spent \$45 million to prevent these burdensome regulations from becoming a reality. That’s about five times more than the advocates spent. But the question that needs to be asked is this: Could the \$9.39 it cost for each ballot cast against this regulatory nightmare have been more effectively invested before this became a political issue?”

“Yes, they won the day,” Murphy says. “But even though I disagree with most of what Michelle Simon believes about food technology, I do agree with her one statement: This is a growing movement. The difference in the vote in California came down to only about 500,000 people. That means 4.3 million people voted to require biotech foods to be labeled. It took just 10 weeks to get the 1 million signatures needed to put it before the voters. That’s sobering. And it should awaken all of us in the food chain to the reality that if we’re not having a conversation with food consumers every day about how food is grown, produced and delivered, there will come a day when no amount spent on political lobbying will protect us from unreasonable demands imposed politically.”

“That old saying that an ounce of prevention is worth a pound of cure was never more true than it was in the California. Let’s pretend we had the same situation in Nebraska. Nebraska’s voter turnout of 69 percent of registered voters represents about 43 percent of the overall population. If you apply the same percentage that voted in favor of biotech labeling in California, you’d be talking about roughly 20 percent of the people here. Coincidentally, that’s about the same percentage who visit a grocery store regularly. The food chain obviously can’t walk away from engaging when it’s pressed with political issues. But I believe the fight will be won--or lost--at the point where the consumer comes in contact with their food and issues like biotechnology--at the grocery store, where 52 percent of food sales still pass through. The amount of money and effort it would take to strengthen the relationship between product manufacturers and grocers there, to inform and equip grocers who can in turn inform and equip their consumers, would pay off much greater than the heroic efforts necessary to turn the tide once it reaches the stage of political action. You’re actually taking a proactive measure all along, so when something like this comes up, the nonsense is clearly and immediately recognized.”

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Communication and RISK

by MK Mueller,

Author of *8 to Great : The Powerful Process for Positive Change*

Things do not change. We change.
- Henry David Thoreau

(MK Mueller is our featured speaker for the NGIA Annual Conference that is scheduled for June 11 & 12 at Tiburon in Omaha. This article is a little slice of light regarding her presentations)

So many times when I am asked to speak about communication in the workplace, audience questions center around what to do about “them.” You know who I’m talking about - the whiners, the complainers, the back-biters, the gossip spreaders. Every small business has them. But not every one is resigned to it

It reminds me of a cartoon of two elderly gentleman sitting on a park bench. One begins the conversation with, “What should we do about all the darkness in this world?” The other, looking straight ahead, simply answers, “Turn on the light.”

We often pride ourselves on conformity and consistency, and smile when people who have worked at our businesses forever brag about how they’ve been doing it the SAME way all these years. But routine and repetition can set a negative tone in workplace communication. When work and life gets boring, there is always a drama princess or prince who feels the need to spice things up with stories of crisis and chaos. No crisis to talk about today? No problem. They create one.

The alternative is just around corner. Envision a workplace where the team gets together regularly to dream and design a great NEW idea - from painting the storefront YELLOW, to three-loader Thursdays, to putting a “thought for the day” note in each bag. All of a sudden, there are lots of positive possibilities to talk about between team members.

Which, of course, spreads to your customers. It feels good to hear, “I love the new color!” or “I got just the message I needed to hear in my

grocery bag last week!” And when we feel good, we have more energy, patience, resilience, and fun. Once the flow of the conversation among employees and customers is more positive, it takes tremendous effort to pull it down with rumors and rants.

“But wait,” you may be thinking. “I can’t paint the front of the store every week!” No, but you can turn your enterprise into a “Grow-cery” Store. Once you make it your goal to do just ONE thing different each month or each quarter, everyone looks forward to “what’s next” while enjoying the latest innovation. This is a huge morale boost for employees. It’s also marketing at its best because it gives you an immediate media connection - you become the newspaper’s “Grow-cery Story.”

Where will you get the talent to pull off these ideas? Every team member (even your most negative) has gifts. Perhaps they’re artists, or poets, or quilters, or have a beautiful singing voice. (Hmmm, how about Singing Store Saturdays?) When owners and managers embrace innovation they find new ways to invite teammates to use their gifts at work.

The result often feels like nothing less than a miracle. One person’s creativity sparks another’s collaboration, and together they spark a de-lightful transformation. Sparks bring businesses new warmth, passion and light. The light attracts more customers, the best employees and a reputation for the remarkable. It’s a light that becomes, like the darkness, contagious.

MK is the author of three books and a consultant and coach for business owners around the county. For more on this topic, request our brochure, “88 Tips for Telling your Grow-cery Story” or ask us about our marketing internship program. Call us at 828-242-9033 or email us at info.8togreat.com.

Nebraska Grocery Industry Association Annual Conference June 11-12 **Unlock Your Power!** **With NGIA's Keys to Success**



In these critical times, achieving effective results demands a shift in the way we conduct business – from teamwork to communication. Achieving effective results can be realized with exposure to new thoughts and ideas. The NGIA Annual Conference will help you discover and implement ideas that deliver results. Our conference speakers will assist you in your search for innovative solutions. The Conference will provide opportunities to help you Unlock Your Power by making valuable connections with other industry leaders who have solutions you need. NGIA's Keys to Success will help open doors and prepare you for the road ahead. The Annual "Sand Bagger" Golf Outing will be held June 12 at Tiburon. This year we will award a \$300 cash prize for closest to the pin along with flag prizes for each hole. Please join us on June 11 & 12 for the NGIA Annual Conference and Golf Outing at Tiburon Golf Club located at 10302 South 168th Street in Omaha.

