FOA Southern California

Perspective

MAY 2012

Unity | Profit | Communication

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

Featured in this Issue

"The President's Message"

"Photo Candids from the 2011 Holiday Party"

"ADA Enforcement for Employment and Public Access Allegations"

"Facility Maintenance"

& Much, much More...

ELEVEn ®

BCP vs. Traditional Stores

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Stock two new, on-trend flavors from the fastest growing Snack Bar brand in C-Store*

*Nielsen, C-Store YTD ending 12/31/11

Rice Krispies Treats® Big Bar
Buttery Toffee
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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"

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Karam Dhaliwal, Editor-in-Chief
Sani Panhwar, 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

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Advertising will be accepted for Perspective subject to conditions noted on the advertising rate sheet. Current circulation is 500.

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.

Perspective Magazine
7-Eleven Franchise Owners
Association of Southern California

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FOA Southern California

"The Largest Association in the USA"

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Scholarship
Bakshish Bhalrhu
JB Sethi
Jawad Ursani

PRESIDENT'S MESSAGE

BCP Stores Versus Traditional Stores

Karam Dhaliwal, Vice Chairman

SEI has developed somewhere in the neighborhood of 300 or more stores nationally via the Business Conversion Program (BCP), in which independent c-stores, liquor stores, and other businesses can convert to the 7-Eleven brand and receive almost the same benefits as traditional franchisees. Over the last several months we have had a chance to meet with SEI to learn about the BCP program, which SEI is using as a way to increase store volume and open stores in each area. The benefit of this for SEI is additional sales and revenues, and more stores clustered together so trucks do not have to travel as far to make deliveries.

BCP stores have a franchise fee of $25,000, the franchisee is responsible for all real estate and employees, and SEI supplies almost 100 percent of the equipment. At the initial signing, the franchisee must make an initial down payment of $25-40,000, $8,000 for licenses, permits and bonds, and Net Worth must stay above $35,000. The BCP franchisee orders from McLane, has the benefit of an open account, and pays a royalty fee to 7-Eleven that is around 25 percent of the merchandise gross profits - a 25/75 split. The royalty fee begins in the fourth month of operation. 7-Eleven will co-invest with the BCP franchisee to remodel the store, and the franchisee portion of the remodeling investment could come to $50,000 or more. The term of the BCP Agreement is 10 years.

One of the biggest issues for existing franchisees surrounding the development of BCP stores is encroachment, because BCP stores are exempt from the half-mile policy, and franchisees with BCP stores receive the same benefits as traditional stores. We always say it is reasonable to compete another convenience store, but we can't compete with another 7-Eleven, which has the same products and services. Unless you own the new BCP being developed one-half mile from your store, expect it to affect your income. In our area— the San Fernando Valley, Ventura and High Desert - SEI has 126 new store sites under consideration where they can build either a traditional store or a BCP store. The company opened 40 stores last year , and projects an additional 60 stores is our area in 2012.

Another issue - one I didn't know - is that SEI supplies Gross Income Support to BCP Franchisees who fall below certain income thresholds, and this is where the BCP program gets sticky for traditional franchises. The traditional franchisee purchases a site developed by SEI's expert site locators, pays a traditional franchisee fee, and ends up having to pay into equity if the store falls below the required daily income. The BCP franchisee gets help with Gross Income Support.

The BCP may be good for franchisees who want a second store and know the 7-Eleven system, but some compensation on gross profit split should be made for franchisees who have their gross sales eroded by the location of a BCP too close to their traditional store. SEI wants to open more stores. Franchisees want more stores. We already know the system and how it operates, but SEI must help the traditional franchisee who falls below equity with Gross Income Support, much the same as BCP owner. If we can't level the playing field, too many franchisees will be left on the sidelines.

