FOA Southern California

Perspective

FIRST QUARTER 2010

Unity | Profit | Communication

A publication of the 7-Eleven Franchise Owners Association of Southern California • "The Largest FOA in the USA"

Featured in this Issue

ELEVEN®

The Future is Here ?

Drive Sales with 3 Upcoming In-Store Promotions!

Promotion Dates: May 1 – May 31

Buy Any 2 *Cheez-It*® Baked Snack Crackers 3 oz. line for $1.50 on PromoMaster

Buy Any 2 *Rice Krispies Treats*® Big Bars for $1.50 on PromoMaster

Buy Any 2 *Cheez-It*® Baked Snack Mixes for $3.00 on PromoMaster

Sunshine® Cheez-It® Crackers 3 oz.
Original Pouch
SLIN 300092, McLane UIN 493452
0 24100 21913 1

Sunshine® Cheez-It® Crackers 3 oz.
White Cheddar Pouch
SLIN 300877, McLane UIN 207167
0 24100 36573 9

Sunshine® Cheez-It® Crackers 3 oz.
Cheddar Jack Pouch
SLIN 302088, McLane UIN 766533
0 24100 20362 8

Rice Krispies Treats® Squares 3.2 oz.
Original Pouch
SLIN 301093, McLane UIN 192724
0 38000 26551 8

Rice Krispies Treats® Squares 3.2 oz.
Double Chocolatey Chunk Pouch
SLIN 300760, McLane UIN 125005
0 38000 50092 3

Cheez-It® Baked Snack Mix
Original Pouch
SLIN 301945, McLane UIN 586123
0 24100 45544 7

Cheez-It® Baked Snack Mix
Double Cheese Pouch
SLIN 301957, McLane UIN 627554
0 24100 45546 1

Cheez-It® Baked Snack Mix
Barbecue & Cheddar Pouch
SLIN 300255, McLane UIN 661769
0 24100 46576 7

Cheez-It® Baked Snack Mix
Extra Hot & Spicy Pouch
SLIN 300527, McLane UIN 661751
0 24100 46578 1

STOCK UP NOW!

7-Eleven Franchise Owners Association of Southern California 2010 ASSOCIATION OFFICERS

*Joe Saraceno**
Honored Founding President

Karam Dhaliwal
President
(818) 625-4036

Gunu Singh
Treasurer
(818) 481-2300

Nachhatar Bhullar
Vice President
(626) 255-8555

Noel Ibardolaza
Secretary
(714) 523-5488

AREA DIRECTORS

Byron Bennett
Sargeant at Arms
(323) 721-1928

Bakhshish Bhalrhu
(818) 361-4453
Narinder Dhillon
(626) 664-9814
Barry Gauthier
(714) 637-0307
Bobby Kumar
(818) 921-0544
Paul Lobana
(818) 203-2527
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(714) 458-7512
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(818) 219-3080
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Balbir Singh
(661) 947-2220
Johnny Teng
(213) 713-1094
Jawad Ursani
(310) 503-0749

Rajeev Walia
(818) 299-7756

HONORARY DIRECTORS

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Perspective is the official magazine of the 7-Eleven Franchise Owners Association of Southern California
7-Eleven F.O.A.S.C.-1986

**Deceased*

7-ELEVEN FOA Southern California

"The Largest Association in the USA"

PUBLICATION STAFF

Karam Dhaliwal, Editor-in-Chief
Gunu Singh, Assistant Editor

Perspective is published quarterly. The publication staff welcomes comments, story ideas and viewpoint articles from Perspective readers. The editor reserves the right to edit all material submitted for publication.

Material for publication should be sent to:
7-Eleven F.O.A.S.C.
11145 Tampa Avenue, Suite 12B
Northridge, CA 91326
foasc711@yahoo.com

ADVERTISING INFORMATION

Advertising will be accepted for Perspective subject to conditions noted on the advertising rate sheet. Current circulation is 600.

For advertising rate sheet and/or any questions, contact the F.O.A. office at (818) 357-5985

PERSPECTIVE

'The capacity to view things in their true relations or relative importance and to view your own task in a larger framework'

We chose to name our publication 'PERSPECTIVE' simply because of its traditional meaning. It seemed to encompass in one word the overall philosophy of the small group which formed our Association way back in the early seventies.

Today it stands the "test of time" maybe more so.


THE
TOOL
BIN
$2 50
KIT

Perspective Magazine
7-Eleven Franchise Owners
Association of Southern California

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2010 Calendar of Events

June 17: Board of Directors Meeting
Location-TBD
July 15: Board of Directors Meeting
Location-TBD
July 21-25: National Coalition Annual Convention & Trade Show
Gaylord National Resort
National Harbor, Maryland
August 9: Annual Joe Saraceno
Invitational Golf Tournament
La Canada-Flintridge Country Club

7-ELEVEN FOA
Southern California

"The Largest Association in the USA"

Advertiser Index

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Perspective is the official magazine of the 7-Eleven Franchise Owners Association of Southern California


All Natural
BEN & JERRY'S
VERMONT'S FINEST
#1 Best Selling
Ice Cream Brand at
7 ELEVEN
Get on board!
All Natural
BEN & JERRY'S
VERMONT'S FINEST
Chocolate Fudge Brownie
Chocolate Ice Cream with Fudge Brownies
All Natural
BEN & JERRY'S
VERMONT'S FINEST
Chocolate Chip Cookie Dough
Vanilla Ice Cream with Gobs of Chocolate Chip Cookie Dough
All Natural
BEN & JERRY'S
VERMONT'S FINEST
Cherry Garcia
Cherry Ice Cream with Cherries & Fudge Flakes
Source: IRI (Information Resources Inc.) 7-Eleven database. 52 weeks ending 11-30-09.
17367 ©Ben & Jerry's Homemade, Inc. 2009 Cows ©Woody Jackson 1997 Cherry Garcia is a registered trademark of The Estate of Jerry Garcia and is used under license.

THE FUTURE

Many years ago, when I franchised my first store, it was know as a neighborhood store. Most of the families who lived around were regular shoppers and long after that we had a family relationship with our customers. On top of that it was a convenience store that was open 24 hours and carried an assortment of products that fulfilled the needs of the customers. We are no longer the same store.

Over the years a lot of changes have taken place. We have introduced items that were never available in our stores. Today we have fresh foods, hot foods, phone cards, gift cards, DVD's and much more. The direction from SEI is uniformity, consistency and over looking the product selection that would sell in a particular neighborhood store. There was a time that we were the only game in town. That is no longer the case. For the last six months there has been a decline in sales as well as gross profit percentage.

Introduction of the 7-Select brand has not been helpful in adding to increase in sales. National brands have been either deleted or cut in space. CDC can't match the cost on items available from DSD vendors. Introduction of BT to some 300 stores is just around the corner. SEI is predicting this to be the best things that will ever happen to our system, as it will generate minimum of 10% increase in income for the Franchisees. Let us wait and see.

SEI is building more stores, which is good in one way, but adding more BCP stores near existing 7-Eleven stores is having a negative impact on that existing store. At the last DLC meeting we were informed that year to date, sales, net income and goodwill are all down. The Franchise fee has gone through the roof in a last few years. Quite a few new stores that have been franchised in the last few years are still struggling.

It concerns me to see the direction SEI is taking. We are being told that if you need to grow in this system you need to follow all that we want you do. I say forget the 15% freedom. Just think what it will be like in 10 years from now, when you go to sell your store and find out that you have hardly any goodwill left and you will have to pay a percentage of the franchise fee.