Schedule of Events

June 11, 2013

- 1:00 Matt Davison presents "Success Through Leadership and Preparation"
- 2:00 Break
- 2:15 Award Presentations
- 2:30 General Member Meeting
- 2:45 – 3:00 Break
- 3:00 MK Mueller presents "Communication at Work: How to Say What You Mean & Mean What You Say"
- 5:00 Cocktails
- 5:30 BBQ



June 12: Golf Outing

9:00 Shotgun Start at Tiburon; Hot dogs on the Club House Turn! Closest to the Pin \$300 Cash Prize! Lunch!



1:00 pm: **Success Through Leadership and Preparation -**

Most people have the will to win, few have the will to prepare to win.

Matt Davison will share how his experiences as a student-athlete have impacted his life and shaped him to be the person he is today. He was privileged to learn from some of the greatest leaders in our state, including Tom Osborne, Ron Brown and Frank Solich, as well as work with great leaders on the field like Scott Frost and Eric Crouch. Matt will discuss how he has learned from these individuals and how it has applied to his life, and how others can apply those same life lessons to their lives and careers. He will also discuss leadership and qualities that make a great leader.



3:00 pm: **Communication at Work: How to Say What You Mean & Mean What You Say**

MK Mueller,
International trainer

and author will discuss "Communication at Work". There are communication techniques and tools that can make a significant difference in the efficiency of a well-run business, as well as the respect levels between co-workers. Award-winning author MK Mueller will tackle the top communication hurdles in the workplace, uncovering the secrets that the most successful communicators use every day. You'll learn practical processes and tools for:

- increasing the levels of appreciation and recognition in the workplace
- tailoring your message to achieve buy-in on your ideas and proposals

- ending third-party communication and rumor mills
- nurturing assertiveness rather than passive aggressive behaviors
- learning to accept constructive criticism
- saying "No" and setting limits for better work-life balance
- avoiding defensiveness and disarming "hot buttons" to put people at ease
- encouraging creativity and engagement at meetings
- becoming so persuasive your requests are rarely denied
- making every decision and knowing it's the right one for you

Nebraska Grocery Industry Association

NGIA 2013 Annual Conference & Golf Outing

June 11 – Tiburon Golf Club, 10302 S 168 St., Omaha, NE
June 12 – Tiburon Golf Club

Registration Form

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Company Name _____ Contact Person _____
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Name (please print)		Full Registration: \$100 Includes every event except golf. \$110 after June 1	June 11 Dinner Only Begins at 5:30 \$30 After June 1 \$40	Golf Outing at Tiburon \$125 for members; \$225 non-members. Includes driving range, green fees, golf cart, beverages & lunch. You establish your foursome.	Total
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Preventing Memory-Parsing Malware Attacks on Grocery Merchants

Visa has issued a data security alert on preventing memory-parsing malware attacks on grocery merchants. Since 2013, Visa has seen an increase in network intrusions involving grocery merchants. Once inside a merchant's network, hackers install memory-parsing malware on Windows-based cash register systems or back-of-house (BOH) servers to extract full magnetic-stripe data. Visa has recommended a number of mitigation strategies for minimizing the possibility of an attack.

The malware is configured to "hook" into certain payment application binaries. These binaries are responsible for processing authorization data, which includes full magnetic-stripe data. When authorization data is processed, the payment application decrypts the transaction on the cash register system or BOH server and stores the authorization data in random access memory (RAM). The data must be decrypted for the authorization to be completed, so hackers are accessing full track data when it is stored in RAM and using malware such as memory-parsers to steal it. Hackers are also using anti-forensic techniques such as tampering with or deleting security event logs, using strong encryption or modifying security applications (e.g., whitelist malware files) to avoid detection.

The malware can be configured or compiled to work on merchant segments other than grocery merchants. At this time, it is known to affect only Windows operating systems. Visa is offering guidance to help clients secure their networks and protect their Windows-based point-of-sale (POS) and BOH systems from unauthorized access. A list of malware signatures is included in this article, and Visa highly recommends that clients implement these signatures in their security solutions.

Recommended Mitigation Strategies

The following mitigation strategies, broken down into four categories, are a defense-in-depth approach to minimizing the possibility of an attack and mitigating the risk of data compromise:

- **Network Security** - Review firewall configurations and ensure that only allowed ports, services and Internet protocol (IP) addresses are communicating with your network. This is especially critical for outbound (e.g., egress) firewall rules, in which compromised entities allow ports to communicate to any IP address on the Internet. Hackers leverage this misconfiguration to exfiltrate data to their IP addresses.

- Segregate payment processing networks from other networks.

- Apply access control lists (ACLs) on the router configuration to limit unauthorized traffic to payment processing networks.

- Create strict ACLs segmenting public-facing systems and backend database systems that house payment card data.

- **Cash Register and POS Security** - Implement

- hardware-based point-to-point encryption. Visa recommends EMV-enabled PIN-entry devices or other credit-only accepting devices that have Secure Reading and Exchange of Data (SRED) capabilities. SRED-approved devices can be found at the Payment Card Industry Security Standards website.

- Install Payment Application Data Security Standard-compliant payment applications.