Karam Dhaliwal
kmd1948@yhoo.com


Take A Vacation In Paradise While Getting The
Latest Business Advice And Information On New Products!
37th Annual Convention & Trade Show
Islands of Opportunity
National Coalition of Associations of 7-Eleven Franchisees
July 8-12 2012
Hilton Hawaiian Village, Waikiki Beach Resort
Hawaii Convention Center
Honolulu, Hawaii
Trade Show: July 11 & 12
• Franchisee Seminars & Presentations
• Golf At The Beautiful Mamala Bay Golf Course On Hickam Air Force Base Overlooking The Pacific Ocean
• Entertainment & Activities For The Entire Family
• Two-Day Trade Show At The Modern, Centrally Located Hawaii Convention Center
• Relax At The Luxurious Hilton Hawaiian Village, 22 Acres Of Beachfront Paradise!
• And Much More!
Full brochures will be mailed in March.
Register online at www.ncasef.com after March 15.

FOA Southern California

"The Largest Association in the USA"

Check out our New and Improved Website!!!

www.foasc.com

All inquires regarding the website can be sent to
Sani Panhwar • panhwar@yahoo.com

2012 Calendar of Events

May 17: Board of Directors Meeting
FOASC Office, Northridge
June 21: Members Stated Meeting
TBD
July 8-12: National Convention and Trade Show
Hilton Hawaiian Village, Honolulu, Hawaii
July 19: Board of Directors Meeting
TBD
August 16: Board of Directors Meeting
TBD

All Member Franchisees are invited to attend our monthly Board of Directors meeting and enjoy lunch. If you wish to attend these monthly Board of Directors meetings, please RSVP at least 2 days before the scheduled meeting by e-mailing the office at foasc711@yahoo.com or call 818-357-5985. We look forward to seeing you.

