

The Perspective

Issue 5: Sept 2010

A Publication for the Convenience Store and Petroleum Marketing Industries

Published By:



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Looking Toward the Future NOW



A Tall Order

Best Practices for
Strategic Food Service
Operations

Virtualization

The "Microwave of the
New Millennium"?

Keep Your Ducks in a Row

Best Practices for Working
with Consigned Dealers

Get in the Game

The New Loyalty Arena

Grow Your Success

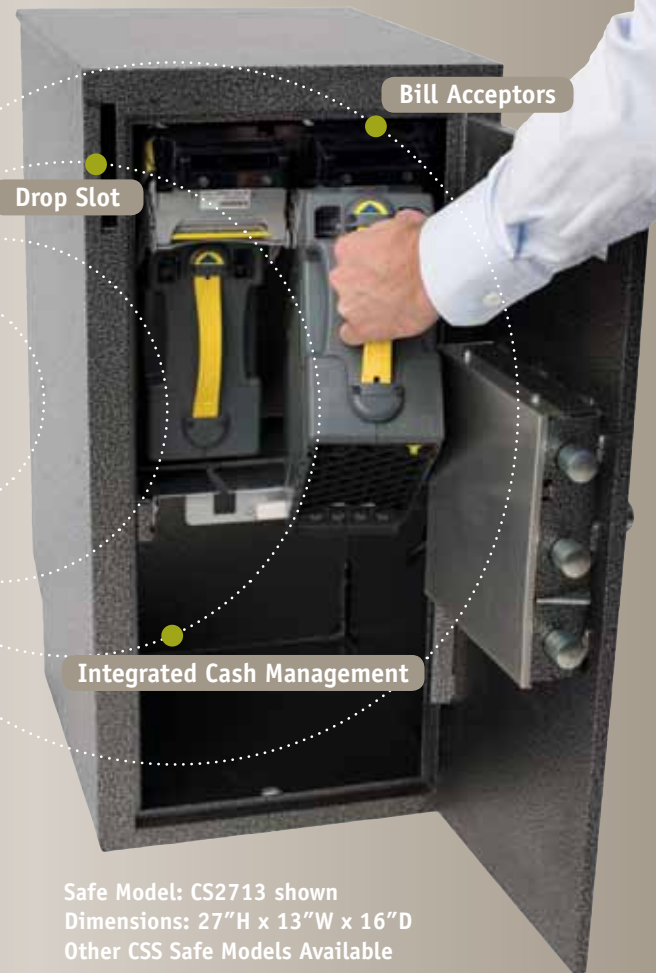
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PINNACLE NEWS COMING UP...

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Date	Event	Location
SEPT 14 - 15	ALLIED ELECTRONICS: THINK TANK 2010	Philadelphia, PA
SEPT 20 - 23	PACIFIC OIL CONFERENCE BOOTH 426	Reno, NV
OCT 6 - 8	NACS SHOW BOOTH 2345	Atlanta, GA
NOV 12 - 14	SIGMA ANNUAL MEETING	Boston, MA

From Bob's Perspective

My last Perspective communication to you was just prior to the 2010 Pinnacle Summit in New Orleans. I was excited about the upcoming event and looking forward to seeing everyone and hearing from the stellar line up of speakers. I was not disappointed! Those who attended gave the meeting exceptional marks. Much of the content of this issue had its genesis at the Summit. I hope you enjoy this issue and can benefit from the information.

Speaking of high marks, I'd like to comment on the feedback we get from clients on our services organization. For nearly 2 decades now we have asked our clients for their feedback on how we are doing. While we have several ways that we gather performance information, one of the more formal measures is a client satisfaction survey sponsored by our Client Support Team. Twice a year we ask our clients to fill out a survey and rate us on our performance.

Asking your clients for a critical review of your performance is an anxiety producing event!

Not that we haven't been there before, but this survey is also trying to solicit comments about how we can do an even better job, so we expect and frequently get some sobering feedback. However, all in all, our Services team gets excellent marks and has now for over a decade. I thought you might be interested in a couple of details. On average over the past 13 surveys, they have scored 1.62 on a scale of 1, 2, 3 or 4 where 1 is the best and 4 is the lowest score. Pretty good! This last survey was 1.43 so an improvement over an already good average number, but I think it's significant that 51% of our clients responded with 1 and another 48% responded with 2! That means 98% of the responses were positive regarding our services team!

Further, we ask for a free form answer as to how we might do a better job. I read all these comments and have found them to be very helpful in the past. We generally get solid feedback and they are informative to read. However, this survey we had two individuals whose responses I found particularly pleasing and wanted to share with you:

"To say you guys are the best support in the business is an understatement because you're the best support not only in this business but all software business. I deal with many different vendors and your team by far exceeds any other."

"As always, the Pinnacle staff is very knowledgeable and I think top in the industry in knowing their products."

It's important to have quality service suppliers and I've always been proud of our services staff. It's really nice to see that our clients share my perspective!

Looking forward to seeing you at the NACS Show in Atlanta shortly! Please let me know how Pinnacle can be of assistance to you and your operation!



Bob Johnson
President
The Pinnacle Corporation

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"TO SAY PINNACLE HAS THE BEST SUPPORT IN THE BUSINESS IS AN UNDERSTATEMENT BECAUSE THEY'RE THE BEST SUPPORT NOT ONLY IN THIS BUSINESS BUT ACROSS THE ENTIRE SOFTWARE INDUSTRY. I DEAL WITH MANY DIFFERENT VENDORS AND PINNACLE BY FAR EXCEEDS ANY OTHER."

JOSHUA PIPER
PROJECT ANALYST, EPIC



PINNACLE
CORPORATION

The Pinnacle Corporation is the leading automation technology and software supplier to the continually evolving convenience store and petroleum industries. Nationwide, Pinnacle's products and services are used daily in thousands of convenience outlets to automate and improve store operations and by fuel marketers to increase efficiency in the complex management of fuel logistics.



IT'S NOT JUST A CASH REGISTER!

PINNACLE POINT OF SALE

IT'S NOT JUST A CASH REGISTER!

Pinnacle's POS (Point of Sale) isn't just a cash register; it's a complete suite of point of sale centric solutions that enables more point of purchase and consumer facing benefits than any other point of sale on the market. Pinnacle's POS includes an array of hardware options and payment networks support. Remote management tools enable fast, remote configuration changes from a web browser, and fully integrated, real-time business intelligence tools provide instant access to sales, operations, and loss prevention data for home office and remote users.

With Palm POS, remotely configure and update your Point of Sale from a single home office system, accessible from any web browser. Remote POS Management allows you to configure the point of sale with an intuitive interface that allows you to preview exactly what the store personnel will see, no more complex configuration files and guessing what it will look like after changes are implemented. Update PLU Boards and configurations on the fly for one store, a group of stores, or all stores; and have the ability to schedule future updates.

- Simplifies the process of managing PLU boards by using an intelligent, user-friendly graphical interface
- Removes the necessity of managing individual configuration files for each store/register
- Distributes configuration changes to each store automatically, as needed
- Provides immediate and continual feedback on the status of each configuration and the store's compliance with each change
- Web-based suite of solutions



CUSTOMER SPOTLIGHT



Company: Kwik Trip
Industry: Convenience Retailer
Stores: 404

PROBLEM:

Kwik Trip's IT department manually configured their Palm POS systems, from setting up devices and managing receipt formatting, to creating PLU buttons and promotional boards. This manual process was quite time consuming and complex with almost 400 stores and at least 2 registers at each store to manage. Every time a change was needed, someone had to go to the specific register and make the change either using a database editor or a text editor for the various configuration files. Often times, promotional PLU boards were not implemented because the effort involved in creating and distributing the updated boards across the chain was too cumbersome to manage.

SOLUTION:

Kwik Trip selected Pinnacle's Symphony pos manager solution to allow their IT and marketing staff to control all registers from a central point. The solution eliminated

individual configuration at each register and the possibility for registers to get out of sync with the corporate configuration. Symphony.pos manager provided an easy, graphical way of configuring the POS, eliminating the need for direct access of that data at each register.

RESULTS:

With the successful implementation of Symphony.pos manager, Kwik Trip has been able to simplify the process of managing POS board configurations and can now preview all changes at the corporate level prior to distributing them to the store level; this new process removes the necessity of managing individual configuration files for each store level register. The complexities involved in managing the POS data have been removed, and the amount of time to implement changes and new promotions has been significantly reduced.