- Deploy the latest version of an operating system and ensure it is up-to-date with security patches, anti-virus software, file integrity monitoring, and a host-based intrusion-detection system.

- Assign a strong password to security solutions to prevent application modification.

- Perform a binary or checksum comparison to ensure unauthorized files are not installed.

- Ensure any automatic updates from third parties are validated. This means performing a checksum comparison on the updates prior to deploying them on POS systems. Visa recommends that merchants work with their POS vendors to obtain signatures and hash values to perform this checksum validation.

- Disable unnecessary ports and services, null sessions, default users and guests.

- Enable logging of events and make sure there is a process to monitor logs on a daily basis.

- Implement least privileges and ACLs on users and applications on the system.

- **Administrative Access** - Use two-factor authentication when accessing payment processing networks. Even if a virtual private network is used, it is important that two-factor authentication is implemented to help mitigate key-logger or credential-dumping attacks.

- Limit administrative privileges for users and applications.

- Periodically review systems (local and domain controllers) for unknown and dormant users.

- **Incident Response** - Deploy a Security Information and Event Management (SIEM), a system that serves as a central point for managing and analyzing events from network devices. A SIEM has two primary responsibilities:

- Aggregates events and logs from network devices and applications.

- Uses intelligence to analyze and uncover malicious behavior on the network.

- Offload logs to a dedicated server in a secure location where unauthorized users can't tamper with them.

- Invest in a dedicated incident response team (IRT) that has the knowledge, training and certification to respond to a breach. For more information on IRT training, visit the SANS Institute website.

- Test and document incident-response plans to identify and remediate any gaps prior to an attack. Plans should be updated periodically to address emerging threats.



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4 Ways to Turn Your Company Into an Innovation Machine

Travelocity, Kayak.com Founder Offers Tips for Culture Change

The world's future leaders overwhelmingly believe that today's businesses can grow only if they can innovate – and that today's business leaders aren't demonstrating they're up to the task. While that's the thinking of nearly 5,000 millennials – the 20- to 33-year-old generation – at least one baby boomer, the innovator who transformed the U.S. travel industry with his creation of Travelocity and Kayak.com, agrees.

"The future for any business today depends entirely on its ability to innovate, and the youngest adults, 'the idea generation,' know that," says Terry Jones, author of "On Innovation," (www.tbjones.com/book), a light-hearted but practical guide for fostering and innovation. "The millennials are the group known for pioneering new ideas, rethinking processes, end-running hierarchies and solving problems by doing what simply makes sense to them. We need to listen to them; they're the innovators!"

But the worldwide survey of adults born after 1982 found that only 26 percent believe their bosses are doing enough to encourage innovation. The study by Deloitte Touche Tohmatsu Limited, published in January, reported 78 percent believe innovation is crucial for growing businesses. Jones says there are some definite steps business leaders can and should take to ensure their company is hearing employees' ideas, recognizing opportunities, and ensuring a clear path to execution.

1. Build a culture of experimentation. Not every project will succeed but you can't learn from mistakes if you don't allow them to happen. The corollary: Always analyze what went wrong. Why didn't it work? To use a sports analogy, watch the "game films" to improve and learn as much from failure as you do from success. One fast and easy way to experiment is to test options out online. Whether it's polling customers, measuring which approach gets the best response, or allowing a segment of your customer base to test drive a new tool, the results can be invaluable.

2. Kill projects not people. In many companies, people stop offering up ideas and volunteering for projects because the punishment for failure is greater than the reward for success. Lunch

with the boss or a \$100 bonus do not compensate for the risk of being demoted or fired, or suffering a tarnished reputation. When a project fails in a company with a culture of experimentation, the first thing you should do is say, "Bob, what would you like to work on now?!"

3. Break thru the "Bozone layer." Some of the greatest ideas for innovation will come from the employees on the front lines – those in direct contact with customers or production. But their ideas will never float up to the executive suite if you've created a "Bozone layer" by making it too risky for middle managers to experiment. (See No. 2.) While you're turning the culture around, find ways to reach down to the front lines to solicit ideas. Implement them and reward the contributors with a big, public shout out – which will help you start changing for the culture.

4. Install "sensors" to pick up customers' ideas. Don't just look to employees for innovation – learn from your customers. They have ideas for new products and new uses for existing products, and their customer service complaints are a fertile source of ideas for improvement. Listen! Social media or a forum on the company website is a good sensor for picking up ideas; Glad Wrap's 1000 Uses site is loaded with them. For customer service complaints, Travelocity installed a lobby phone booth where anyone in the company could listen in on customer service calls. Once a month, everyone was expected to provide feedback on at least two of those calls, and suggest an improvement to eliminate similar future calls plus a work-around for the interim.

About Terry Jones: Terry Jones founded Travelocity.com in 1996 and led the company as president and CEO until May 2002. He is managing principal of On, Inc, a consultancy he co-founded to help companies in their transition to the digital economy, and serves as chairman of the board at Kayak.com, which he also helped found. Previously Jones had a 24-year career at American Airlines holding various executive positions, rising to Chief Information Officer at their SABRE Division. Jones is the holder of several patents, has served on the boards of directors of 10 companies and began his career as a travel agent in Chicago. He holds a degree in history from Denison University.