Karam Dhaliwal
President

so full of flavor & nutrients... no room for calories*

NOW **zero calories**

Increased **Vitamin levels**

NEW **premium foil label and updated packaging**

Contact your local Coca-Cola representative to place an order.

vitaminwater zero XXX	SLIN: 0786162002969
vitaminwater zero recoup	SLIN: 0786162003003
vitaminwater zero mega-c	SLIN: 0786162003010
vitaminwater zero go-go	SLIN: 0786162003027
vitaminwater zero squeezed	SLIN: 024158
vitaminwater zero rise	SLIN: 024158
vitaminwater zero revitalize	SLIN: 02416

*zero calories per 8 fl oz serving

2010 Agreement and Prior Agreements

Arnold J. Hauptman
Attorney At Law

In accordance with your request, and for my own benefit as well, I have compared the provisions of the new 2010 agreement with the prior agreements going back to 2006. There are, as you know, several changes that we all should be aware of. Some of the changes are of great significance, while other are of lesser importance. The significant changes that I can find are as follows:

1. Term. The term of the agreement has been reduced from the current fifteen years, in existence since 2004, to a term of ten years, with all agreements being subject to earlier termination, as in the prior agreements upon the loss of leasehold rights and other occurrences, such as a casualty loss and condemnation.
2. Renewal of Franchise. The 2010 agreement as well as the prior agreements provide for a renewal of one term equal to the number of years of the "then current agreement". This provision is a little ambiguous, but as I read it, it means that a franchisee is entitled to a renewal for the number of years in the renewed contract, ie....ten years as of now. What the term of years will be in future agreements at the time of renewal, is not known. The big change, however, is the substitution in subparagraph 24(h) from no renewal fee will be required, to a requirement to pay a renewal fee equal to twenty (20%) percent of the then franchise fee that a new franchisee would pay.

   Of course, there are also a number of conditions to a renewal including that the franchisee not be in material breach, that he or she has maintained minimum equity for the prior year, there is a store operational review, etc. and other conditions as a prerequisite to the right to renew. Paragraph 24(a)-(j).
3. Audit Rights. Paragraph 15 has now added a provision that SEI has the right to reverse any inventory overage that would be reflected on the bookkeeping records for the store.
4. Maintenance. Paragraph 20(b) dealing with equipment maintenance has been changed significantly to delete any right of the franchisee to obtain maintenance agreements that are comparable to that of 7-Eleven's contractors. Under the new agreement, a franchisee must use only SEI's selected maintenance contractors pursuant to a list of equipment to be maintained. Any equipment that is not on the list, and I cannot think of any off hand, can be serviced by outside maintenance companies.
5. Franchise Fees. The formula for the imposition of franchisee fees has been almost completely re-vamped with new formulas based on different and broader categories of gross profit amounts for both existing stores and for new stores. First, as to existing stores,

Continued on Page 11

White Owl

FoilFresh™ Guarantee

Signed

WITH White Owl INNOVATION.

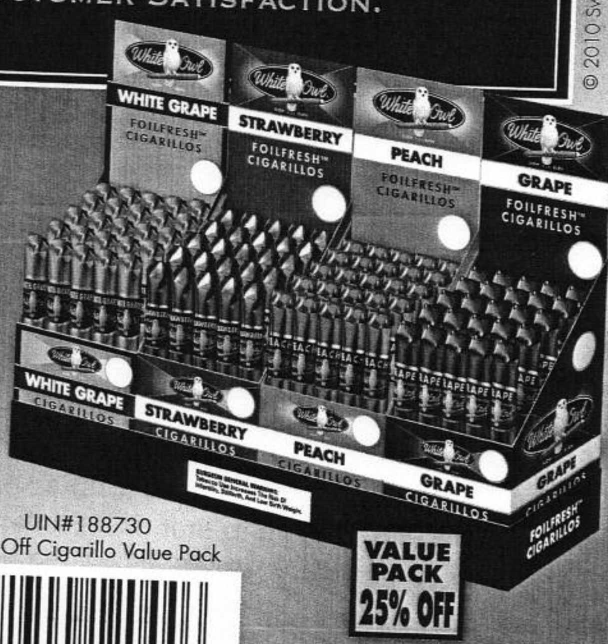
SEALED

WITH THE FOILFRESH™ GUARANTEE.

DELIVERED

GREATER CUSTOMER SATISFACTION.

The White Owl signature stands for innovation, freshness, and customer satisfaction. With our groundbreaking White Owl FoilFresh™ seal, each cigar is as fresh as the day it was made—meaning increased satisfaction for your customers and fewer returns for you.



White Owl

Signed. SEALED. DELIVERED.

UIN#188730
25% Off Cigarillo Value Pack
0 31700 12044 6

UIN#191098
White Grape 25ct Cigarillo UPR
0 31700 90138 0

UIN#188912
Strawberry 25ct Cigarillo UPR
0 31700 90139 7

UIN#188862
Peach 25ct Cigarillo UPR
0 31700 90140 3

UIN#188953
Grape 25ct Cigarillo UPR
0 31700 90141 0

Continued from page9

there is no franchise fee if the gross profit for the prior year was less than $200,000.00. Also, if the gross profit was $350,000.00 or less, the franchise fee would not exceed $25,000.00. However, and as to existing stores, the franchise fee appears to have gone down somewhat for lower volume stores, but up for higher volume stores, although in both cases the cap is thirty (30%) percent of GP where the GP is $800,000.00 or more. For instance, the old franchise fee for a store having a GP of $375,000.00 was $75,000.00, but under the new agreement is $65,625.00. Similarly the franchisee fee under the old contract, attributable to a GP of $550,000.00 was $137,500.00, but is $130,600.00 under the new agreement. But on a higher volume store having a GP of $700,000.00, for instance, the old franchise fee was $175,000.00 but would be $192,500.00 under the new contract. At $800,000.00 the franchise fee is $240,000.00 under both the new and old agreements.

As to new stores, the formula is set forth on page 11 of the prospectus and is based upon the average GP of a group of stores in a designated market. The formula is essentially the same as the prior formula for existing stores and ranges from 5% of GP between $200,000.00 and $250,000.00 to 30% for a GP of more than $800,000.00.

Additionally, the new agreement continues to give substantial assistance to individuals franchising either a corporate operated store or a store operated by 7-Eleven for at least thirty-six accounting periods, which had a GP of less than $350,000.00 for the prior twelve accounting periods. These benefits include a deferred franchise fee, which is subject to further reduction if the GP is improved during the following two years. In addition, the 7-Eleven charge, for the first five years of the operation of the store, will be a fixed forty (40%) percent as opposed to the present 7-Eleven charge which ranges from approximately forty-eight (48%) percent to fifty-six (56%) percent and, moreover, such a franchisee is given a monthly allowance ranging from $2483 per month if the GP is $240,000.00 or less to $0.00 when it reaches $300,000.00 or more. See Exhibit F to offering circular. As you know, some of the existing franchisees who fall into that low GP category, and who are not receiving the monthly allowance, have been complaining bitterly – and rightly so.

6. <u>7-Eleven Charge</u>. The 7-Eleven charge formula first set forth in the 2006 agreement remains unchanged.