"POS Manager has dramatically reduced the time and cost of keyboard maintenance for Kwik Trip."

- Bruce Snyder, Kwik Trip, IT Retail Systems ©

Who Can I Trust To Protect My Stores From Security Breaches?



Allow us to worry about the details of data security and PCI Compliance. You'll have the peace-of-mind to just run your business.

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OmegaSecure: Managed service from our data center.

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We'll provide the technology and your people can run it.

"OmegaSecure automatically performs the necessary PCI compliance security functions. It jumps through all the hoops for us. I wouldn't hesitate to recommend ATC's OmegaSecure to any retailer who wants to painlessly get through PCI compliance."

- Retailer From Hudson, WI

"My experience with ATC is that they are interested in you getting what you need, not just selling you stuff. They're a good company to do business with."

- Advanced Network Specialist, US Coast Guard



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We Know Retail Solutions.

UTC RETAIL is dedicated to providing the retail sector with proven, retail-hardened POS solutions based on industry standards and open architecture, that yield superior value, optimal integration, and seamless migration.



Be Productive. Sell More.
Smart Solutions from One Company

UTC RETAIL is proud to be the preferred POS hardware platform for Pinnacle's PALM POS™. UTC RETAIL's 3100 Series POS touchscreen workstation features a crisp, bright TFT LCD display and offers plenty of input/output ports, as well as a PCI slot to enhance system flexibility and scalability. Learn what so many other PALM users already have: UTC RETAIL offers the convenience store industry the most durable and reliable touchscreen system on the market. And it's backed by the best service and support in the industry.

In fact, RIS News has recognized UTC RETAIL as the #1 POS hardware provider in North America for Service and Support for the last 3 years.

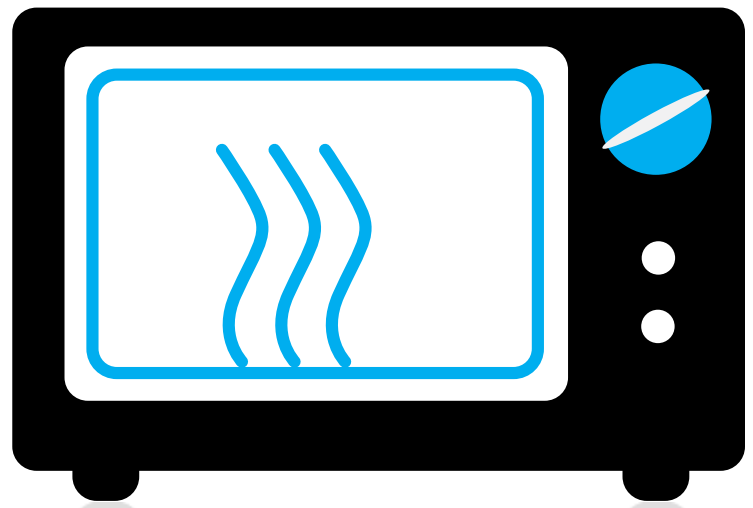
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VIRTUALIZATION:

THE “MICROWAVE OF THE NEW MILLENNIUM”?

A Q&A SESSION WITH PINNACLE'S IT MANAGER, MIKE COOPER

The future of technology seems almost limitless. The possibilities are expanding at exponential rates, and one of the hottest topics on the technology front is something called “Virtualization”. What does it mean? How does it work? We sat down with Mike Cooper, IT Manager at The Pinnacle Corporation to find out a little more about “Virtualization” and what it means for the convenience retailing and petroleum marketing industries. Here's what he had to say...

Q: What is virtualization?

The technical definition is “Sufficiently complete simulation of the underlying hardware to allow software, typically a guest operating system, to run unmodified.” I see Virtualization as allowing you to run almost any OS software within an encapsulated memory partition, allowing it to share all the resources of the hardware it runs on. I was trying to explain it to a non-technical person one day and I came up with one of

my car analogies to help them understand: I have a car and my wife has a car and my son has a car. Our schedules are such that we can't car pool. Each car is never on the road at the same time. If I had a magical way of snapping my fingers and making my car return home so my wife could use it and she could do the same thing so my son could use it I would need only one car. Virtualization gives operating systems that magical ability. Virtualization allows multiple operating systems to work at the same time with the need for only one hardware platform.

Q: Is it secure?

Like any computer software, it can be as secure as you want to make it. One of my bullet points during the Virtualization track session at the 2010 Pinnacle Summit was about security on virtual servers. I wanted to remind everyone that you must not only secure each virtual machine but the “Host” or virtual server must also be secured. From working in the technology field for years I have learned that it is difficult to block a determined attacker. I have never had a system with a lost password or locked application that I could not break if I was given sufficient

access and time. The lesson here is to use good security and firewall/monitoring software, then limit access and don't give an attacker time. Monitor for security breaches and respond quickly.

Q: How does it affect our industry?

The convenience store industry is no different than the rest of the world in wanting to save money on technology. We all want more power and want to spend less on it. Software companies have been really bad about not writing software so that it plays well with other software. I can understand how this happens. Software companies do not want to release their secrets on how their software works. This means that when you try to run software from two different companies on the same computer you start having problems. But if you install this software each on their own virtual machine they won't have this problem and you won't need to purchase two servers to make this happen. Add to that the savings made by centralized administrative tasks while improving scalability and workloads and you have substantial savings for technology costs. Save on cooling, electrical, and physical space at the data center.

Q: Who is using virtualization?

I started to compile a list of companies in the convenience store industry that are using this. Then I thought they might not want you to know that they are doing this. To them, it puts them ahead of companies that have not yet figured out how to save money and improve their business using virtualization. In 2008 KRC Research was asked by Microsoft to survey retailers about virtualization. 82% were using it. Of those that were not using it, 25% said they would be using it by 2009.

Q: Why should we be aware of virtualization?

Quick answer is: your competitor is doing it and seeing the savings. I'm picking at random numbers, but you may own 18 servers now. Your IT staff must maintain them. You must provide air conditioning to keep them cool. You need to pay the electrical company a lot of money to keep the electricity on and some of those servers have gotten old and need to be replaced. One of the servers runs a really old windows OS and when it's replaced the new server hardware will not support this older Windows OS. One of the servers went down for 24 hours last week and you told the IT guy that you want to never go down again. Your IT guy tells you that you have to buy 18 more machines to have a backup server running for each production server so that you will never go down. Now you're looking at 36 servers and you're comparing the cost of the downtime you just had to the cost of the new servers and maintaining them. You might need to hire more IT help.

Instead you buy 6 Virtual servers. Each runs 6 virtual machines. Now you only need power/room/air conditioning for 6 servers not 36. You have the failover that you wanted, so you will never go down. That older windows application will run on virtual machine. Virtual machines let you pick older processor types and you have everything you want. Go ahead and hire another IT guy with your savings. Someone trained on virtualization.

Q: What can it do?

This is a great question and way too big of a question. My first answer is everything. Let's go through some of them: You can make a test "sand box" server to test software before it goes production. You can test it on 1 processor or four, 32bit or

64 it doesn't matter you just create the system you want and it runs on a VM. You can "snapshot" any production virtual machine before you attempt a change or upgrade. If it fails you can restore back to the snapshot. This snapshot normally takes less than 5 minutes and the snapshot can be done live. Server failover is a big advantage of virtualization. The virtualization software will see the server stop responding and start the failover server for you. With virtualization you can back up a whole server to a tape or DVD if its small enough and just mail it to a new location. It will come up just as it was when you backed up. Did I mention you don't need to install new drivers when you move a VM from server to server? You can buy or find free virtual appliances online. You have almost no setup or install of hardware drivers. You just turn it on. You can bring a server up in just a few minutes. You can create a library of servers and just check one out like you would a book. Here at Pinnacle we do this all the time. We snapshot it before it's borrowed and restore it before its checked back in. This makes it stay clean and free of unwanted test software. Want to test drive windows 7? Make it a VM. If some of this sounds too good to be true, then I will need to agree with you. That's what I thought before we started using it.

Q: How does it work?

I can't answer that question without getting way too geeky.

Q: How will virtualization change the way we do things?