United States Department of Labor Announces Take Three: Lifetime Income Illustration

The Employee Benefits Security Administration on May 7 announced an advance notice of proposed rule making focusing on lifetime income illustrations given to participants in defined contribution retirement plans, such as 401(k) and 403(b) plans. The notice provides an opportunity for early input into the development of regulations. Assistant Secretary of Labor Phyllis C. Borzi answers three questions about the initiative.



What is a

lifetime income illustration? What we mean by a lifetime income illustration is a projection, a visual indicator on a quarterly or annual retirement account statement, if you will, that would show an individual saving for retirement the likely monthly income that may be generated from his or her current account balance. The illustration could also show an expected account balance at the time of retirement based on projected contribution amounts and annual growth over a period of years, and how such a lump sum could be broken down into a stream of monthly payments for life.

Why is this important? Unfortunately, many retirees run the risk of outliving their savings, and this initiative is intended to help Americans have a more secure retirement. The traditional pension plans where retirees receive monthly checks from former employers is less and less of an option for workers these days. What we've seen over recent decades is the move towards defined contribution

plans, like 401(k) plans. Participants in such plans need to manage their own investments throughout their career, and continue to manage their nest egg when they retire. The final balance that workers will see in their account will very likely be the most money they will ever have at their disposal. For example, \$300,000 might seem like a lot of money for retirement. However, when you show a worker today how that amount would be broken down into monthly allotments over about 20 years, it's an eye opener. We're hoping a lifetime income illustration

might spur better planning for the future.

Can you show us an example of a lifetime income illustration? Yes. On our website is a calculator that will allow you to plug in your projected retirement age, current account balance, your current annual contribution amount, and the number of years until you expect to retire. It uses an annuitization approach to estimate the monthly lifetime income streams based on your current account balance and on the projected value of the account balance at your retirement. It's a very useful tool that even some on my staff have said has forced them to rethink how they're saving and investing money for the future.

- Read the Blog Post: <http://social.dol.gov/blog/making-a-lifetime-of-savings-last/>
- Use the Lifetime Income Calculator: <http://www.askebsa.dol.gov/lia/home>

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Five Mistakes Leaders *Unknowingly* Make That Scare Employees to Death

By Christine Comaford

Without even realizing it, most leaders do and say things that send employees into their “Critter State” where every decision they make is driven by fear. Here, I reveals some of the subtle, yet damaging mistakes we make—and how to fix them.

Most leaders know that command & control is dead and that fear doesn't motivate employees. Quite the opposite, in fact. That's why, for the most part, we refrain from doing scary things. (Only the worst “bully bosses” make it a practice to scream at an employee, or call him abusive names, or threaten to fire him the next time he makes the coffee too strong.) Yet even good leaders unintentionally strike fear in the hearts of their workforce.

More accurately, we strike it into their brains. And the consequences are more dire than you might realize.

From time to time we all say or do things that spark unconscious fears in our employees. The primitive “fight, flight, or freeze” part of the brain takes control. When that happens, when people are stuck in what I call the Critter State, all they can focus on is their own survival.

In other words, everything that makes them good employees—their ability to innovate, to collaborate, to logically think through problems—goes out the window. All decision-making is distilled down to one question: What course of action will keep me safest?

Obviously, we need our employees to be in control of their whole brain—especially the parts responsible for the emotional engagement and intelligent decision-making that lead to high performance. Today's economy demands it. That's why my business—teaching leaders how to use the best tactics from neuroscience to get teams unstuck and shift them into their so-called “Smart State”—is booming.

I regularly see clients who master these techniques and quickly see their revenues and profits increase by up to 200 percent annually. It just goes to show how pervasive fear in the workplace actually is—and how crippling it can be.

My clients confirm how successful my techniques are at getting clients out of their Critter States and into their Smart States and how that translates to results.

“When I first met Christine, I knew we had to work together, but wasn't sure what the return on investment in coaching could truly be,” says Sharon MacDonald, CEO, Interim Furnishings. “Now I know what it is: I think bigger working with Christine—we will double (or greater) our revenue this year as a result of my increased ability to create new strategies, expand my vision, see into my blind spots.

“Christine helped me I was time to bring on a seasoned COO, scale up my team, and bring them new resources,” she adds. “She helped me create accountability structures and communication rhythms for my team so everyone is aligned and charging forward. We're rapidly growing the company in a safe and sane way while preserving and

increasing the fun of our culture. In less than 120 days we closed the largest deal in our company's history using the strategy Christine and I created together. I know what's going to happen next—we'll exceed our sales quota. Again. This is now how we roll.”

In my new book, *SmartTribes: How Teams Become Brilliant Together*, I ask the questions, how might we be inadvertently holding back our teams and crippling our own cultures? What, exactly, are we doing to send our people into their Critter States? More to the point, what are you doing? Here, I describe a few (very subtle) offenders:

You “help them out” by giving them solutions. Or, you advocate when you should be inquiring. When we consistently tell people what to do instead of encouraging them to figure things out on their own, we develop a company full of order-takers instead of innovators. By training them to always ask, we create a workforce of employees who are perpetually “frozen” in their Critter State.

On the other hand, when we engage them in solving problems themselves, we create a sense of safety, belonging, and mattering—which are the three things humans crave most (after basic needs like food and shelter are met). And of course, we help them develop a sense of ownership that will serve them—and the company—well.