Some of the changes of somewhat lesser importance are as follows:

1. A new provision, subparagraph (3), was added to paragraph 1 of the agreement entitled "Statement of Intent and Definitions". The new provision requires that you recognize the importance of excellent customer service which includes a proficiency in the English language, a clean and neat personal appearance for you and your em-

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WHAT DO YOU CARE ABOUT?
health
arts & culture
food & shelter
the planet
neighborhoods
education
This year, the Pepsi Refresh Project™ is giving millions of dollars to fund ideas, across six different categories, that will refresh the world. Maybe it's green spaces. Or educational comic books. Maybe it's teaching kids to rock out. So submit your idea and vote for what you care about most at refresheverything.com
The Pepsi Refresh Project
Thousands of ideas. Millions in grants.™
max
pepsi
pepsi
every pepsi refreshes the world™
PEPSI, DIET PEPSI, PEPSI MAX, the Pepsi Globe, PEPSI REFRESH PROJECT, THOUSANDS OF IDEAS. MILLIONS IN GRANTS., and EVERY PEPSI REFRESHES THE WORLD are trademarks of PepsiCo, Inc.

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ployees and courteous service to all employees including greeting and thanking each customer, and any other standards SEI requires from time to time.

2. Under paragraph 4 dealing with training, it appears that SEI will no longer pay for lodging costs during the initial training program. Additionally, and perhaps very significantly, the language in prior agreements providing: "We will test any major system changes in our company operated stores and/or in franchise stores where franchisees volunteer to be a part of the test before making such changes to the 7-Eleven system", has been deleted in the new agreement.
3. Throughout the agreement the term "On-Line Support Guide" has been substituted for "7-Eleven Operations Manual", but I believe that they are essentially the same.
4. In all relevant agreements, and usually under paragraph 26(3) entitled Transfer and Refund Rights, a franchisee can elect to transfer to another available store in the market or receive a refund of his/her franchise fee upon certain occurrences, such as condemnation, casualty, damage, loss of leasehold rights. In all agreements, if a franchisee elects to obtain a partial refund of his or her franchise fee, there is an initial deduction of $20,000.00 with the remaining refund being pro-rated based upon the total of one hundred eighty (180) months of operation. I believe the 2010 agreement is in error, and the refund should be pro-rated based upon one hundred twenty (120) months for a ten year term. This error should probably be brought to the attention of SEI, unless it was intentionally set forth in that manner which would be manifestly unfair.
5. It should be noted that gasoline fees remain unchanged.

As expected, new agreements are generally not as favorable to the franchisee as prior agreements and I believe the 2010 is certainly no exception. Except for somewhat reduced franchisee fees for lower volume stores, the new agreement gives to 7-Eleven significant advantages, especially when it comes to the renewal provisions.

As to the impact of the new agreement on current franchisees, there will be no impact at all for the balance of the term of their current agreement which, depending upon when the agreement was signed could run from 2019 to 2024. At that point, such franchisees would be entitled to a renewal, without an additional franchise fee, for an additional ten year term. However, should any existing owner be compelled to sign a "then current agreement", by reason of franchising an additional store, expiration of leasehold rights, casualty damage, and a few other less common occurrences, then and in that event, the impact will be rather substantial.

Hope the above answers most of your questions with regard to the comparison of the 2010 agreement with prior agreements, but please call me should you have any questions or comments. Best regards.

ARNOLD J. HAUPTMAN


DJARUM
MILD
FILTERED CLOVE CIGARS
12
DJARUM
BLACK
12
CIGARS

Hiring the best for your store
Getting ready for the 100 days of summer

By Jim Wahl – Talent Acquisition Manager, 7-Eleven, Inc.

We all know that competition is fierce within the convenience store industry. Most of us sell basically the same products. What sets you apart from your competitors is excellent customer service. This is crucial to the success of your business not only because it helps pays the bills, but because great customer service changes ordinary customers into lifetime customers.

You are thinking "Well that's great, but how do I attract and hire better employees?" We have several tools at your disposal to assist you in accomplishing that goal.

First things first: you need to get applicants to interview. There are several ways to build your applicant pool. First, is the old standby: the Help Wanted sign in your window. This is good for converting your customers into employees. The downside is that you are limiting your candidate pool to only those that see your sign.

Then there are ads in your local paper. This might have been a great idea 20 years ago. However, newspaper circulation is rapidly decreasing and the younger generations are not turning to the newspaper to find employment. Your best option in today's recruiting world is the internet. Over 85% of all adults are using the internet to research companies and find employment.

7-Eleven has provided numerous tools to the franchise community to help you with your efforts to superior employees for your store. Most of these are provided either free or at a nominal cost to you.

I spoke of earlier using a help wanted sign in your window. The signs offered by 7-Eleven, Inc. are static cling and can be placed on your window when you are in need of employees. The signs not only advertise that you are hiring, but they also direct applicants to www.7-eleven.com.

Now you might be asking yourself, how does sending someone to www.7-eleven.com help me? Did you know that at your disposal on 7Connect is an online applicant tracking system? Yes, we have provided at no cost to you a system that gathers applicants for your store 24 hours a day, 365 days a year. Once you are ready to hire all you need to do is visit the Store Recruiting Center on 7Connect to see who has recently applied for your store.

The advantages of using the applicant tracking system for your store are vast.

- You don't have to worry about having stacks of paper applications cluttering your back office.
- If you do place an ad either online or in a newspaper you can direct people to the website to apply. Thereby reducing the number of phone calls and emails asking if you are still hiring.
- You can view everyone that applied in one central location on your backroom computer.
- You can use the system in scheduling and rejecting candidates.

We currently have over 500,000 applicants in the system. How do we get these applicants? We continually advertise on internet sites such as Monster, Careerbuilder, and SnagAJob to build the applicant pool for your store. This is another service that is provided at no cost to the franchise community.

The next step after you have identified the candidates for your store is the interview. The job interview is a powerful factor in selecting great employees. A good interview needs good interview questions. Questions like "What would you do if you had a rude customer?" seem good on the surface. We all want someone that can handle rude customers. The question though is a hypothetical one and elicits a hypothetical answer. A better question is "Tell me about a time when you had to handle a rude customer". This allows the candidate to share an actual situation.

To help you with conducting a great interview we have provided a Sales Associate Interview Guide to walk you through the entire interview. Using the guide also allows you to keep notes and compare answers of all the candidates you are interviewing.

If you would like to order recruiting items for your store please contact either your Field Consultant or local HR. To recap these items:

- Help Wanted Sign – REC228
- Sales Associate Interview Guide – REC601
- Employee New Hire Kit – REC602

Attention all FOASC Members

Stay Connected---Don't Be Left Out

As of January 2008, the FOASC started sending out vital information relating to meetings, events, 7-Eleven, Inc., and vendors via e-mail to Member Franchisees.

If you have not done so already, please submit your e-mail address as soon as possible to President Karam Dhaliwal at

kmd1948@yahoo.com

WORKERS COMPENSATION BENEFITS
FOR
OWNERS, PARTNERS, CORPORATE OFFICERS

By John Barbot

Why should an owner buy workers' compensation coverage to cover work-related injuries? The policy will close the work-related exclusion found in health policies.

1) Worker's compensation policies have no dollar caps on medical coverage. There are no deductibles.
2) Under workers' compensation policies loss of wages are covered.
3) Under workers' compensation policies rehabilitation benefits are provided. 5. Costs are inexpensive.

In California, coverage is dependent on the type of ownership used.
There are three types:

A) Individual- sole proprietor (this can include husband & wife);
B) Partnership- between two or more people;
C) Corporation.

INDIVIDUAL

Current workers' compensation policies exclude owners because they do not come under the definition of "employee". If an owner wants to be covered by the policy he/she needs to notify the carrier to add the owner onto the policy. If this is not done, there is no workers' compensation coverage!

