



Special points of interest:

WIN

Your copy of Slippers by being one of the first five stores who volunteers to feature in a NARGON News Store Profile

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First Zero Carbon Supermarket Opens

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AGM Invite, Agenda, Proxy and Nomination forms.

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Apathy

Science may have found a cure for most evils; but it has found no remedy for the worst of them all – the apathy of human beings.
Helen Keller

None of the board members that represent you are apathetic and we would encourage you not to be either.

The Nargon board members are a motivated group of grocers who are not prepared to think that someone has taken care of that for them!

Every year Nargon Board members go into battle for you to ensure the voice of the Grocer is heard in Government offices and at Select Committees.

We did not sit back and accept that liquor licences may be granted on the size of your

business because we knew how many of our retailers would be affected.

We have not given any room for doubt on our stance regarding financial reporting in the Financial Reporting submission to the Ministry of Economic Development, a document, that should it be passed, would effectively require you to open your books to the public.

The issues that we tackle affect our bottom line, YOUR bottom line and the ability to operate your business!

The worst thing you could do in the present competitive environment we are operating in is not to give a damn.

When we ask for your thoughts and view points it is imperative you respond, give us your concerns and opinions.
Victoria Boyes

Changes in Taxation

The Prime Minister's state of the nation speech at the opening of Parliament covered important issues for business. Part of this included changes to our tax system.

The Government has clearly signalled that proposals for a land tax, a capital gains tax, and a risk-free return method will not go ahead.

What is on the agenda: an

increase in GST (no more than 15%), lower personal tax rates and changes to the way property is taxed - with more details to come in the Budget.

While there was no overall reform of Working for Families announced, there was an indication that there will be changes to prevent high income earners from abusing the system.

One glaring omission was any discussion on the Australian Henry tax review. Any moves by the Australian Government to lower their company tax rate would need to be met by the same change on this side of the Tasman. We would expect the Government to be ready for such an eventuality if it arises this year.

Balancing act in minimum wage change

The current environment makes adjusting the minimum wage a difficult balancing act and today's increase of 25 cents is probably reasonable in the circumstances,

Given the Government's policy of continuing to increase the minimum wage, there are three main factors to consider.

"First there is the issue of what businesses can bear - too high

an increase could be a break-point for those already struggling with slim margins and low demand.

"Then there is the comparative fact that thousands of other workers have not had any wage increase at all and may not get one in the foreseeable future.

"Thirdly, the Government will want to ensure a level of protection for people with low or

no skills and would not want them missing out on employment because the minimum wage was set too high.

"At a time of continuing unemployment, with a minimum wage increase similar to the rate of inflation, the Government's decision is reasonably balanced."

NARGON SUBMISSIONS 2010

These are the submissions that NARGON has presented on behalf of its member so far in 2010. All submissions are viewable at www.nargon.co.nz

Simplifying Tax for Small Business *Jan 2010*

Financial Reporting *Jan 2010*



retail sales were up 0.8 percent (\$46 million).

Sales up, food prices down

In November 2009, Statistics New Zealand figures showed total retail sales were up 0.8 percent (\$46 million). This small rise followed two months of flat results. In terms of seasonally adjusted figures, sales for supermarkets and the grocery sector were basically unchanged from October. The

biggest increases were in the fuel and 'other retailing' categories. The overall retail sales trend is slowly increasing at 0.3 percent per month.

Food prices decreased 0.3 percent in the December 2009 month. This was the fifth consecutive monthly fall in food prices, the first time that has

happened since December 1967. The fall was largely driven by lower prices for the meat, poultry, and fish subgroup (down 1.2 percent). Food prices are now 0.9 percent higher than a year ago but a staggering 10.0 percent higher than two years ago.

Shops blow signature test

An investigation by the Herald on Sunday newspaper in the run-up to Christmas found that the vast majority of the retail stores visited did not make even the most basic checks to prevent credit card fraud. According to

their undercover survey, 80% of staff did not check even the signature of the Herald's representative who was using a card that didn't belong to her. The results are doubly disappointing given that fraud

has basically doubled since 2005. NARGON reminds all members to carefully check the use of all credit cards and cheques.

"80% of staff did not check even the signature of the Herald's representative who was using a card that didn't belong to her. "

Taking care of First Aid

Every year hundreds of people in supermarkets and stores, staff and customers, become sick or get hurt. A quick first aid response is critical. There is also a legal requirement for workplaces to take all practicable steps to provide first aid facilities under the Health and Safety in Employment Regulations 1995 and to have procedures for dealing with emergencies under the Health and Safety in Employment Act 1992.

The Department of Labour has produced a useful, up-to-date resource to help manage the first aid needs in all workplaces. First Aid for Workplaces – a Good Practice Guide can be viewed and downloaded from <http://www.osh.govt.nz/publications/booklets/first-aid-2009/>.

Reminder about written employment agreements

Though it has been a legal requirement for many years, NARGON reminds all members that full written employment agreements are required for every single employee. The member's section of the NARGON website contains draft agreements and advice on employment agreements – www.nargon.co.nz

Government considering changes to the Holiday Act

Over the holiday period, the Government has been considering the final report of the expert group which reviewed the problematic Holiday Act. Their report made a series of recommendations for changes to the clauses in the legislation which create the most problems. In several instances, the group were not unanimous in their recommendations. The Government has not yet indicated which changes it will implement or when.

It is widely expected to allow employees to trade-in the fourth week of their annual leave in order to make more money. Employers would not be able to suggest a trade-in but they would have the right to turn down the employee's request. Changes are also expected in how relevant daily pay is calculated and how annual and sick leave is accrued. No changes are proposed to public holidays.