Start inquiring and see what happens. Ask, “How would you do it? What impact might your course of action have?” After you do this a few times with someone, she'll start expecting you to ask questions instead of give orders. She'll start coming to you with ideas, seeking feedback and validation. And after a few of these sessions, she'll come to you saying, “I have a plan, here it is, and speak now if you aren't okay with it.” Finally, she'll stop coming to you altogether.

Aim for five inquiries for every advocacy. You'll be amazed by what a powerful difference this makes in your employees and your company.

Your meetings are heavy on sharing and point-proving, light on promises and requests. Why might a meeting scare your employees? Because confusion and uncertainty create fear. Meetings that are rambling and unfocused send people into the fight-flight-freeze of the Critter State. On the other hand, short, sweet, high-energy meetings that have a clear agenda keep everyone in their Smart State.

The key is to understand the five types of communication:

- information-sharing
- sharing of oneself
- debating, decision-making, or point-proving
- requests
- promises

The typical meeting is heavy on the first three and light

Continued on page 20

on the last two. Ideally, you should focus on only enough information-sharing in order to solicit requests from parties who need something and promises from parties who will fill that need.

Tune up your communication and the result will be meetings that are efficient and effective, and that keep your team happy and clipping along to glorious accountability and execution.

You give feedback to employees without first establishing rapport. Imagine for a moment that your employees are antelopes. Because you have authority over them, they quite naturally view you as a lion. It's not that you're purposely ruling with teeth and claws. It's simply their critter brains at work, peering out and "coding" who is a friend and who is a foe. That means unless you can get employees to see you as "just another antelope," you won't be able to influence them—they'll be too busy ensuring their own survival to accept your feedback.

I have a wealth of neuroscience tactics for helping leaders get inside their employees' heads and truly establish rapport. Most of them are too complex to convey in a short article (Meta Programs are one of the most potent), so here I offer three "shortcut" phrases that help people feel safe enough to shift out of their Critter State:

- **1. "What if...":** When you use this preface to an idea/suggestion, you remove ego and reduce emotion. You're curious—not forcing a position, but kind of scratching your head and pondering. This enables someone to brainstorm more easily with you.
- **2. "I need your help.":** We call this a dom-sub swap, because when the dominant person uses it, they are enrolling the subordinate person and asking them to rise up and swap roles. This is an especially effective phrase when you want a person to change their behavior or take on more responsibility.
- **3. "Would it be helpful if...":** When someone is stuck in their Critter State and spinning or unable to move forward, offering up a solution will help them see a possible course of action or positive outcome.

You focus on problems rather than outcomes. First, a little background: I teach her clients there are three default roles that people lean toward—Victim, Rescuer, or Persecutor. (These were first created by Dr. Stephen B. Karpman, and his article detailing these roles won the Eric Berne Memorial Scientific Award in 1972.)¹ These roles are interdependent (there must be a Persecutor for there to be a Victim for the Rescuer to save) and they play out every day in the workplace.

Together these roles make up the Tension Triangle—and when we're in it we're problem-focused. We see everything as a problem, which causes anxiety, which leads to a reaction, which leads to another problem. It's a self-perpetuating cycle. The solution is to switch your focus from problems to outcomes. Instead of asking "What's wrong?" and "Why is this happening?" we ask "What do we want?" and "How will we create it?"

Being outcome focused feels very different. It's empowering and energizing and fills you with confidence. It firmly places you in your Smart State, where possibility, choice, innovation, love, and higher consciousness are abundant. Victims become Outcome Creators. Rescuers become Insight Creators. Persecutors become Action Creators. (I have a chart that lays out the differences.) So...how do you make the switch?

First, identify each role that you and the other person are playing. Speak to the other person as the positive counterpart. If he's in Victim mode and you tend to be a Rescuer, don't say things like "I'll make it better for you" or "Let me help you." Instead, say, "What outcome would you like?" and, "What will having that do for you?" If you do this in every conversation, and teach others to make the shift as well, you will transform your cultures and quickly start getting the outcomes you want.

Clients verify these techniques work.

"I'm learning to see myself as an Insight Creator rather than a Rescuer of others who see themselves as Victims," reports Rick Thompson, VP Talent Management, Rising Medical Solutions. "I have more control over my schedule and more focus on truly 'moving the needle.' And the best part is that several other members of our executive team are experiencing breakthroughs of their own...It's great to share this journey with my peers.

"As a result of our work with CCA, our morale is higher," he adds. "Our retention is up. We've had record levels of revenue for several months, and we're seeing real gains in cross-functional team productivity. We're developing leaders at all levels of the organization, and employees are seeing more potential for career growth."

You frame "change" the wrong way. Almost all leaders want—probably need—their companies to change. It's the only way we can achieve growth. Yet as we all know, people inherently resist change. In fact, according to Rodger Bailey's groundbreaking work on Meta Programs in the workplace,² 65 percent of Americans can tolerate change only if it is couched in a specific context (see Shelle Rose Charvet's excellent book on Meta Programs, *Words That Change Minds*, for a deep source on Rodger Bailey's work³). That context is "Sameness with Exception."

What does this mean? Essentially, it means leaders need to present the "change" as merely an improvement to what we are already doing: The bad stuff is being removed, and good stuff is being added.

Seriously—this is the best way to package a change message. And don't use the C-word. Say "growth" instead.

By the way, resistance isn't necessarily a bad thing. It's just the first step on the organizational path. The other four steps are Mockery, Usefulness, Habitual, and New Standard. But once you can clear the resistance hurdle—and it will go fairly quickly when you present change the way I just described—you're well on your way.