For me it changes almost everything. I keep a virtual machine on my thumb drive/flash drive. It lets me carry my complete machine to a new area. I use it when I get on Web sites we might think are infected or to open suspicious email. If a client gets new hardware then I will turn his old system into a virtual machine and install it on the new hardware. He then has access to all his old data and enjoys his new system. I make copies of running systems like MS Exchange. I then do the upgrade. As the upgrade fails I make notes on what it takes to fix it. Once I know all the things I need to do to succeed in the upgrade, I gather all the tools. This makes upgrades fast and there are no surprises when the real thing happens. More companies will use real time failover now that it is affordable and

easy to do. Home users will download their favorite games installed and running on a VM. Microsoft now ALLOWS Business to download Dynamics GP as a virtual machine and take it on a test drive. Support calls for installs will go down. Installers here at Pinnacle might configure your server VM to work and all they do when they arrive is plug in a USB hard drive and bingo, you're running immediately. Every day I read of new ways we can do old tedious tasks and reduce problems using VM's.

Q: What are the benefits?

Let me list a few.

- VMs are only files on a host system. So, if corrupted, they can be deleted and re-created.
- All access to websites is potentially dangerous due to malware. Working in a VM keeps you safe.
- Great ROI.
- Lower Total Cost of Ownership
- Enables you to test features and compatibility.
- Test actual performance. Simulate scalability easily.
- Lower power consumption.
- Crash proofing. You can afford to separate applications to separate server VM's. If your webserver gets infected, the mail server will survive if its on a separate VM.
- Backups. A VM can be backed up live as a complete item.
- Portability. A VM can be moved to other hardware without issues.
- There are lots more. It's a truly awesome tool to use.

Q: Why would someone want to use it?

I just listed a few reasons. If you don't use it at your business then ask your IT guys. Bets are they are using it at home. My children are bright, beautiful, free spirited youths without any technical skillsets. They don't believe in bad guys on the internet but they do believe that bad things will never happen to them. I made a VM for each. They each start their VM when they want to get on the internet. They each have a profile customized the way they want their computer to be. When they get a virus, I just revert to a previous snapshot and I am now a hero. Dad can get the system cleaned of viruses in only 5 minutes.

Q: What are the drawbacks?

Now we have an important question. This is so good it must have a really bad side.

- Well, the license for the software running on the VM is not free. If you have 6 server 2008 VMs running on a virtual server then you need 6 licenses. If each has a copy of MS Office®, you need to pay for 6 licenses.
- If your server application is hard drive intensive don't put it on a VM. I normally place a app like SQL on the main system and then connect my VMs to it. It's not that it won't work, it will just be slow.
- You are also now putting all your eggs in one basket. If the power supply fails all VM's on that server fail.
- Don't put all the heavy users on one system. Try to place a few of the lower utilization systems together with the heavy user system to level the amount of resources needed.
- This isn't really a drawback but it became one. Everyone liked it so much we had to write tons of documentation and we had to put processes in place to control the flood of folks wanting a server. You need to understand virtualization and you need to plan ahead.
- If you have a server that needs 500 gig of hard drive space it will use 500 gig on the virtual machine as well. If you are running 4 of these servers you would need 2 terabyte of hard drive.
- I used the acronym TNSTAAFL (There's No Such Thing As A Free Lunch) when I was making a presentation to a group about virtualization. Nothing is completely free, but virtualization is close.

Q: How is Pinnacle using it?

75% of Pinnacle's main servers are virtualized. Almost every employee uses one on their desktop as well. Professional services may create a VM just to emulate a client so that they can test installs. QA and Development have several different VMs with different OS versions to test on. Client Services keeps a VM running for afterhours support. We hope to be 99% virtualized by the beginning quarter of 2011. We are finding that doing upgrades and troubleshooting is faster and easier and the installers are seeing savings as well.

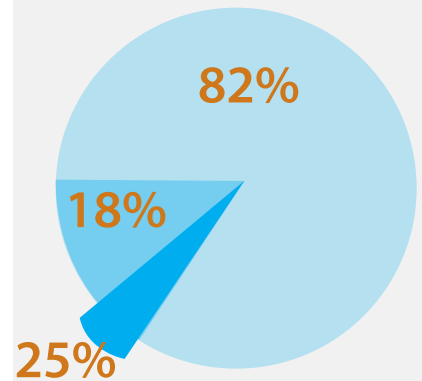
Q: Can you explain the "microwave of the new millennium" analogy?

I was talking to someone one day about how something as amazing as virtualization comes along and it seems to sneak into main stream and hit you in the face. I was remembering when kitchen microwaves first started being sold to the public. My memory was of my mother telling everyone who would listen that these things don't cook right and who needs it. There was news and commercials about microwave stoves but not about it changing the world. Microwave cooking brought in a whole new food industry, frozen foods for the microwave and special cooking tools.

Today you can't go anywhere and not find one. Restaurants and fast food depend on them. I have 30 people over for thanksgiving normally and I use 3 microwaves to get all the food to the table hot. One of them I inherited from mom. She got it just to warm up her coffee. She didn't join the crowd to go get one in the beginning but she did eventually realize the advantage and got on board. ©

VIRTUALIZATION RECAP

In 2008, KRC Research was asked by Microsoft to survey retailers about virtualization.



82% of retailers use virtualization, of the 18% not using virtualization: 25% said they would be by 2009



A TALL ORDER:

BEST PRACTICES FOR STRATEGIC FOOD SERVICE OPERATIONS

By Deborah L. Holand, President of Food Sense, Inc.
www.Foodservice911.com



WHAT IS STRATEGIC INNOVATION?

Strategic innovation in food service can be defined as “a process by which an organization develops a careful, well thought-out, tactical plan to improve and upgrade operations for freshness, uniqueness, and progressive growth.” This is a tall order to fill in today’s workplace environment, requiring considerable commitment, patience, and resources, from top to bottom throughout the organization to reach “Operations Excellence”.

A BALANCED APPROACH: THE FIVE “P’S” TO PROFITABILITY

Essentially there are 5 key elements to creating profitable concepts and programs:

1. Planning
2. Product
3. People
4. Positioning
5. Profitability

The first “P” – Planning, plays an important role in the first phase of strategic innovation, The Discovery Process.

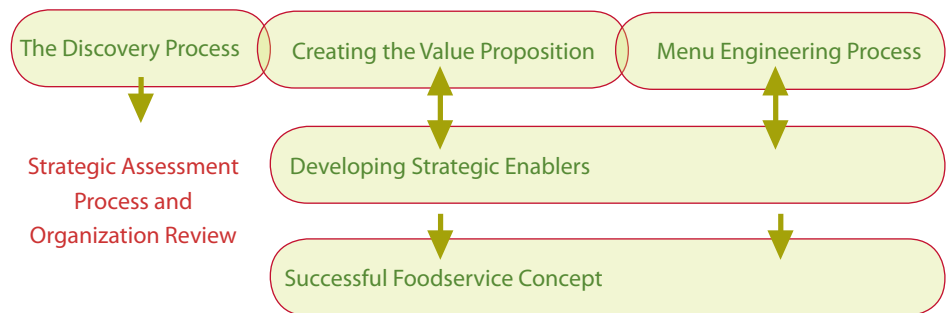
TOP 7 BEST PRACTICES ESSENTIAL TO PQ-PROFIT QUOTIENT:

1. Use up-to-date, accurate recipe specs and manuals in daily routines for efficiency & cost control.
2. Know your current food cost and penny profit for EVERY item.
3. Update menu variety minimum EVERY 4-6 months. Daily Specials.
4. Apply profit strategy to layout/design for efficiency and appeal, enabling flexibility to make changes quickly and inexpensively.
5. Deploy merchandising and marketing promotional materials.
6. Well trained friendly staff, product knowledge and active selling.
7. Employ effective operations accountability/reward systems.

FOUR ESSENTIAL PHASES

To achieve above average performance, I would categorize the activities in strategic innovation into four essential phases:

- Phase 1: The Discovery Process
- Phase 2: Creating the Value Proposition
- Phase 3: The Menu Engineering Process
- Phase 4: Developing the Strategic Enablers



Working through these four phases of strategic innovation and taking a balanced approach will lead your organization to deliver a successful food service concept.

Phase 1: The Discovery Process (Focus on Planning)

The Discovery process begins with a thorough strategic assessment of your unique situation, evaluating your strengths and weaknesses based on the 4 Cs commonly considered in the planning process: Customers, Competition, Categories, and Costs. This is a very critical step and is commonly brushed by in the planning process. The level of energy you apply in this early part of the planning phase will have the most direct impact on your ultimate performance results. When performed thoroughly, you will identify your true Profitability Quotient (PQ) and be able to accurately determine your core competencies and resources available. Once this is established you can formulate realistic and aggressive objectives and benchmarks for success.