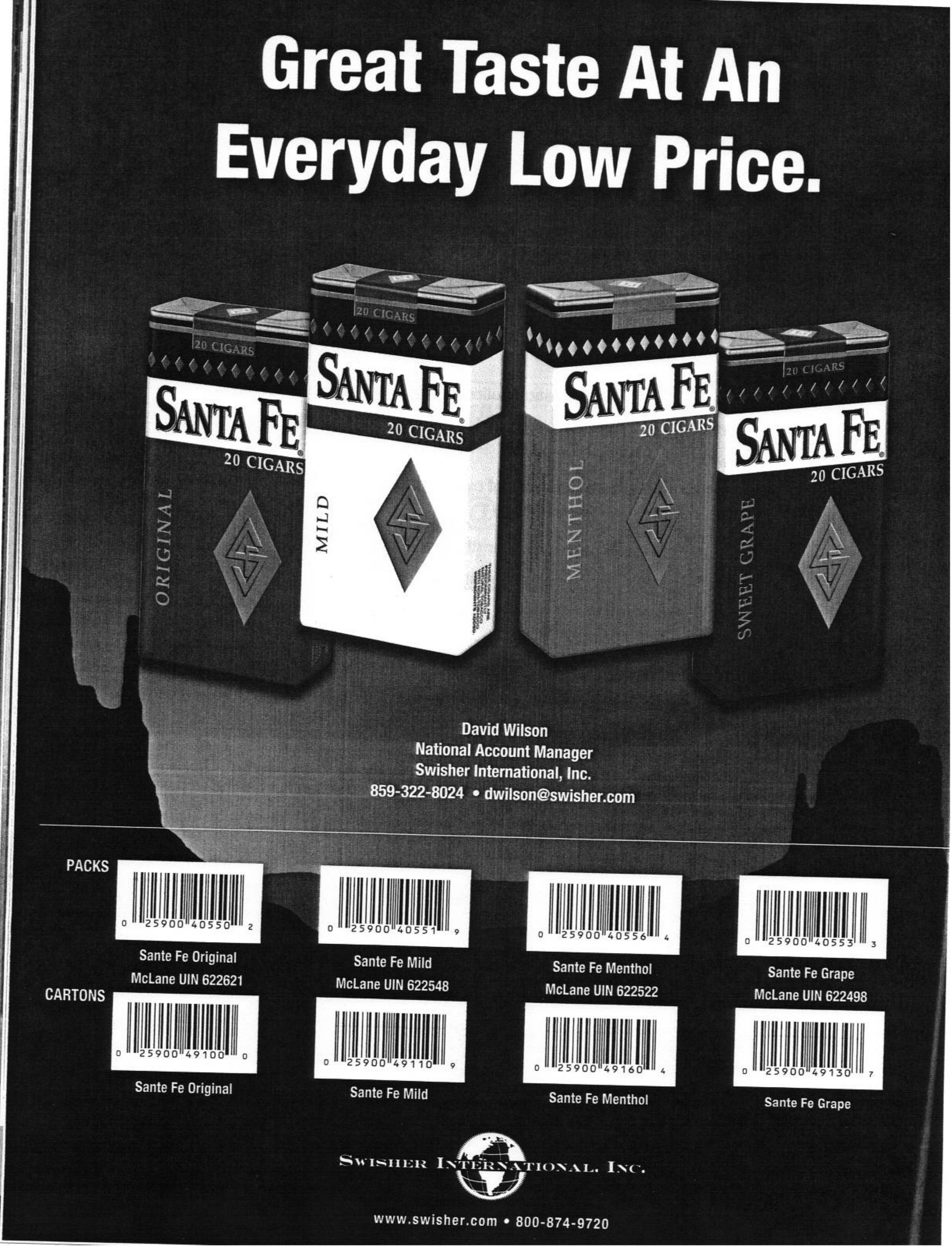
PARTNERSHIP

Current workers' compensation laws allow partners to be included or excluded under the workers' compensation policy. If you are in a partnership, you need to tell the carrier if you want to be included or excluded from coverage. The price will be based on a minimum payroll of $37,700 up to a maximum of $97,700.

CORPORATION

Current, workers' compensation laws allow corporate officers who have stock ownership in the corporation (minimum of 1%) to be included or excluded from coverage. If the corporate officer has no stock ownership, the officer is considered an employee and must be covered by workers' compensation. You need to let the carrier know if you wish coverage or not. The price will be based on a minimum payroll of $37,700 up to a maximum of $97,700.

If an owner has or does not have health insurance, workers' compensation is a good risk management tool. I recommend you explore this option.


Great Taste At An
Everyday Low Price.
20 CIGARS
SANTA FE
20 CIGARS
ORIGINAL
20 CIGARS
SANTA FE
20 CIGARS
MILD
SANTA FE
20 CIGARS
MENTHOL
20 CIGARS
SANTA FE
20 CIGARS
SWEET GRAPE
David Wilson
National Account Manager
Swisher International, Inc.
859-322-8024 • dwilson@swisher.com
PACKS
0 25900 40550 2
Sante Fe Original
McLane UIN 622621
0 25900 40551 9
Sante Fe Mild
McLane UIN 622548
0 25900 40556 4
Sante Fe Menthol
McLane UIN 622522
0 25900 40553 3
Sante Fe Grape
McLane UIN 622498
CARTONS
0 25900 49100 0
Sante Fe Original
0 25900 49110 9
Sante Fe Mild
0 25900 49160 4
Sante Fe Menthol
0 25900 49130 7
Sante Fe Grape
SWISHER INTERNATIONAL, INC.
www.swisher.com • 800-874-9720

Preparation for BT

By John Shin

Store Managers

--- Label SSIs and NRIs with titles and vendor names. If this is not done with the BT software download, the unidentified items will be deleted.

--- Prepare for Purchase Summaries (no receiving logs) by processing invoices daily.

Category Managers and Order Writers

--- Delete all slow sellers.

--- Keep shelf sequencing updated.

Evening / Night employees

--- Understand use of hand helds for checking in items

--- Be aware that cigarettes and candy will be scanned during driver check in.

Expectations / Advantages of BT:

--- Lower cost of goods.

--- Being able to order soft drinks at least twice a week

--- Tools for better inventory control.

--- Only being charged for items that are scanned in (no paper invoice).

Major Concern of BT

--- Lower cost of goods is not achieved. If the BT net cost price is higher than what the minimart down the street can get, then I feel BT has not reached its goal.

Other Concerns of BT

--- If in the future, stores will not be allowed to purchase items from non---recommended vendors. Currently, stores are able to order items from non

--- recommended vendors.

--- Stores will be shorted in their deliveries due to miss picks, heavy ordering from other stores, or communication issues.

DRIVE SALES WITH HOT IN
ALL FULLY VENDOR FUNDED!

Offer Combos Snacks 72 Count Display!

- Features Combos Cheddar Cheese Pretzel 7oz and Combos Cheddar Cheese Cracker 7oz!
  Promo Master offer 2/$3.00
  SLIN 300701
- Fully vendor funded.

Offer Planters Powerwing with Trail Mixes 2/$3.00 via Promo Master!

- Powerwing includes tearpad IRC good for $1 off purchase of two! 45.4 percent margin!

Trail Mix Nut and Chocolate
SLIN 301864
McLane UIN 45013
Trail Mix Fruit and Nut
SLIN 301863 McLane UIN 37747
Daybreak Blend Berry Almond
SLIN 300489 McLane UIN 237610
Trail Mix Honey Nut Medley
SLIN 301178 Mclane UIN 540427

Offer Snickers 72 Count Singles Display!