Did you recognize your own leaders—even yourself—in the list above? If so, you're not alone. And the good news is that once you can make the (relatively simple) changes,

you are likely to see dramatic improvements in your results.

All leaders want to outperform, outsell, and out-innovate the competition. And most of us have teams that are quite capable of doing so. We just need to stop scaring the competence out of them.

###

1 Stephen Karpman, "Fairy Tales and Script Drama Analysis," *Transactional Analysis Bulletin* 7, no 26 (1968): 39-43. For more on Dr. Stephen Karpman's work, see <http://www.karpmandramatriangle.com/index.html>.

2 Rodger Bailey's work in NeuroLinguistic Programming (NLP) particularly his Language and Behavior (LAB) Profile, is the foundation of Shelle Rose Charvet's *Words That Change Minds*.

3 Shelle Rose Charvet, *Words That Change Minds*, 2nd ed. (Kendall Hunt, 2010).

About the Author:

Bill Gates calls her "super high bandwidth." Bill Clinton has thanked her for "fostering American entrepreneurship." Newsweek says, "By reputation, Christine is the person you want to partner with."

Christine Comaford is a global thought leader who helps mid-sized and Fortune 1000 companies navigate growth and change, an expert in human behavior and applied neuroscience, and the bestselling author of Rules for Renegades. Her latest book, SmartTribes: How Teams Become Brilliant Together, will be released in June 2013. She is best known for helping CEOs, boards, and investors create predictable revenue, deeply engaged and passionate teams, and highly profitable growth. Her coaching, consulting, and strategies center on increased accountability, communication, and execution. The results? Hundreds of millions of dollars in new revenue and value for her clients. Under her guidance, clients often see their revenues increase by 30-110 percent annually, profits increase by 17-200 percent annually, and sales close 50 percent faster.

During her incredibly diverse career, Christine has consulted to the White House (Clinton and Bush), built and sold five of her own businesses with an average 700 percent return on investment, and has helped over 50 of her clients to exit their businesses for \$12-425 million. She is a leadership columnist for Forbes.com and is frequently quoted in the business and technology media. To learn more, visit www.christinecomaford.com.

About the Book:

SmartTribes: How Teams Become Brilliant Together (Portfolio/Penguin, June 2013, ISBN: 978-1-5918464-8-2, \$26.95, www.smarttribesbook.com) will be available at bookstores nationwide and from all major online booksellers.

IRS Promises 'Light Touch' On Obamacare Mandate

In a Congressional hearing the week of May 10, 2013, the acting head of the Internal Revenue Service (IRS) told Congress that the agency will be more lenient in its enforcement of the Affordable Care Act's individual mandate requirement.

The first year of the individual mandate provision of the Affordable Care Act will go into effect on January 1, 2014. Under the provision, all American citizens will be required to obtain health insurance coverage, whether through a purchased plan, an employer plan, a government-provided plan, or from some other source, or face a fine. The fine will start at \$95 or one percent of household income, and will increase until 2016. This week Steve Miller, Acting Internal Revenue Service Commissioner, testified in front of the Senate Appropriations Subcommittee on Financial Services and General Government on this topic. Miller indicated the IRS will enforce the mandate in the first year differently than in future years. "The collection rules are different and a lighter touch is required of the Internal Revenue Service with respect to [tax code Section] 5000(A), the individual mandate" stated Miller.

It will still be within the IRS's power to withhold tax refunds from noncompliant taxpayers. The penalty will only go into effect during the filing season of 2015. The IRS will then have to complete the difficult task of matching information from employers, healthcare Exchanges, and taxpayer information. Miller commented on the process, "We're already working on that as we speak and I have no doubt that we'll be ready."

Court Rejects NLRB Poster Notice Rule

The U.S. Court of Appeals for the District of Columbia vacated a National Labor Relations Board final rule that would require a posting of a notice of employee rights under the National Labor Relations Act. Previously, FMI had filed comments with the NLRB arguing that the Board exceeded its authority in issuing the rule. The DC Circuit has decided this is so. The rule had been scheduled to take effect on April 30, 2012, but NLRB had delayed implementation due to the legal challenges to the notice posting rule. In light of the decision, implementation will continue to be delayed. Your company is not required to display the poster now or for the near future (Note that if you are a federal contractor, posting of an NLRA notice was required in 2010 by DOL. This is a separate requirement that still stands). We will keep you updated. There is the possibility this case could end up before the U.S. Supreme Court. For more information, contact Ty Kelley, tkelley@fmi.org.