STRATEGIC ASSESSMENT

Customers

- Satisfaction
- Motivation
- Eating Behaviors
- Market Trends
- Product Migration Path

Competitors

- Menu Offering
- Quality/Spec.
- Service Level
- Price Structure
- Positioning & Marketing
- SWOT Analysis

Categories

- Management Structure
- Product Profiles
- Variety
- Complexity
- Measurement Systems

Costs

- Supply System
- Perform ABC
- Shrink Factors
- Productivity
- Identify Sales & Profit Gap Opportunities

What's your true PQ (Profit Quotient)? There are many variables by which to evaluate your true PQ, but I have outlined what I believe are the Top 7 indicators. If you take anything away from this article today, ask yourself if you are following these 7 Best Practices Essential to Profit Quotient; if you answer no to any of these, you could be leaving valuable dollars on the table.

- Use up-to-date, accurate recipe specs and manuals in daily routines for efficiency & cost control.
- Know your current food cost and penny profit for EVERY item.
- Update menu variety minimum EVERY 4-6 months. Daily Specials.
- Apply profit strategy to layout/design for efficiency and appeal, enabling flexibility to make changes quickly and inexpensively.
- Deploy merchandising and marketing promotional materials.
- Well trained friendly staff, product knowledge and active selling.
- Employ effective operations accountability/reward systems.

Phase 2: Creating the Value Proposition (Focus on Product)

As we move into the second stage of strategic innovation, Creating the Value

Proposition, the second of the Five “Ps” to profitability, Product, becomes the primary focus.

We begin with conceptual development of the concept and products. This phase is where you lock in your sales and profit potential to ultimately maximize your return on investment. In consideration to your consumers, if you performed a thorough strategic assessment on the 4 Cs, one being Customers, you will have identified key considerations for your menu such as ethnic influences, emerging trends in the migration path, etc. and when looking at competitors, identify your target customer, the largest market share potential outside your core customer base.

It's important to identify who your core customers are, their eating behaviors, spending habits, occasions and frequency, combined with the trend in migration paths to develop the appeal of your value proposition, incorporating Time of Day (TOD) & Day of Week (DOW) targeted sets into your operation to maximize sales. The value proposition must exist and realistic consideration must be given to the enablers that will be required to deliver operations excellence such as: efficient and effective design, focus on directional flow, ease of service delivery, proper signage and imaging enablers such as lighting, menu boards, etc., to deliver your concept

effectively. It's important to create a distinct identity.

KEY MENU AND PRODUCT DEVELOPMENT FACTORS

Customers

- Demographic Profiles, Core & Target Audience

Behaviors

- Buying/Eating Motivations, Occasions, Frequency

Trends

- Emerging Products, Downstream Migration Path

Value

- Quality, Variety, Convenience, Images, Price

Enablers

- Supply Chain, Standards, Management Systems

Goal Attainment =

- Strong Strategic Framework, Improved Business Performance and Competitive Posture

MIGRATION PATH

The next very critical element to developing your product and concept is to understand what I call the migration path. That is, to anticipate your customers' needs and understand how emerging market trends will impact your business and when to determine how aggressive you need to be in evolving your programs. To understand the migration path and leapfrog over your direct competition, you must look outside your direct competitor and look upstream and laterally to non-direct competitors.



7 ESSENTIAL ELEMENTS TO EFFECTIVE MENU ENGINEERING:

1. **Value** - Strong Proposition, Focused, Delivered
2. **Appeal** - Menu Breadth, Ethnic Diversity, Occasion
3. **Selection** - High Variety, Low Complexity, Cat. Mgmt.
4. **Identity** - Ambiance, Image, Positioning, Marketing
5. **Price** - Profitable ABC Models, Cost Controls, High PQ
6. **Efficiency** - DQPS Turn Frequency, Delivery Systems
7. **Execution** - Simplified, People Enablers, Less is More!

OPERATIONS EXCELLENCE: ACCOUNTABILITY AND REWARD SYSTEMS

- Organization Infrastructure
- Product Quality/Menu
- Merchandise & Marketing
- Training & Safety
- Performance Benchmarking
- Management Standards
- Daily Operating Systems
- Distribution Supply Chain
- Cost Accounting Software

In today's marketplace, the value equation is increasingly complex. It is simply not enough to be the best price in town, as price is simply an anti into the game. A powerful value proposition offers the customer a high level of Quality, Variety, Freshness, Consistency, Convenience, Service, Atmosphere, and Price, all playing very important roles in the consumer's mind when determining value perception.

The key is to move through this phase in a methodical order, always applying the elements of the value proposition in your decision making process. All too often we may feel pressured to develop a program in the face of diminishing performance, and skip right past true product development and menu engineering, moving straight into designing a floor-plan first, before we even know what our value proposition is. This can be a fatal oversight and often will lead to customer dissatisfaction and ultimately negative comparable sales over time.

Another emerging trend is self-service kiosks. Experimenting with self-service kiosks now to get ahead of competitors is a smart investment, which can help increase average check with proper add-on screens and reduce labor. A win win for everyone.

Phase 3: The Menu Engineering Process (Focus on Product and Positioning)

The third phase of strategic innovation is Menu Engineering, a process of developing your recipes, specs, and variety to maximize sales and profitability. The menu engineering process is a very important exercise, and your ability to perform this phase will ultimately dictate your theoretical food cost and labor cost for the duration of the concept, setting the bar for the level of sales and profit that can be achieved. No matter what you do operationally, if your venue is

not engineered effectively, you will never reach your true PQ-Profit Quotient.

SETTING UP YOUR VENUE

The facility must have efficient flow for ease of shop and labor efficiency. The venue design and equipment will lock in your labor cost for the concept, so applying the "less is more" philosophy is critical to high sales through-put and Sales per Labor Hour (SPLH), and requires a high level of attention to detail in the menu engineering process to properly set the stage for success. Careful evaluation of your equipment and merchandisers is required, as this has a direct impact on your service level and ultimately your sales growth. Cutting corners in these areas can have negative impacts long-term.

No stage is complete without proper props, fixtures & decor to showcase the star of the show – the Food – applying high impact visual merchandising techniques in your menus, signs, presentations and lighting. If you are in retail, you have the added challenge of how to create abundance, while controlling shrink in an environment where food is on display during all TOD sets and often around the clock. This can be achieved if you properly engineer an efficient menu that targets TOD and DOW sets and addresses visual appeal opportunities with effective use of merchandising props & décor.

To perform daily execution, the "actors" (the staff) must know their lines and know their product well, know when to que for service, what to say, and when to properly communicate the great value of your menu to offer service excellence. The entire show works in concert to deplete and replenish efficiently and effectively.

Phase 4: Developing Strategic Enablers (Focus on People)

As we move into the final phase of Strategic Innovation, developing the Strategic Enablers, the last of the Five



“Ps” to profitability, People, becomes our primary focus.

DEVELOPING THE STRATEGIC ENABLERS

Operating a food service concept without proper enablers is like driving a car blind down the highway, you cannot see the bumps in the road nor can you see what great opportunities are passing you by. Without a solid road map, the operational standards and tools cannot be executed effectively and will lead to diminishing returns, unsatisfied staff, and ultimately, decreased customer satisfaction. For those of you in retail, this is a whole new animal and complex, compared to stocking bottles on a shelf with a shelf life of months. In food service, we’re handling products that have days and even minute shelf lives; products are highly susceptible to inconsistencies, sales spikes, and shrink. Operating a successful food service operation requires a whole new vocabulary, understanding of food service elements, and communicating to and enlisting resources in the organization to support a total dedication to achieving the established plan goals.

When developing your concept, you must constantly validate the Five “Ps” to profitability throughout the strategic phases, asking if you can realistically execute your plan to a high quality level. Do you have the resources to develop the enabler tools, to ensure operations excellence? And if not, can you evolve the organization and program, enlisting additional support resources from vendors and business partners at a rate in which to achieve a common goal and result? Important questions to ask yourself would be:

- Is your organization set-up in a way that enables proper support and monitoring of results? What do your people need at store level, district/ regional support levels in terms of training, marketing, systems reporting?