- Tear pad offer: Buy a 20oz Dr Pepper and get a FREE Snickers single bar!
  SLIN 140074

Offer Snickers King Size Bars 2/$2.59

- Fully vendor funded.
  SLIN 140501

Build The Indy Products Endcap For May!

Free Snickers! Offer a FREE Snickers with the purchase of any Dr Pepper 20 oz. and the IRC coupon delivered in the May POP!

- Offer $1 off on the purchase of two 2-liter Dr Pepper brands via neck-hanger coupon.
- Offer the Giant, Official IRL 52 oz. Refillable Tony Kanaan 7-Eleven Racing Mug!

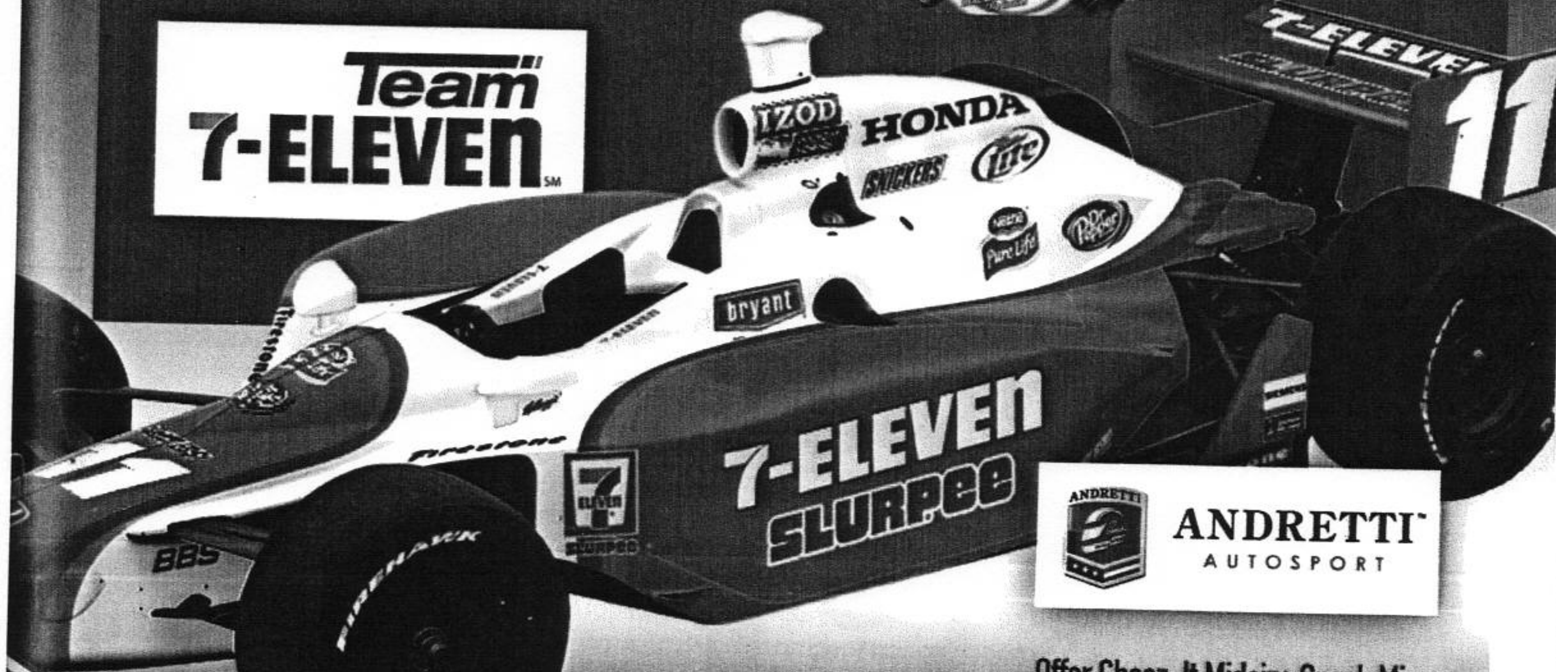
Drive Sales With The #1 Bottled Water Brand In The U.S.!

- Offer Nestlé Pure Life Purified Water Liter 20-packs at $3.99!
  UIN 658922

Y RACING DEALS FOR MAY!

Give your customers Nabisco Convenience Packs 2/$3.00 via Promo Master! $0.98 customer savings, 39 percent margin!

Fig Newtons	**SLIN 300057**	**McLane UIN 261610**
Oreo	**SLIN 300065**	**McLane UIN 261958**
Oreo Double Stuff	**SLIN 300189**	**McLane UIN 424218**
Ritz Crackers	**SLIN 300091**	**McLane UIN 261941**
Saltine Crackers	**SLIN 300090**	**McLane UIN 327247**
Chips Ahoy	**SLIN 300053**	**McLane UIN 261602**
Lorna Doone	**SLIN 300060**	**McLane UIN 261966**
Nutter Butter	**SLIN 301717**	**McLane UIN 261669**
Nilla Wafers	**SLIN 301177**	**McLane UIN 446609**



Mix and Match Rice Krispies Treats Big Bars!

- 2/$1.50 Mix & Match Promo Master! $.68 consumer savings.

Rice Krispies Treats Original Big Bar
SLIN 301093 McLane 192724

Rice Krispies Treats Double Chocolatey Chunk Big Bar
SLIN 300760 McLane UIN 125005

Offer Cheez-It 3 oz. Grab n' Go 2/$1.50 Mix & Match Promo Master.

Cheez-It Original
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Cheez-It White Cheddar
SLIN 300877 McLane UIN 207167

Cheez-It Cheddar Jack
SLIN 302088 McLane UIN 766533

Offer Cheez-It Midsize Snack Mixes 2/$3.00 Special Promo Master.

Cheez-It Snack Mix Extra Hot & Spicy
SLIN 300527 McLane UIN 661751

Cheez-It Snack Mix Barbecue & Cheddar
SLIN 300255 McLane UIN 661769

Cheez-It Snack Mix Double Cheese
SLIN 301957 McLane UIN 627554

Cheez-It Snack Mix Original
SLIN 301945 McLane UIN 586123


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The BT Train Rolls Along

by Bob Strauss

The 7-Eleven train is racing down the tracks in a furious push to introduce Business Transformation (BT). You better be careful about questioning where the train is going and if it's going there in the best way. That train is speeding forward and doesn't want to be slowed for any reason. Management has been reassigned and fired in the hell bound effort to make it happen. The BT train keeps rolling along. One top figure stated 'it will fail over my dead body.'

It's not likely that there's a franchisee in the system who isn't aware that 7-Eleven intends to introduce a Consolidated Distribution (CD) program in LA. To help simplify things, consider CD as the piece of BT that gets products to the stores. To many franchisees, it appears that Dallas has relegated addressing the challenges of the economic meltdown and changing consumer patterns to lesser importance than getting BT started. Questions have been asked from in and outside the company about why the emphasis and manpower hasn't been applied to marketing/merchandising in these tough times. Has 7-Eleven squandered resources and opportunity?

There's no question that franchisee members of the BT team doubted most of the early assumptions offered by 7-Eleven. Nobody accepted that the current dsd delivery system was ideal or efficient. The franchisee representatives pointed out that CD would create huge staffing problems. Payrolls could skyrocket and far offset any cost of goods savings generated by CD. We didn't want to be lifting and rotating Miller, Coke, Red Bull, Gatorade, Ice Mountain, Tropicana, etc. Orderable merchandise assortment might be dictated by 7-Eleven. Retailer initiative might become a hollow phrase. The cost savings that 7-Eleven was dreaming of might never occur. The team members remind 7-Eleven that we were promised equal or better costs through CDC that they never delivered on. 7-Eleven said they never said such a thing. Really?