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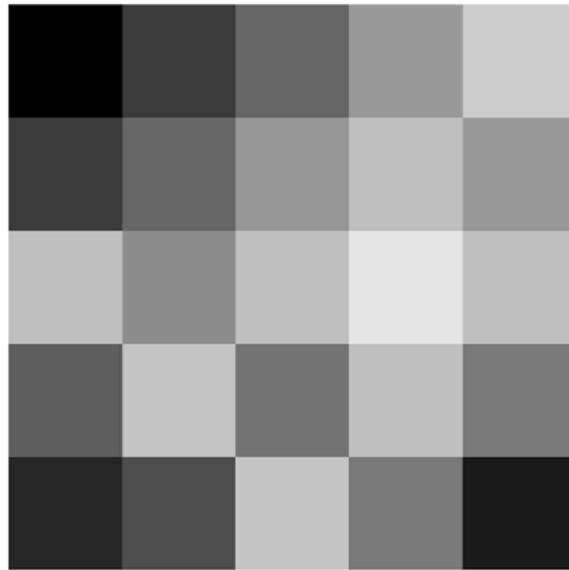
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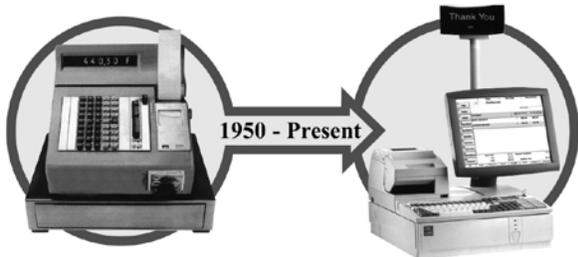
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Federal Child Labor Provisions of the Fair Labor Standards Act (FLSA) to Grocery Stores

Coverage

Employees of a grocery store may be covered by the FLSA in either of two ways. Any establishment which is part of an enterprise with an annual dollar volume of sales of at least \$500,000 (exclusive of excise taxes at the retail level that are separately stated) must abide by the Act's requirements. Any employee of a grocery store, regardless of its sales volume, who is engaged in interstate commerce activities, or any closely related occupation directly essential to such activities is "covered" on an individual basis in any week in which they are so engaged. Most grocery stores are subject to, and must comply with, the federal child labor provisions.

Child Labor Provisions of the FLSA

The federal child labor provisions were enacted to protect the educational opportunities of minors and prohibit their employment in jobs and under conditions detrimental to their health or well being. Once youths reach **18 years of age**, the federal child labor provisions no longer apply to their employment. Under federal law, youths **16 and 17 years of age** may perform any **non-hazardous** job, for unlimited hours. (State laws may otherwise restrict employment for youths of this age.) The Secretary of Labor has declared 17 Hazardous Occupation orders (HOs) which restrict the types of jobs and/or industries in which youths **less than 18 years of age** may be employed.

Although not exhaustive, the following list includes the most common tasks that occur in grocery stores that are prohibited by one or more HOs. Under the child labor provisions, workers under 18 years of age generally may not...

- Operate or assist to operate, clean, oil, set up, adjust, or repair certain power-driven **meat processing equipment**, including meat sliders, meat grinders, meat saws, and patty-forming machines, even when used to process materials other than meats such as vegetables or cheese.
- Operate or assist to operate, clean, oil, set up, adjust, or repair certain power-driven **bakery machines** such as horizontal or vertical dough mixers, dough sheeters/rollers, and combination bread slicing and wrapping machines.
- Drive or serve as an outside helper on a motor vehicle on a public road; however, 17 year-olds that meet certain specific requirements may drive for limited amounts of time as part of their job.
- Operate or unload scrap paper balers and paper box compactors. Sixteen and 17 year-olds may only load such machines that meet specific ANSI standards and under certain specific circumstances.
- Operate certain power-driven hoists, including forklifts.

Fourteen and 15 year-old youths may be employed by grocery stores, but only for certain periods of time and only in certain types of jobs.

Hours of Limitation

The employment of 14 and 15 year-olds is limited to:

- Outside school hours.
- Three hours on a school day; 8 hours on a non-school day.
- Eighteen hours in a school week; 40 hours in a non-school week.

Also, 14 and 15 year-olds **may not** work before 7 a.m. or after 7 p.m. (except from June 1st through Labor Day, when the evening limit is extended to 9 p.m.) The most frequent child labor violations occurring in grocery stores involve minors working too late at night or too many hours on a school day.

Occupation Limitations

Fourteen and 15 year-olds may generally be employed by grocery stores to perform the following jobs: cashiering, bagging, carrying out grocery orders; clean-up work including the use of vacuum cleaners and floor waxers, and shelf stocking.

Fourteen and 15 year-olds may not be employed in the following occupations often found in grocery stores:

- All baking and cooking. These minors may not operate NEICO broilers, pressure cookers, ovens or large rotisseries; however, they may cook using grills, griddles, deep fat fryers, toasters, popcorn poppers, and hot dog rotisseries, if the work is in full sight of customers.
- All work involving the loading and unloading of goods to and from trucks.
- All work in a warehouse and all work involving the use of ladders or scaffolding.
- All work in freezers and meat coolers, and most in the preparation of meats for sale.

Minors, 13 years of age and younger, are generally not permitted to work, even with parental permission. The FLSA does, however, allow a parent who is the sole owner of a business to employ his/her child in any occupation other than mining, manufacturing or those declared hazardous by the Secretary of Labor.

SPECIAL NOTICE

State law may have higher standards, such as mandatory age certificates or work permits for young workers and work hour limitations for 16 and 17 year-olds. When these apply, employers must comply with the higher standard. For information about state child labor provisions, contact your state's Department of Labor.

Labor Law

Breaks & Meal Periods

According to the US Dept. of Labor website (www.dol.gov), federal law does not require lunch or coffee breaks. However, when employers do offer short breaks (usually lasting about 5 to 20 minutes), federal law considers the breaks as compensable work hours that would be included in the sum of hours worked during the work week and considered in determining if overtime was worked. Unauthorized extensions of authorized work breaks need not be counted as hours worked when the employer has expressly and unambiguously communicated to the employee that the authorized break may only last for a specific length of time, that any extension of the break is contrary to the employer's rules, and any extension of the break will be punished.