- Is your supply system efficient? What are your EFR ratios, shelf life standards, product life, production/ sell cycles?
- Are you offering the best quality possible to enable a high value proposition? Are your specs documented, monitored, and do you have proper handling controls for temperature, shelf life, rotations and standards to ensure freshness and product success?
- Do you have effective daily operating tools in place to ensure efficient and consistent execution? Do you utilize daily OCS checklists and are they initialed and completed daily every shift? Do you use production/waste logs and track sales and costs daily?
- Do you have accurate, up-to-date training guides and specific standards by venue, function, task, with clear expectations and support tools for product knowledge and suggestive selling, to enable your people to become experts at what they sell? These items enable the consistent service level that defines leaders in the marketplace.
- Do you have management standards in place in terms of training, marketing, daily operating systems, financial reporting, and tracking?
- Do your reporting systems support category management and penny profit reporting, the tools necessary for effective menu engineering and profit management? Do you perform ABC, know your DQPS and have effective inventory & menu management cost control systems? Do you perform sales and profit gap analysis monthly, by category and item?
- Do accountability and reward systems exist? Are they effective in motivating sales and profit growth monthly?

UNLOCK YOUR FOOD SERVICE POTENTIAL

By applying a balanced approach to the Five “Ps” to profitability: Planning, Product, People, Positioning and Profitability, you can unlock the true power of your menu and potential of your food service concept.

Applying strategic innovation combined with effective growth strategies, will lead to: competitive advantage(s), improved customer satisfaction, accelerated sales and profit growth, increased market share, and ultimately goal attainment!

Deborah L Holand owns and operates Food Sense, Inc., a national food consulting business formed in January 2000 and is a convenient store specialist. She has over 25 years experience in the food service industry, working across all channels from fine dining to fast casual restaurants and specialty gourmet retailers, to conventional supermarkets and convenient stores, commissaries and catering among other venues. Deborah’s diverse experience spans all facets of operations and corporate management to include: Concept Development; Revitalization of Profitability; Business Growth Strategies; Project Planning and Analysis; Menu Development; Labor Optimization; Operations Cost Management; Marketing and Visual Merchandising. ©



Deborah Holand
President, Food Sense, Inc.
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FUEL SOLUTIONS

THE GAMBLER:

SHOULD YOU BUILD OR BUY BACK OFFICE TECHNOLOGY?

By Brian Reynolds, Director of Fuel Solutions, The Pinnacle Corporation

For today's fuel marketer, big decisions loom around every corner. Especially in today's economy, none may be as important as your back office technology.

Should you build or buy?

Author's Note: The following case study is a work of fiction (except the part toward the end). Any resemblance to persons living or dead is purely coincidental...

Many operators decide to build their back office system, hoping to save money. We've all heard it before, "That boy of mine is good with computers!" It seems harmless at first. The more you think about it, the more sense it makes. After all, nobody knows your business like you! Instead of investing money in "store bought" software, let Junior design the back office technology.

At first, everything is going great. But,

soon after the project begins, Junior needs a little help. Enter the consultant - a.k.a. a friend of a friend - that is also good with computers. One realization leads to another, and the next thing you know you're writing a check.

In the beginning, requests for help are small, extra man hours and a little more money. Gradually they build. As a prudent business operator, eventually you ask for an estimate of time and money that will be required for this arduous task. Again, it doesn't sound like much, certainly less than what you would buy, so you proceed with the project as planned.

There's more to developing sophisticated back office automation than simply sitting down in front of a computer and writing code. If a system doesn't close a loop, it's little more than a toy.

If not careful, once a decision is made to develop a system in-house, thousands

of dollars can be spent to no avail. Just like a gambler chasing a lost dollar at the Black Jack table, it's difficult to quit. Despite broken promises, increased cash investments, and timeline let downs, progress reports indicate that success is close at hand.

Finally the big day arrives! Your custom, proprietary system is ready to be tested LIVE, because there's no lab, no duplicate servers or software. Everybody is excited to see if it works. You're sending out quotes to customers, invoicing electronically and transferring funds. Ooops, there's a problem! No worries. They will watch it for a few days and see if they can catch what's wrong. In the meantime, dispatchers and bookkeepers are standing around and the bank is calling, asking for the CFO.

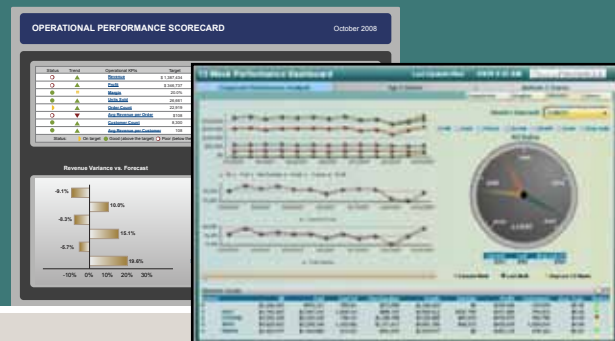
Before you know it, time, money and business are lost. Customers are upset because orders can't be filled, quotes are full of mistakes, and it's difficult to hold anybody accountable.

A "store bought" system could have eliminated this nightmare scenario. Every business has unique needs. By choosing a company with its livelihood dedicated to having customers with similar needs, implementation problems are minimized. Generally, many similarities are found within any given industry from company to company where common needs are recognized. Added value is gained from having many users, whose input contributes to software features and functionalities.





LEVERAGE THE POWER of MICROSTRATEGY Dashboards and Analytics through PINNACLE EPM



You need service providers with experience, longevity and a reputation in the marketplace for enhancing their software based on customer input. Consider the system's versatility, flexibility, interoperability and scalability. Versatility implies that many groups within an organization can use and benefit from the system. Flexibility is the system's ability to not break when attempting to have it work within established corporate procedures. Beware of systems that are rigid in design, forcing the users to change their way of doing business to accommodate a system.

Interoperability refers to a systems ability to communicate with external software packages. A practical, open architected system that performs a variety of functions allows for the importing and exporting of data and provides numerous benefits can take thousands of hours to develop. Finally, scalability is a system's ability to grow with your business. Look for systems that have a proven ability to process business activity that you plan to grow five to seven years from now.

Professional product management draws on well defined processes that are designed to prevent waste of precious resources. Unfortunately, some business operators behave like Jethro Boudine from the Beverly Hillbillies trying to decide if he would rather be a Brain Surgeon or a Short Order Cook. With proven solutions available, fuel marketers shouldn't take long to decide if they should be in the software development business. ©

MicroStrategy's business intelligence software is embedded in the Pinnacle Enterprise Performance Management (EPM) solution to help convenience and petroleum retail companies analyze product sales performance. MicroStrategy's flexible reporting and analysis tools provide at-a-glance insights to help stores detect and prevent fraud; make more informed decisions on product pricing, promotions and product mix; and track sales performance across categories.

MicroStrategy's business intelligence software enables stores to:

- Evaluate potential fraud indicators, including number of voids, safe drops, returns, and price overrides
- Identify and track instances of fuel "drive-offs"
- Monitor performance of specific product categories over time, in relation to competitors, previous performance, and forecasts
- Analyze the tender used in transactions, such as credit, debit, or cash, to identify prevalent trends

To learn more about MicroStrategy software,
visit www.microstrategy.com

MicroStrategy



INNOVATIVE USES OF PINNACLE SOLUTIONS

MAKE TODAY'S DECISIONS: WITH TODAY'S INFORMATION!

By Tracie Wilbanks, Marketing Manager, The Pinnacle Corporation

Making decisions fast in the constantly changing convenience retail environment is the key to maximizing sales and profit. Retailers looking to remain competitive in our industry in the upcoming years will need a competitive advantage. Having the right

products at the right price, exceptional customer service, and a great location is good, but it's not enough. Retailers must now go a step further, implementing strategies aimed at extracting and analyzing their own data to make improvements in efficiencies to pass their

competition. Pinnacle's modular set of business intelligence tools collects and analyzes store data showing trends and exceptions to make decisions fast. Critical data can be accessed in near real-time on web-enabled devices in the home office or while the user travels.



BUSINESS INTELLIGENCE... WHAT DO I GET?

Pinnacle's Business Intelligence solution is designed to help you better manage your business from a strategic, tactical, and operational perspective. The analytics are geared to identify outlying data and help you proactively reduce loss and increase profit. The modules include essential and advanced versions of:

- Retail Merchandising
- Loss Prevention
- Operations
- Executive Fuel Solutions
- Customer Relationship Management

Pinnacle's Business Intelligence suite provides the infrastructure to deliver critical business metrics to the right people. The solution can be used from any location, by all departments and levels of personnel in your business. It includes a database of consolidated transaction data along with a data movement tool that seamlessly transports your stores' scan data into a fully accessible centralized database in real-time.