LA is less than 2 months from the initial implementation of various BT pieces. The interdependent parts touch on aspects of accounting, delivery, inventory management, labor management, ordering, receiving, scheduling, stocking and product assortment. The start button is about to be pushed and yet huge questions remain unanswered. Is this train on the right track?

One of the questions is what products will be available? Almost no participation agreements have been signed with vendors aside for Exel, the logistics vendor (the CD operator). Pepsi isn't in. It doesn't sound like Monster is either. Coke won't deliver to Exel, so we'll pick up from Costco. Beer won't be on the CD trucks either. That's a big loss of savings that BT was projected to deliver. That's a big problem but the BT train keeps rolling along.

Continued on page25

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The BK Train Rolls Along...

Continued from page 23

Most cost of goods savings that are being promised result from breaking 'channel pricing.' In other words, buying at costs not normally offered to c-stores. What happens if BT succeeds in breaking channel pricing? Will our competition also get the lower costs? 7-Eleven says we haven't negotiated exclusive rights. That just might mean that 7-Eleven invested tons of time, manpower and dollars to help every tiny and large c-store share in lower costs. Our competition might get the cost savings because of our heavy lifting. To make matters worse, we won't be able to order all items available from our soda, water and other liquid vendors. The competition will. That's a problem!

The BT team has clearly said that the pilot can't be allowed to hurt any franchisee. The additional work and effort required by BT can't just be a break even for franchisees. 7-Eleven's payroll may decrease from the program, but franchisee's certainly won't. 7-Eleven has committed to not let a franchisee who fully embraces the BT system "go upside down." They've agreed to set the minimum target as a 10% franchisee net income increase. Sounds fair, but wait until you see the requirements to qualify. You just might think you've got a better shot at winning 5 Olympic gold medals.

Once the full system is implemented store personnel will notice a huge order function time saver. The I (on hand #) will automatically be filled in. This might turn out to be the most widely loved benefit, but there's others. BT offers some powerful inventory control tools, allowing franchisees to be aware of questionable inventory activity at a moment's notice; no longer any excuse to wait for an audit. Many problems can be caught and eliminated quickly. Check-ins should be quicker and more accurate with electronic check-in. Cost of goods may be lower on some items delivered from CD. Coke and Dr. Pepper products will be sourced via Costco. Since Costco will only handle pallets, lower movement soda items won't be orderable. Sure doesn't sound like the reduced product availability of BT supports retailer initiative.

Heavy liquid deliveries are another feared component of BT. BT plans to utilize wheeled carts with loads no taller than the height of two 20 ounce soda cases. Will most stores add manpower to handle the job of unloading and rotating waters, soda, juice, energy drinks and other liquids? Most franchisees say they simply can't afford to increase payroll and expect to have confused stacks of liquids around the store. Ice cream and frozen will be delivered on standard ice cream trucks. McLane will no longer directly serve the LA pilot stores. Those items will be delivered by Exel. Current plans are for twice a week delivery of heavy liquids on one truck (may vary by season) and twice a week of traditional McLane items minus certain items, heavy liquids and frozen. Ice, newspapers and periodicals aren't in the early CD plans.

There's lots of work to still be done. The next generation retail information system code is being written. Training in LA is starting. Orderable product selection needs to be determined. Where will the carts and totes be stored? Will the cost savings be as good as promised? Will 7-Eleven be the only winner? Will employee morale be affected? Will work related injuries increase? Will it increase franchisee bottom lines double digit? I've yet to hear an LA franchisee say they think this will be good for them. Will it be a train wreck? What do you think?