Bona fide meal periods (typically lasting at least 30 minutes), serve a different purpose than coffee or snack breaks and, thus, are not work time and are not compensable.

Federal Minimum Wage:

\$7.25 per hour beginning July 24, 2009

Overtime Pay: At least 1½ times an employee's regular rate of pay for all hours worked over 40 in a workweek.

Youth Employment: An employee must be at least 16 years old to work in most non-farm jobs and at least 18 to work in non-farm jobs declared hazardous by the Secretary of Labor.

Youths 14 and 15 years old may work outside school hours in various non-manufacturing, non-mining, non-hazardous jobs under the following conditions:

No more than

- 3 hours on a school day or 18 hours in a school week;
- 8 hours on a non-school day or 40 hours in a non-school week.

Also, work may not begin before 7 a.m. or end after 7 p.m., except from June 1 through Labor Day, when evening hours are extended to 9 p.m. Different rules apply in agricultural employment.

Tip Credit: Employers of "tipped employees" must pay a cash wage of at least \$2.13 per hour if they claim a tip credit against their minimum wage obligation. If an employee's tips combined with the employer's cash wage of at least \$2.13 per hour do not equal the minimum hourly wage, the employer must make up the difference. Certain other conditions must also be met.

Enforcement: The Department of Labor may recover back wages either administratively or through court action, for the employees that have been underpaid in violation of the law. Violations may result in civil or criminal action. Employers may be assessed civil money penalties of up to \$1,100 for each willful or repeated violation of the minimum wage or overtime pay provisions of the law and up to \$11,000 for each employee who is the subject of a violation of the Act's child labor provisions. In addition, a civil money penalty of up to

\$50,000 may be assessed for each child labor violation that causes the death or serious injury of any minor employee, and such assessments may be doubled, up to \$100,000, when the violations are determined to be willful or repeated. The law also prohibits discriminating against or discharging workers who file a complaint or participate in any proceeding under the Act.

Employment certificate:

No child under sixteen years of age shall be employed or permitted to work in any employment within this state unless the person or corporation employing the child procures and keeps on file an employment certificate.

Any attendance officer or the Department of Labor or its assistants may demand that any employer in whose place of business a child apparently under the age of sixteen years is employed or permitted to work, and whose employment certificate is not filed as required by law, either furnish within ten days satisfactory evidence that such child is in fact over sixteen years of age or cease to employ or permit such child to work

Single-Ingredient Nutrition Labeling

USDA's Food Safety and Inspection Service issued a notice indicating that the agency would begin enforcement of its rule on nutrition labeling of single-ingredient meat and poultry products. Retailers must post a nutrition poster for muscle cuts, labeling for ground products on the label. FMI created a poster in compliance with the rule that can be purchased from the FMI Store. For more information, contact Erik Lieberman, elieberman@fmi.org.

New I-9 Becomes Mandatory May 7, 2013

NGA forwarded an Alert to all members regarding the requirement for employers to begin using the newly revised Employment Eligibility Verification form (Form I-9) by May 7, 2013. The USCIS published a notice in the Federal Register announcing the revised form on March 8, 2013. Employers using prior versions of the Form I-9 on or after May 8, 2013, will violate the law and be subject to worksite enforcement fines and other penalties. Please note that the new Form I-9 is for new hires. Employers are not required to obtain new I-9's for current employees.

1993, 1994, 1995, 1996, 1997, 1998,

1999, 2000, 2001, 2002, 2003,

2004, 2005, 2006, 2007, 2008,

2009, 2010, 2011, 2012, 2013

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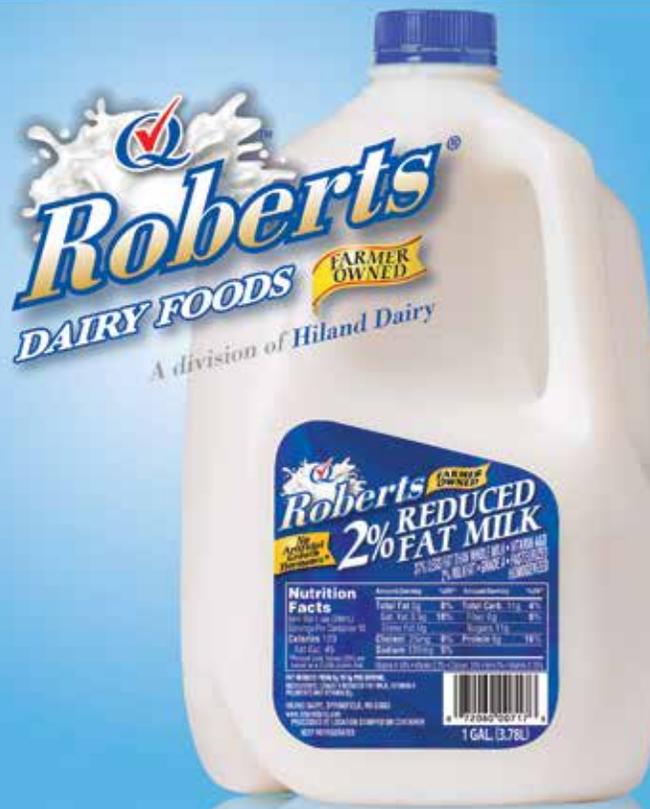
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