YOU HAVE THE DATA... WHAT NOW?

Now that you have all this data available, what should you do with it? The goal of any business intelligence initiative should be to promote greater business insight and informed decision making, ultimately leading to better results. Collected data will enhance your organization's ability to make financial and sales projections

and will allow you to continually refine operational efficiencies, allocating appropriate resources to the appropriate areas. Collected data allows you to proactively alert users in real-time to exceptions and changes, enabling quick responses before problems escalate. Business Intelligence data also enables

your organization to effectively identify, track, trend, and correct problems as you evaluate the health of key areas within your organization. With Pinnacle's Business Intelligence suite, executives and key decision makers have accelerated access to high-level data summaries with interactive dashboards and scorecards.

USE THAT DATA...

TO CONTROL INVENTORY

- Remove non-moving products
- Reduce off-the-shelf or out-of-stock conditions
- Identify items that will sell with promoted product
- Forecast traffic and demand
- Recognize shrink

TO EVALUATE YOUR MARKETING EFFORTS

- Measure promotion success
- Identify non-moving items and items not contributing to profit
- Track new product and force out sales movement
- Measure price elasticity

TO INCREASE PROFITS

- Empower your teams to track effectiveness of effort and make revisions in strategy
- Identify trends and take corrective action
- Increase average transaction amount
- Drive traffic into the store
- Decrease cost and loss

TO REDUCE COSTS

- Pay by scan (See Customer Spotlight)
- Negotiate better with real vendor item performance assessment
- Update and send buy-down rebate statements automatically
- Enhance organization's ability to pay inflexible fuel supplier drafts and make needed adjustments to prevent an overdraft
- Store electronic signatures and reproduce receipts electronically

TO TRACK LOSS PREVENTION INITIATIVES

- Schedule more precisely with hourly statistics
- Transactions per hour
- Average transaction dollars
- Key events like No Sales, Safe Drops, Returns, Price Overrides
- Know when irregular activity occurs
- Know the norm, set new policies and goals
- Scan rate percentage

TO GET INFORMATION ANYTIME, ANYWHERE!

- Make decisions with the most current data at your fingertips
- Access the most up-to-date sales data to support purchasing discussions with suppliers
- Fix small issues before they become major problems
- Reduce loss
- Alert by exception
- Customize alerts based on roles
- Send alerts to mobile devices via email
- Include action items



WHO BENEFITS FROM BUSINESS INTELLIGENCE? EVERYONE.

- Executive and C-level Officers
- Operations Directors
- Managers and Clerks
- Store Support
- Personnel Suppliers

CUSTOMER SPOTLIGHT:

In an industry where competition is fierce and margins are slim, you need a sustainable competitive advantage. Pinnacle's Scan Based Trading application eliminates supply chain inefficiencies and helps retailers and suppliers get products to the store shelves quickly and profitably, providing retail trading partners with a distinct competitive advantage.

With Scan Based Trading through Pinnacle's Business Intelligence solution, retailers have seen substantial gains in operational efficiencies. The idea is simple: Rather than paying for products

from suppliers as they are brought into your store, the supplier retains ownership of the products on the shelf until they are sold. When items are sold, the scanned information is sent automatically from the retailer to the supplier. The scanned sales information is then used to generate payment for those items from the retailer to supplier.

- Increase Sales
- Reduce Inventory Costs
- Reduce Invoice/Order Processing Costs
- Gain Daily Insight into Product Movement
- Reduce Out-of-Stocks
- Ensure Accurate Inventory Replenishment

Visit the Symphony.epm™ page on the Pinnacle website (www.pinncorp.com) to calculate the benefits of converting a portion of your merchandise vendors away from traditional invoicing procedures to a solution where you pay for what you sell based on scan sales data using Pinnacle's Symphony.epm™. ©

COMPANY:

- WilcoHess, LLC



NUMBER OF STORES:

- 365 C-Stores

LOCATIONS:

- Headquartered in Winston-Salem, NC

PINNACLE SOLUTIONS:

- With Scan Based Trading through Pinnacle's Symphony.epm™, WilcoHess has seen substantial gains in operational efficiencies. The idea is simple: Rather than paying for products from suppliers as they are brought into their store, their suppliers retain ownership of the products on the shelf until they are sold.

PAYMENT Services International



Check processing solutions are more powerful and affordable today. You can save time and money by using an integrated check processing solution that is Pinnacle Certified. Call us to see how you could save up to 50% on your processing costs.

The Leader in Custom Designed Payment Solutions

Integrating check scanning and processing will improve your customer service and cut your costs. PSI is "Pinnacle Certified" and integrated to the Palm POS™ System. Our solution:

- Works fast, and is easy to use
- Compatible with any bank
- Accepts any kind of check —business, consumer or trucker checks
- Includes no-fee collections and online reporting
- Incorporates technology and operations support
- Automates accounting functions
- Eliminates check fraud

Payment Services International
222 S 9th St., Suite 2910
Minneapolis, MN 55402
866-256-2557
www.paysvcs.com

Call us for a Free Payment Consultation



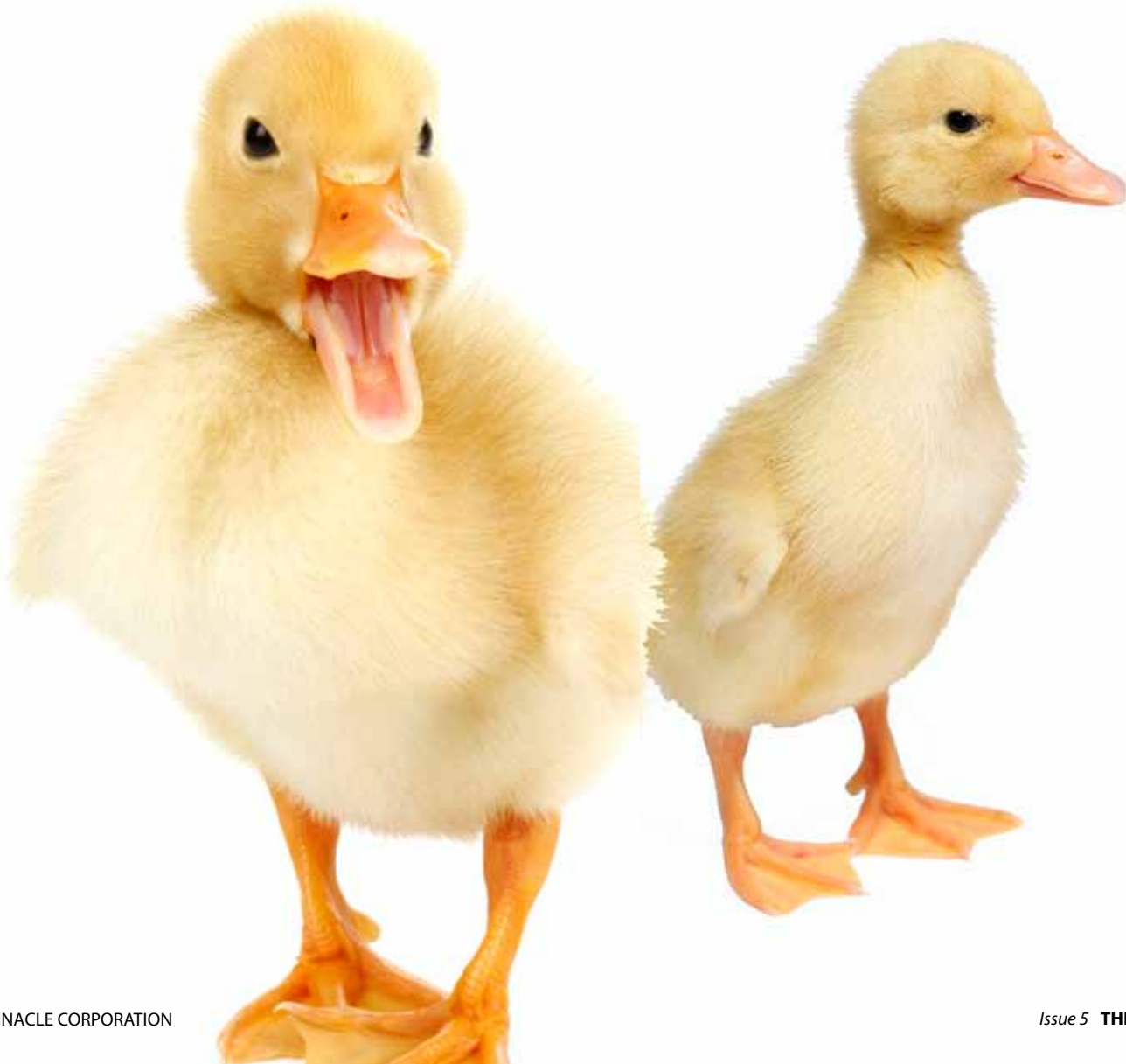
FUEL SOLUTIONS:

KEEP YOUR DUCKS IN A ROW:

BEST PRACTICES FOR WORKING WITH CONSIGNED DEALERS

By Mark Sutton, Senior Support Analyst, The Pinnacle Corporation

Consigned Dealer best practices will require your knowledge, understanding, and process. All of these require your planning and review. Some of you have dealt with this topic in the past or you handle it in your current business model; either way you should get something out of this article. If you have never seen this model, then here is your chance to know what you need to understand and do to handle what some might call Meter Marketers, Commission Agents, Dealers, or Commission Dealers. In the Pinnacle's Fuel Smart®, we call them Consigned Dealers. A Consigned Dealer is some other company who sells your fuel while you maintain ownership of the fuel. The Consigned Dealer will receive some payment for selling your fuel.





We suggest that you get as much knowledge about how you currently handle Consigned Dealers or how you are going to handle them. Here are some examples of useful information:

- **Daily paperwork you receive – standard form or electronic?**
- **Daily paperwork you send – settlement, commission, or payment?**
- **How are commissions calculated? Cents per gallon, split margin, or both?**
- **When do you pay or give credit for commissions? Daily, weekly, or monthly?**
- **Credit cards – gross, net, or split fees?**
- **Payments – EFT draft or customer deposit? Daily or weekly?**
- **Customer information – Location? Dropped products, sold products, or tank size with tank?**

This is just a partial list of information that will help you plan and work with Pinnacle's consigned dealer module.

Understanding how the software will work for you in handling your Consigned Dealers requires that you first have knowledge. Setup all locations under one customer. The reason for this is when you change the Consignee your data entry staff will not need to know a new customer or location number as it will always stay the same. Now you will have another customer setup for receivables, maybe even two per location if you wish to have invoices separate from credit cards, commissions, and rents. When consignees change in the future it is simple

and easy: just setup a new account for receivables and assign this account to the main account and ship to.

Fuel Inventory method is only done on daily weighted average, so this can affect your commissions if you split the margin with your Consignee. You will need to plan your processing of commissions to be after you have entered all the bills of lading (BOLs) and reconciled. Cents per gallon commission is simple for everybody involved to understand and you will not have to watch your processing steps. Credit cards can be handled many ways: one way would be in the CD adjustment window which will combine the daily sales with daily credit cards on one invoice in accounts receivable. Another way would be as a manual invoice batch either done manually or imported batch which would give you an invoice in Accounts Receivable which could be gross or net of fees, it's your call. The last way would be to manually enter them as charge cards so that you can share the fee amount by percentage with your Consigned Dealer.

Daily reporting entry has two options: one is data entry and the other is meters entry. Pinnacle recommends using the meters entry, as this option gives you more flexibility and audit controls. Data entry might be used for some locations due to limited information that is obtained from the Consigned Dealer. Data can be imported or manually keyed, but we suggest that you setup your pulled, dropped, and metered products so that they will match with your standard daily paperwork not only for fuel product but also the credit cards, credit card fees, station charges, deposits and dollars over and short.

Fuel Smart handles invoicing for fuel sales, adjustments, and even commissions as a daily process which allows it to handle the margin split commission method; this will give you one invoice per day for all. If you wish, you can exclude the commissions from the fuel sales and adjustments invoice. The commissions can be done in summary form so you receive one invoice for total commissions for whatever the time period you wish.

Your process method should include your knowledge and understanding to keep the process simple for your consigned dealers and staff to follow. This may require change by both parties, which, if done correctly will benefit all. Example: if the daily paperwork received is not a standard form then this can lead to more processing time per location by staff. This leads to my definition of insanity – doing the same thing and expecting different results.

We like to point out that we have a new document that covers Consigned Dealer and you can find it on www.pinncorp.com once you have logged in to the site.

Pinnacle is here to help you get the most out of your investment in Fuel Smart. You can communicate with the Fuel Smart Team five ways. ©

- **E-Support**
- **Pinnchat from www.pinncorp.com once logged in**
- **E-mail: fssupport@pinncorp.com**
- **Telephone: 407-539-2525 ext 851
817-795-5555 ext 851**
- **Fax: 407-539-2910**

ANNOUNCED AT THE 2010 TPCA TEXAS FOOD & FUEL EXPO:



INCOMING WRANGLERS OFFICERS

At this year's Texas Food and Fuel Expo incoming officers for the TPCA Wranglers were named and The Pinnacle Corporation is pleased to announce that Tracie Wilbanks has been elected President. The Pinnacle Corporation has been dedicated to active involvement with The Texas Petroleum Marketers and Convenience Store Association (TPCA), an organization formed to serve the common regulatory, legislative, and educational needs of businesses engaged in the distribution of wholesale fuel, retail fuel, and lube oils, for years. The appointment of Wilbanks to Wrangler President will further solidify Pinnacle's interaction and ongoing support for the organization.



Tracie Wilbanks
Marketing Manager,
The Pinnacle Corporation



The TPCA WRANGLERS are a hard working group of associate members whose voluntary efforts support the activities of the TPCA staff to enhance TPCA events. The men and women of the TPCA WRANGLERS are instrumental during the Annual Convention and Texas Petroleum Marketing and Convenience Store Show, and the Fall Management Conference, assisting with:

- TPCA PAC Golf Tournaments
- Convention Sponsorship
- TPCA PAC Silent and Live Auction
- Education Sponsorship
- Convention and Trade Show Registration

One of the largest state trade associations of its kind, the TPCA is a 500-member organization representing petroleum marketers and convenience store owners and operators who own, operate, or supply approximately 16,000 convenience stores, service stations, and other retail motor fuel outlets in Texas and the southwest United States. Collectively, these petroleum

marketers and convenience store companies supply nearly 9,000,000,000 gallons of fuel and tons of related products annually to Texas motorists. The average TPCA member owns and operates ten convenience stores and supplies twelve more. These businesses provide fuel and lubricants to the vast majority of commercial end-users, including farmers, construction firms, and local and state governments. In addition, TPCA associate members represent all of the diverse fields associated with the petroleum distribution system and convenience store industry.

TPCA Mission:

- Work to preserve the private enterprise risk-reward system
- Ensure a favorable competitive climate in the industry
- Support beneficial legislation
- Foster the welfare of the industries to the end of best serving the ultimate consumer

If you are interested in increasing the exposure of you and your company during TPCA events, please use this visit www.tpca.org.

Incoming Wrangler officers include:

- President – Tracie Wilbanks, The Pinnacle Corporation
- Vice President – Ted Maier, Commercial Washing Systems, Inc.
- Secretary/Treasurer – Pete Bowles, Grocery Supply Company ☺



GET IN THE GAME:

THE NEW LOYALTY ARENA

By Tracie Wilbanks, Marketing Manager, The Pinnacle Corporation

No matter where you shop, or what you buy, it seems like everyone has a loyalty offering. No longer is it good enough just to have a loyalty program. Differentiating your program from your competitors' programs is the only way to stay ahead. Consumers have become unaffected and unmotivated by typical reward offers, it's simply not enough to engage their participation in today's flooded loyalty arena. Luckily, as an industry, we still have plenty of room to grow in terms of developing fresh loyalty features to revive our customers' interests in participating in loyalty marketing efforts. Here is a look at some of the latest developments in Loyalty Solutions at Pinnacle.

MOBILE LOYALTY - IPHONE APP

The Pinnacle Loyalty iPhone App enables convenience store retailers with Pinnacle Loyalty Solutions to offer a branded iPhone app to their loyalty consumers, complete with their customized program's logo and branding. Consumers will download the retailer's customized app from the Apple iTunes App Store and configure their loyalty account number, then when they checkout at the register they simply launch the App and scan the barcode on their phone to earn and receive their loyalty rewards.