By Bob Strauss


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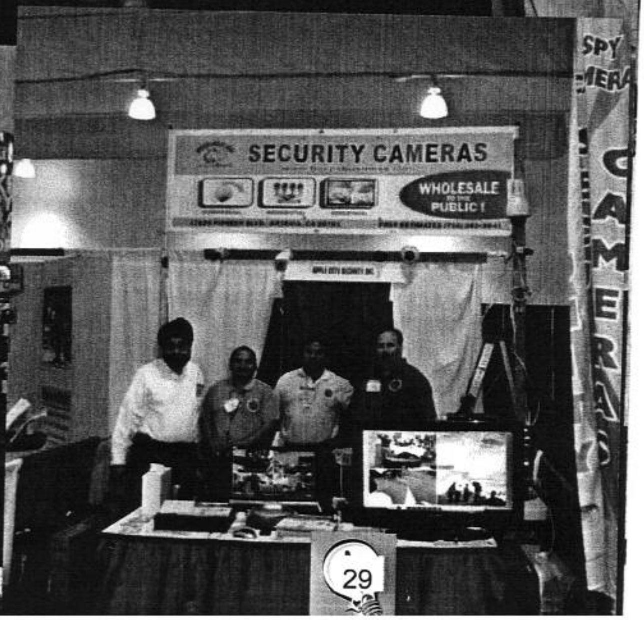
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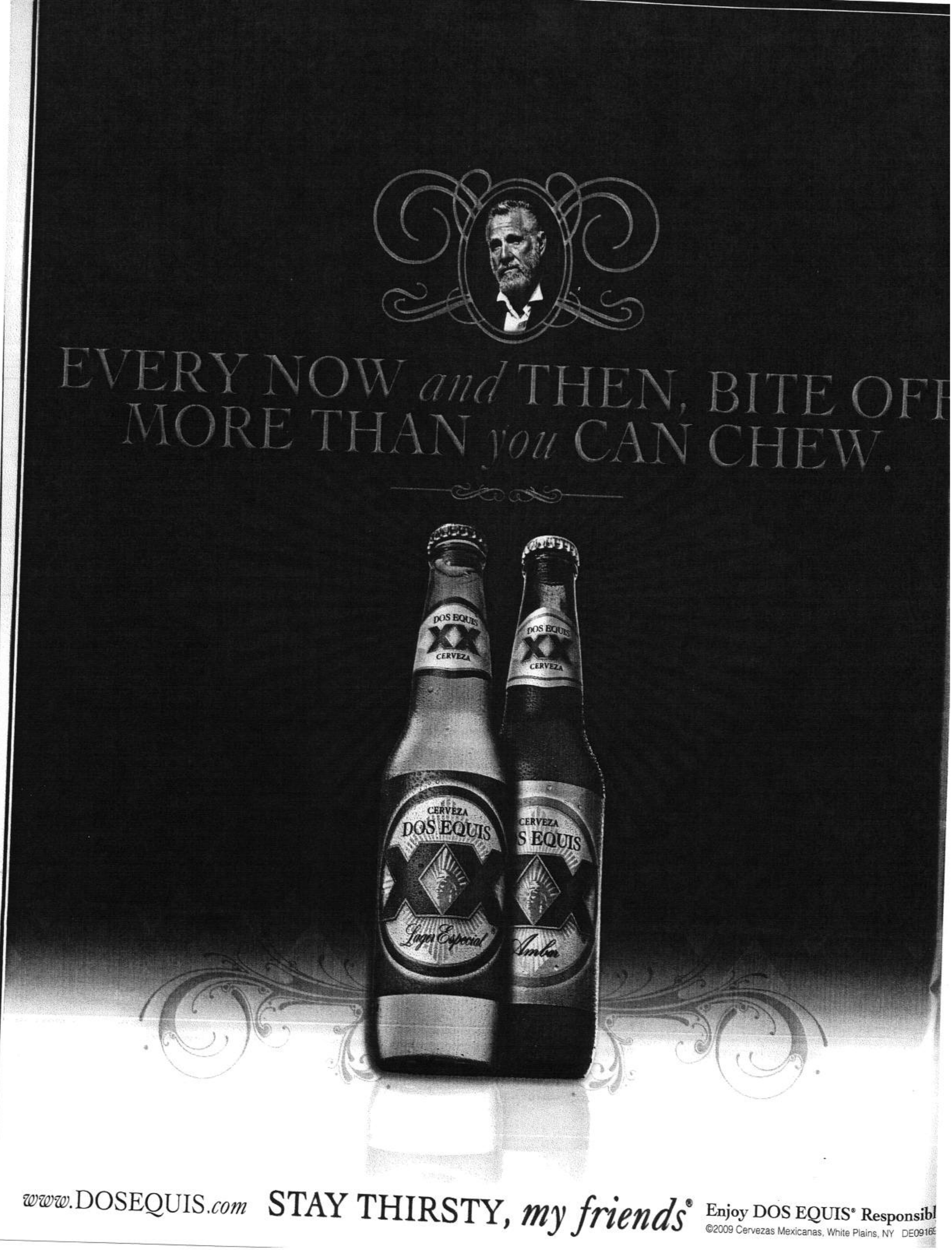
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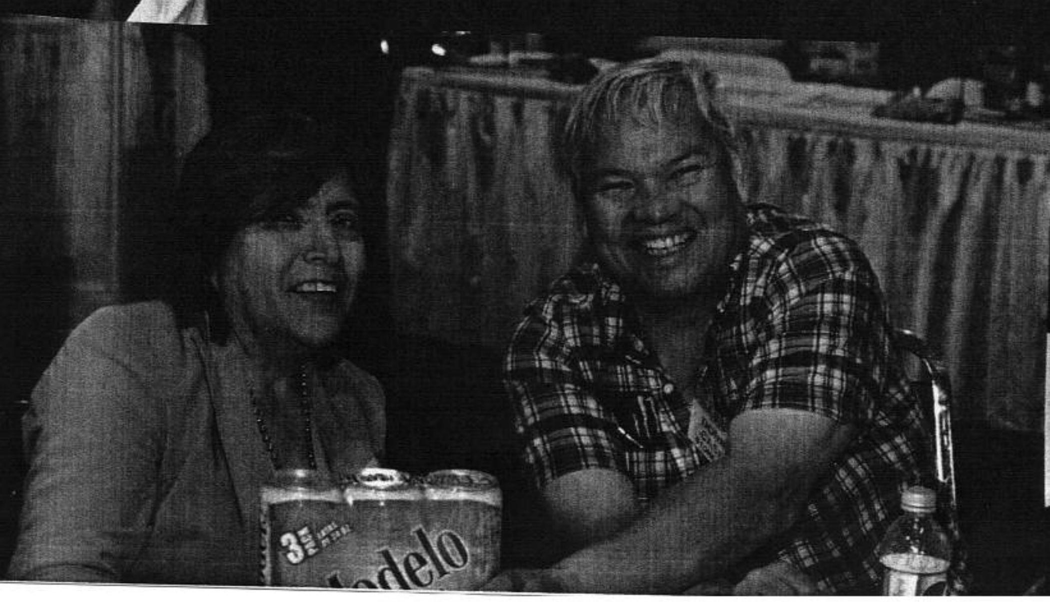
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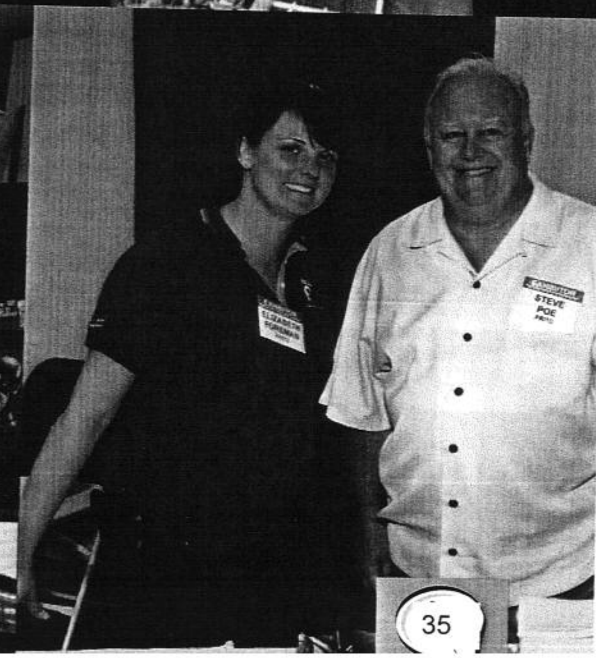
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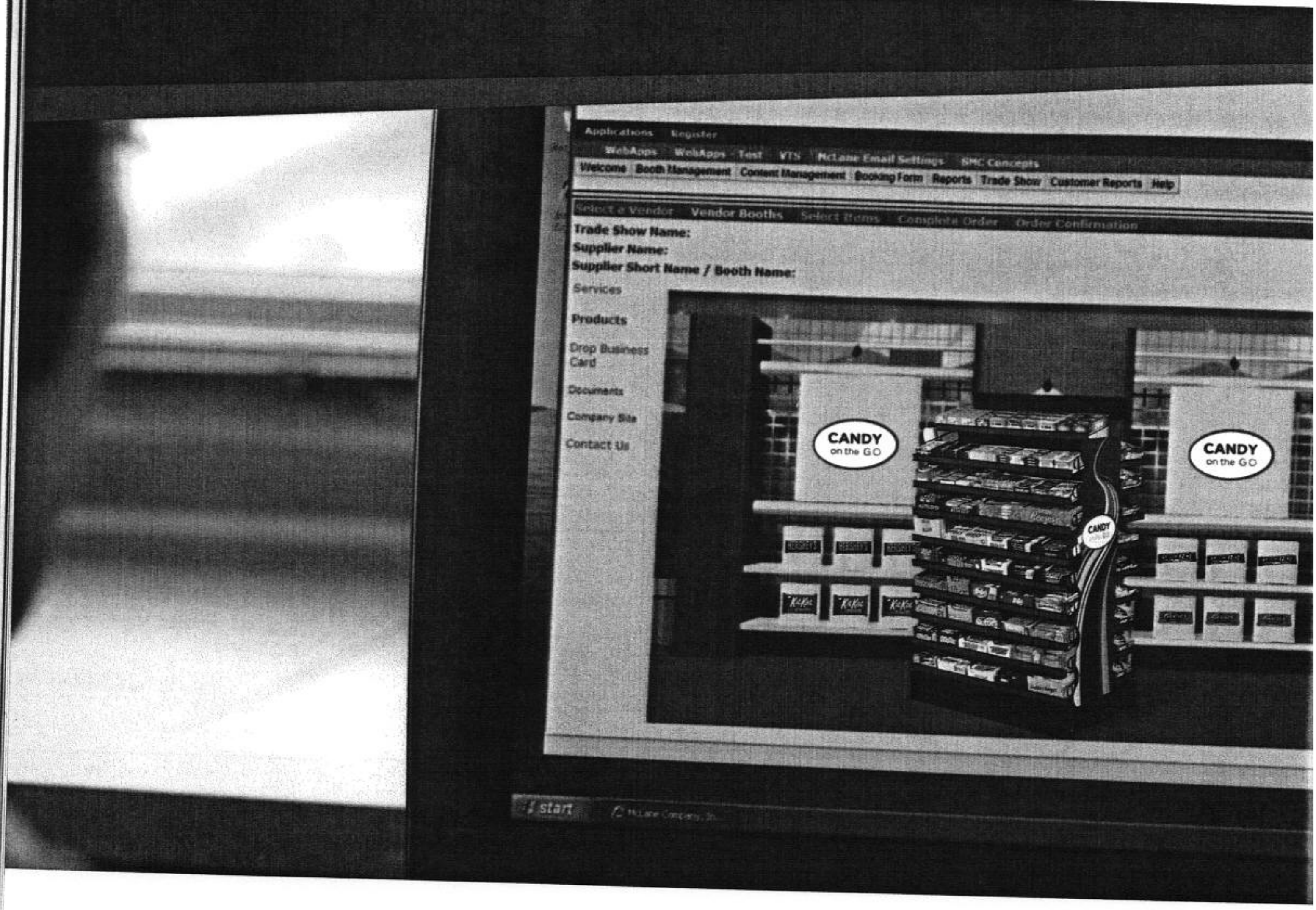