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Retail Quiz (6)

1. Who did Mark Blumsky learn his most important business lesson from?
2. How much energy does the new Tesco supermarket use compared to current supermarkets?
3. Are supermarkets and stores legally obliged to have first aid facilities?

Commentary

Former Wellington Mayor Mark Blumsky has produced a book packed with tips for running a successful retail business. He was the founder of Mischief Shoes and served two highly successful terms as Mayor of Wellington. He sets out his thoughts in the highly readable "Slippers - Service and Selling - What the Plumber taught the mayor about business." Here is what he has to say to NARGON members:

"It is a tough time to be in the retail industry. I know because in 1989, during the previous major recession, I was selling shoes. I'd started out with Hannah's as a cleaner after school and by age 30 I was the national sales manager. I was helping out in the new Auckland store when I met the person who had a huge influence on my business and my life. He is the reason I survived that recession. The funny thing is, he was a plumber and I only ever met him once.

We had a bit of plumbing emergency at the store and Peter had turned up promptly and fixed it. As well as being good at his job, Peter had a point of difference for his business which really stuck in my mind. To every job, he took his tools, a vacuum cleaner and a pair of slippers. The slippers were for him to wear around the house or shop so he didn't track his muddy boots around on the

carpet. It was a sign of the care he took in his work and the consideration he had for his customers.

Those slippers made him stand out. People remembered him and recommended him to their friends. That is why in the middle of a recession, when everyone else was struggling, his business was growing without a cent spent on advertising, it was the power of "word of mouth." Those lessons stayed with me.

I used a lot of this thinking when I left to set up my own business - Mischief Shoes. Our point of difference there was that we actually wanted to make shoe shopping fun for people. One of our new initiatives was focussed on having "Fun with Feet." We developed a very clever 'ten out of ten' checklist for every customer. The bottom line is that we developed our 'slippers' and that was the reason we did so well. Similarly, when I ran for Mayor with no political experience, I had to make sure I stood out in a crowded field. For me, success in business comes down to having a clear vision, a strong point of difference from your competitors and a positive attitude.

In the book, I use stories and conversations to illustrate the lessons I've learnt over the years about marketing, retail

and customer service. It is easy to read because it is real stories about real New Zealanders. There is a lot in there which will be relevant for supermarkets and stores. You have customers and they have a choice as to where they shop. The challenge is for every business to find their slippers and enjoy the process of implementing them. The final lesson I learnt the hard way is to always remember your edge will not last indefinitely. If you want to remain number one, you have to continue to innovate. That is part of the challenge and charm of business. I wouldn't have it any other way."

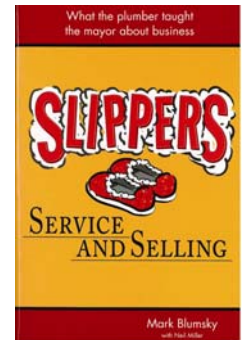
Free and discounted copies of Slippers-Service and Selling

NARGON has five copies of "Slippers" to give away.

The first five members to email Executive Director Trina Snow (director@nargon.co.nz) and volunteer to feature in a NARGON News Store Profile will receive a free book.

The Profile interview is very simple and takes less than five minutes.

NARGON has also obtained discounted copies of "Slippers" which can be bought for \$20 (including postage). Please contact Trina for details.



"The challenge is for every business to find their slippers and enjoy the process of implementing them."

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On a lighter note!

Another retail service gem from www.notalwaysright.com:

Me: "Hello there, can I help you?"

Customer: "I'd like some batteries for my camera."

Me: "Okay, what does it take?"

Customer: "Pictures."



"No offense, but I just can't buy food with a shelf life longer than my life expectancy."



NARGON

Visit the NARGON Website for the latest news and information

www.nargon.co.nz

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Grocers and Supermarkets of
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UK: Interesting developments in British supermarkets

A number of retail trends often occur first in the British grocery sector. The UK Government's new food strategy will reportedly see some supermarket food labelled to show its carbon footprint, country of origin and animal welfare standards. These "green" food labels will be voluntary, at least initially. Australia has signalled it intends to introduce carbon labelling of some goods in 2010.

Both the British Labour and Conservative parties have indicated they intend to move to protect farmers and consumers from supermarkets which they believe are acting unfairly. The Conservative Party, widely expected to win this year's general election, has pledged to set up a new supermarket ombudsman, charged with powers to prevent leading retailers from using their size and influence to squeeze the profit margins of farmers and other suppliers.

UK: Zero carbon supermarket opens for business

UK giant Tesco has opened what might well be the first zero carbon supermarket in the world. The new store in Ramsey has been carefully designed to be energy and water efficient. It is built with timber-framing, rather than steel, and uses skylights and sun pipes to cut lighting costs. The store has a generator powered by renewable sources and rainwater is used for the toilets and car wash.

It was not cheap. Tesco say the new store cost 30% more to build. However, it uses 50% less energy than a standard supermarket which they believe is a "business case in itself." The chain intends that all new supermarkets will be built to the same high environmental standards and existing stores will be upgraded over time.

Contributions welcome

NARGON members are welcome to contribute articles, opinion pieces and letters to the NARGON News. We are also always looking for volunteers for our Profile section.

NEW NARGON WEBSITE

If you are a member of NARGON and do not know your login details, please contact director@nargon.co.nz or phone Trina on 04 496 6557

Visit *Nargon News* at
www.nargon.co.nz to view this and
past issues of our newsletter

Answers from page 2

1. A plumber
2. 50%
3. Yes – as far as practicable