Pinnacle's new app is expected to reduce the need for retailers to distribute physical





loyalty cards to some consumer segments, saving a considerable expense component of their loyalty program. The app is expected to increase program adoption and reduce account breakage within a group of potential consumers, namely the youth and teen demographic, as those groups don't have a need for the typical magstripe encoded cards used at the dispenser.

"We are excited to offer this turn-key technology to the industry and our clients, driving more value to the loyalty solutions we offer to convenience petroleum retailers," said Drew Mize, VP of Product Management and Marketing at The Pinnacle Corporation. "We're seeing an increasing number of retailers in our space taking individual responsibility to build smart phone apps for their consumers, we believe providing this end-to-end solution will help our loyalty solutions clients save money and increase the adoption rates of their loyalty programs."

Pinnacle's Loyalty iPhone App will be continually refined over time as it opens the door for more ties to the consumer via text messaging or social networking services. Pinnacle is also considering versions of the app to support other popular smart phone devices.

LOYALTY CUSTOMER WEB INTERFACE

The Loyalty Web Interface delivers the tools that will allow Pinnacle Loyalty clients to offer their program members the ability to register for updates and check their loyalty earning status online. The solution also offers retailers the ability to increase the adoption rate for their programs and gather more demographic information about their consumer base by offering promotions tied to consumers providing this data. "In keeping with Pinnacle's tradition of giving the retailer

control, the Loyalty Web Interface platform also delivers design tools the retailer can use to apply their own branding and add pages to the loyalty site, augmenting their current online efforts to provide a seamless integration between their existing website and their loyalty program offering," notes Jane Sinn Gabriel, Pinnacle Retail Solutions Manager.

"One of the key features of the Pinnacle Loyalty web interface is that a new registration can cause a loyalty reward to be automatically delivered to our customer on the next store visit," Karen Campbell, Director of Marketing, Honey Farms Inc., a privately held retail convenience chain with stores in Worcester, MA and surrounding cities and towns. "We can use this bonus feature to motivate our shoppers to go the website and provide key direct marketing information that we can use for future promotions."

Pinnacle's Loyalty is a complete suite of consumer tools focused on making bad customers good and good customers better. With a common database at the home office and complete real-time integration with the POS, customers will take advantage of your loyalty program's benefits regardless of which store they shop. With patent protected technology only available from Pinnacle, combine any and all loyalty programs onto the same loyalty card. One card, many benefits: Pinnacle Loyalty will take your marketing to a new level and is proven to put more money on the bottom line.

Remember, the key to getting your customers to adopt your loyalty program is its differentiating features. Create a loyalty program that speaks to your customers' needs, find that one feature that will set you apart from your competition. ©

Instant Rewards

Improve customer visit frequency and spend amounts by evaluating spending habits and building new programs based on those habits.

Pump Authorization

There's nothing less convenient than requiring cash paying customers to come into the store twice to purchase fuel, but rising fuel prices and in many cases, laws in your area, require pre-pay only dispensers. Don't drive your cash paying customers to the competition; enable those customers with a card that will allow them to arm a dispenser, then post-pay.

Self Hosted Pre-Paid

Sell and support your own branded prepaid service. Why let a third party manage those dollars?

Patent Protected Technology

Patent protected technology exclusively offered by Pinnacle in the convenience retail petroleum industry enables you to offer one, two, three, or even all four Pinnacle Loyalty features on the same card.

ACH Payments

Eliminate the credit card fee portion of the transaction by arming your customers with a card that is tied to their bank account, and your fee to process the transaction drops to as low as 17 cents per transaction.

GROW YOUR SUCCESS:

LOOKING TOWARD THE FUTURE NOW

By Drew Mize, VP of Product Management and Marketing, The Pinnacle Corporation

As you've read through this edition of The Perspective I hope you've found some takeaways for consideration within your business. Whether it's remote POS Management, virtualization, a stronger food service program, back office systems implementation, real-time business intelligence, consigned dealer management or loyalty; nearly every area within your organization has a technology aspect and keeping abreast of today's emerging technologies is proven to facilitate automation and implementation of new business strategies.

At Pinnacle Summit 2010 held in conjunction with NACStech in New Orleans earlier this year, I moderated a general session client panel, Thinking About the Future Now. The session targeted key industry issues and trends that are currently or expected to impact the convenience petroleum industry not only in 2010, but in the years to come. The panel included:

- Jenny Bullard, CIO, Flash Foods
- Mark Conan, VP Finance and CFO, Plaid Pantry
- David Murdock, Executive VP, Honey Farms
- Jack McLaughlin, Director IS, Tedeschi Food Shops

In the course of 45 minutes the panel covered several topics in a rapid fire format, most of the issues you've likely heard over and over again as leading opportunities within our industry. It does though intrigue me that although these topics remain as top industry issues that so many businesses in our space are not taking advantage of the opportunity. We could fill an entire Perspective edition on any one of these topics, a few perspectives and notes from the session.

Food Service gross margins in our industry jumped 8.3% in 2009 in comparison to 2008, contributing 20.2% of total store GM. Food Service contributed to 17.3% of inside sales, or 29.7% of inside sales gross margin. The category continues to prove itself as a growth category in our space but beware, only a percentage of retailers are actually putting money to the bottom line in this category. Existing labor, utilities, repairs, and maintenance expenses are difficult to leverage when adding food service formats; and waste must be controlled meticulously. Deborah Holand's article earlier in this publication hits on some key planning and execution concepts, leveraging technologies to achieve these goals will increase the chances of success.

Credit Card Fees for our industry dropped \$1 billion in 2009. That's great, but wait... fuel gallon sales dropped 27.6% from 2008. Not pretty and credit card fees are not getting any better yet, although the industry continues the fight with legislation on Capitol Hill. In the meantime, what are you doing about it?

- Cash/Credit pricing
- Check acceptance
- Prepaid cards
- Pump authorization programs to lure customers preferring cash for payments back to cash
- Alternate payment method acceptance (ACH)
- Leveraging any or all of these items with a Loyalty program to provide additional/combined incentives

Loyalty Programs are proliferating throughout our industry. Within the last year nearly every remaining major oil company that didn't already have a loyalty program of some nature has either implemented or announced an upcoming program. Fuel coalition marketing programs are exploding, and major oils that previously only included fuel in



their loyalty benefits programs are now talking merchandise. A loyalty program implemented and managed correctly on an ongoing basis will put more money to your organization's bottom line!

OTHER AREAS OF FOCUS FOR OUR PANEL MEMBERS IN 2010:

Employee Health Care

Costs Associated with Employee Health Care is a focus for Plaid Pantry, with investigation into alternative strategies as new Health Care Reform efforts come online.

"We are looking to provide financial incentives for employees to get screened for diseases such as Diabetes or heart disease and get on a treatment program" said Mark Conan. "The theory is that scheduled treatment is a lot less expensive than the potential large claims that come from emergency situations when left unchecked resulting in lower overall utilization and lower insurance rates."

Social Media

Engaging Customers through Social Media is a key target for Flash Foods. "Social

media is an extremely cost effective way to reach out to your customers on their terms", said Jeannie Amerson - Advertising & Loyalty Manager for Flash Foods. "Instead of advertising to the masses it allows us to communicate one-to-one. We have become a right-now society and social media gives us the opportunity to respond quickly to our customer concerns and needs. We plan to use it as a tool to involve our customers in choices we make in future product and services."

Leveraging ATM and Money Order Technologies

Honey Farms is targeting efforts to bring more "feet to the door" with a specific focus on attracting the 'unbanked' customer, with a new ATM and 3T Money Order rollout. "These smaller initiatives along with our Honey Money loyalty rollout are all based on bringing in new customers," said David Murdock, "our operations focus is focused on training our associates to sell more stuff!"

Integrating Prepaid Card Transactions with the POS

Tedeschi Food Shops is focusing on a 2010 goal to eliminate the stand alone terminals used to process prepaid card

transactions. "The integration of the Payspot NIM on Palm POS is going to give us the opportunity to remove our last stand alone device sitting on the counter" said Jack McLaughlin. "We will be processing prepaid transactions much faster over the WAN and will eliminate the dual process of entering the transaction on a prepaid machine and then entering again on Palm; our reconciliation issues will disappear.

The shared or dedicated phone line currently used by this stand alone device will no longer be needed, another benefit and a factor considered in the ROI of this project. A win-win project for Tedeschi Food Shops." ©



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