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National Coalition: Free Membership

Activities:

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Monthly Board of Directors Meetings *(e-mail the office at foasc711@yahoo.com or Mr. Dhaliwal at kmd1948@yahoo.com if you would like to participate as an observer).*
Trade Show
Annual Golf Tournament *(Supports our Scholarship program)*
Holiday Party

Scholarship Program: Open to Franchisees dependent children and grandchildren. One $8000.00 four year scholarship per year, Multiple $2000.00 Grants, and Multiple $500 Awards. Contact Scholarship Chairperson, Barry Gauthier at 714-637-0307 or call or e-mail the office.

Workers Compensation: The most competitive group rates in the state through John Barbot Services. Call 1-888-505-7110.

Accounting: Free Consulting Services by Ser.Vis.Etc. Contact Norm Winslow at 559-251-0717 or Richard Schwarz at 562-438-6832.

Credit Union: Free Membership to South Western Credit Union. Membership can save you thousands of dollars in auto financing fees as well as offering many additional benefits. Call 562-694-8296 and mention that you are a member of 7-Eleven Franchise Owners Association of Southern California.

Wage Hour Consultant: Human Resources program specializing in wage/ hour and labor issues through C.P.E. HR Corp. Call 800-850-7133 and ask for Thi Ha or Michael Holmes.

Communications: We will continue to be involved at all levels of communications with 7-Eleven Inc. We will continue to analyze and monitor programs, policies and important developments within our franchise system.

7-Eleven Ombuds Program: A confidential, neutral, informal resource established to help the franchisees and SEI raise and resolve issues without fear of retaliation and with the confidence that the issue will remain "off the record". Call 1-866-711-2221 from 8 a.m.- 6 p.m. Central Standard Time.

The Greatest Benefit: In the final analysis, the only justification for creating an association is to be of service to our members, consequently the greatest benefit may very well be to 'be there, when you need us'. Feel free to contact the association at foasc711@yahoo.com anytime, or contact any Director listed in *Perspective*.

7-Eleven F.O.A.S.C.- MEMBERSHIP APPLICATION

The undersigned hereby applies for membership in the 7-Eleven Franchise Owners Association of Southern California, with the understanding that I/we am entitled to receive a copy of the By-laws upon receipt of the initiation fee, and upon acceptance into the Association a full member. I/we further understand that I/we have a seventy-two (72) hour recession period (from the date below) in which to change my mind about joining this Association and will receive my initiation fee in full, if I/we exercise this right. The initiation fee to join the association is $100.00, with $15.00 monthly dues.

My check/money order for $100 payable to the Association as an initiation fee accompanies this application.

HOME INFORMATION

Name:______________________________

Spouse's Name:______________________________

Home Address:______________________________

City:____________________ State:__________ Zip:__________

Home Phone #: (____)________________ Cell Phone #: (____)________________

E-mail Address:______________________________

STORE INFORMATION

Market Area:____________________ Store Number:____________________

Store Address:______________________________

City:____________________ State: __________ Zip:__________

Store Phone #: (____)________________ Fax #: (____)________________

Date franchisee acquired store:______________________________

Date:_______/_______/_______.

Franchisee(s) signature(s):______________________________

First Store - Accounting Authorization

Date:_______/_______/_______.

Market Area:______________________________

Store Number:______________________________

I/We______________________________franchisee(s) of the 7-Eleven Store located

at______________________________

have joined the 7-Eleven Franchise Owners Association of Southern California and do hereby authorize 7-Eleven, Inc., DBA 7-Eleven Stores, to charge $15.00 initiation fee and $15.00 monthly dues to my open account #97. This authorization is to be effective until written notification by me/us to terminate this deduction. The check is to be made payable to:

7-Eleven Franchise Owners Association of Southern California
11145 Tampa Avenue, Suite 12B
Northridge, CA 91326

Franchisee(s) signature:______________________________

Store Stamp

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KEY BENEFITS

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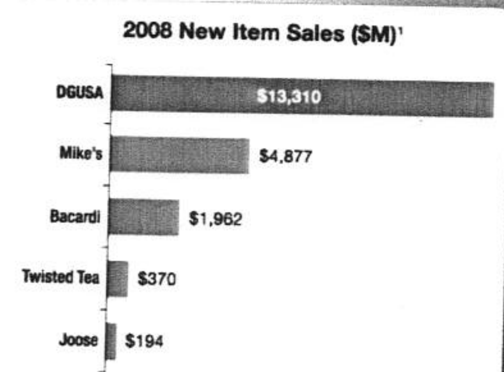
- **DGUSA innovation is driving the growth of Progressive Adult Beverages (PABs), capturing 64% of PAB new-item sales dollars in 2008.[1]**



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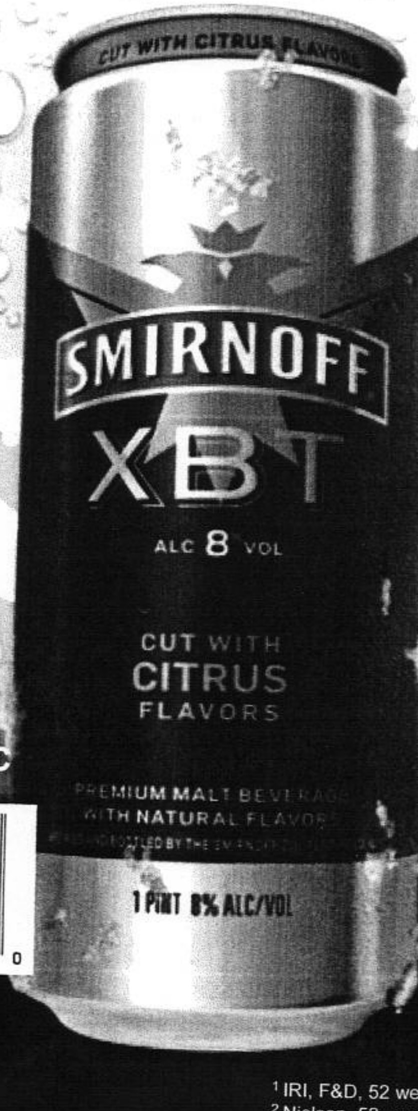

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Note: SMIRNOFF XBT should never be placed in the non-alcoholic energy drink section.

[3] Tampa and Baltimore focus groups, 2008

[1] IRI, F&D, 52 weeks ending 12/28/08; all PAB items introduced during 2008
[2] Nielsen, 52 weeks ending 12/20/08 and 52 weeks ending 12/20/08


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