7-Eleven FOASC Association
Holiday Party



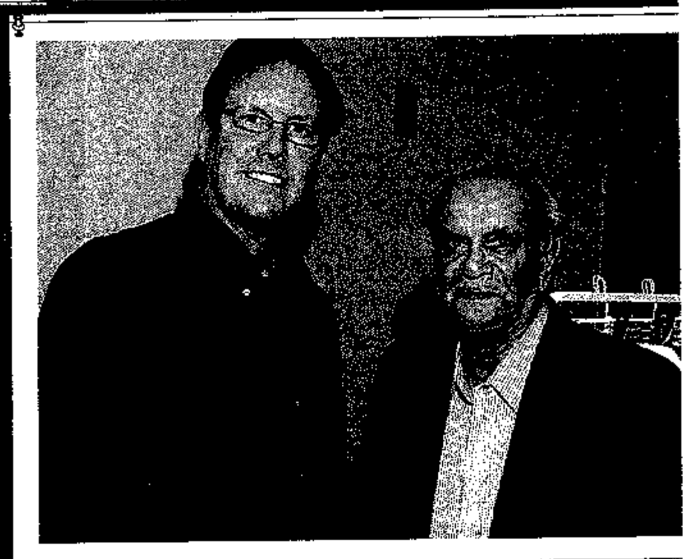


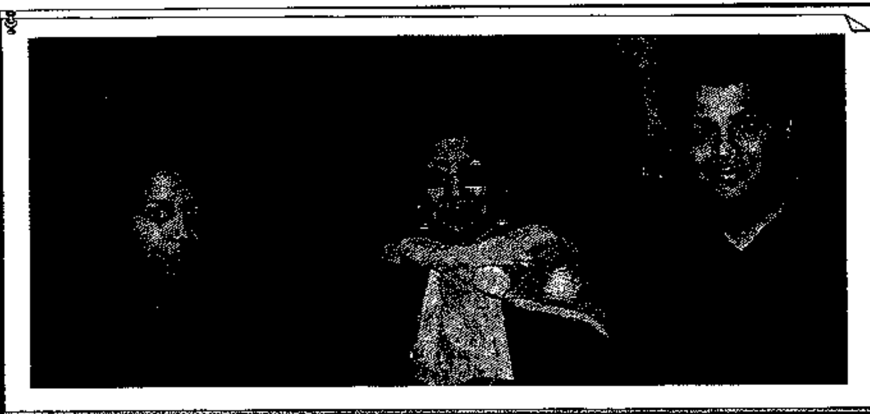


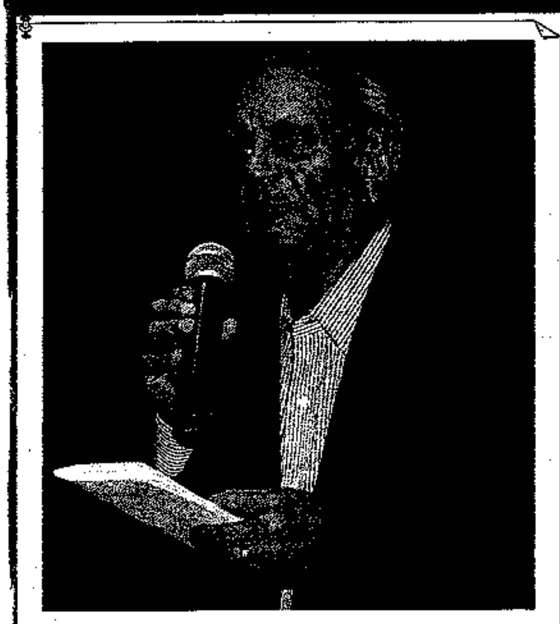


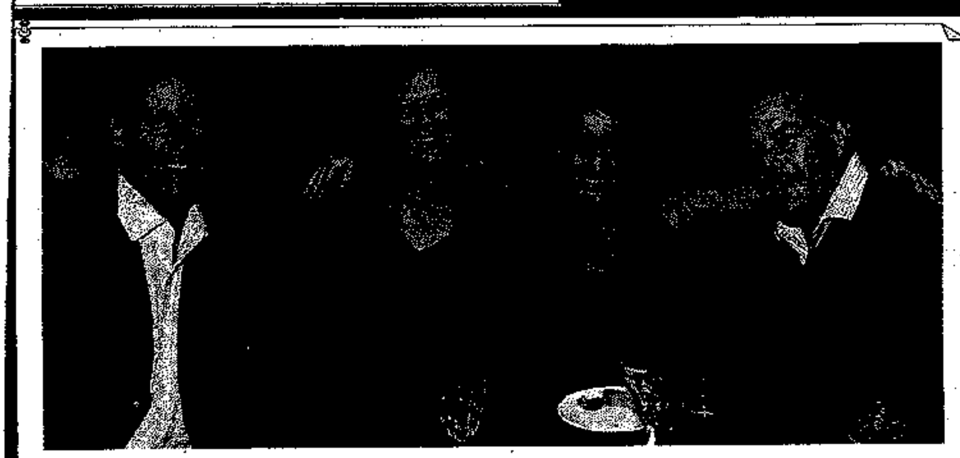


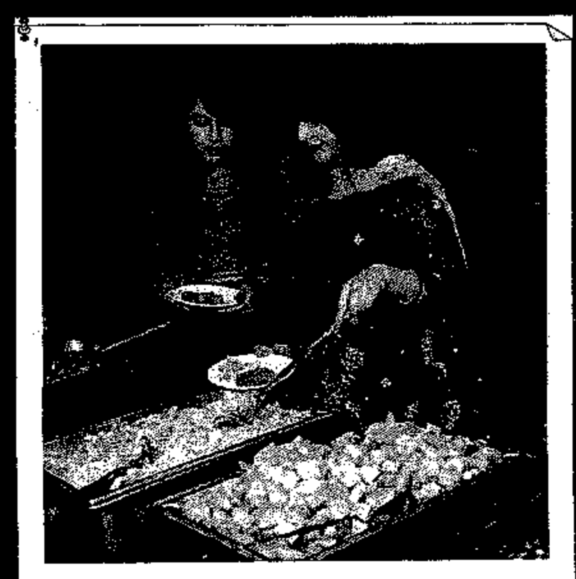


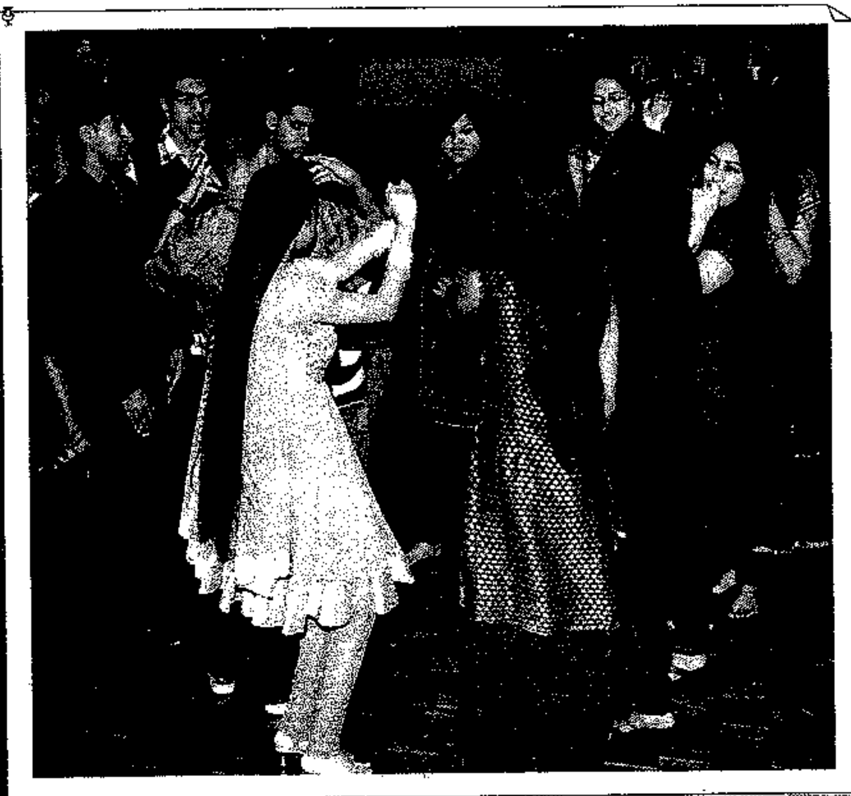












Facility Maintenance

by Paul Lobana
FOASC Board of Directors

At the national meeting in Anaheim facility maintenance issues were discussed in detail just like we had discussed in the local FOA. We all know that the non contract charges are unreasonably high. These charges hit our bottom line directly. Sometimes it becomes difficult to get these charges to reverse. We all know that we have a system in place in our back up computer. After a CHD case is created, a maintenance person comes and performs his duties and closes the case. In this case you have 48 hours to respond to his work. You can make comments regarding the performance of the work done. If you are satisfied with the work, the case will close. If you are not satisfied with the work, you can let them know. If it is not your charge that has gone to accounting, then you have to work hard to get it to reverse.

Now there is a better system in place, which I would like to share with you. There is a FM facility web site www.FM24-7.com. You should register yourself on this website. After you register, they will send you an E-mail alert showing you if there is any maintenance charge coming to you store. After the work is done they will send you an E-mail showing billable amount, tracking number, invoice number, and location of the store where the work was performed. You now have 72 hours to respond to these charges. You have to create a CHD case under maintenance charge inquiry. This will be reviewed by a dispute solution specialist. The beauty of this notification is that this discussion is happening without hitting your financial. This will not charge unless you are in agreement with them. It is much better than getting charged and trying to reverse.

At this time we cannot respond to their notification and dispute charge, but we can CHD and create the case. It has been discussed with FM to work on the software so that franchisee's can dispute on their E-mail. They said they will work on this request. The issue that has been discussed many times is why the non contract charges are so unreasonably high. At this tome nobody has the right answer to this question.

Also if FM is not clear they will put these charges as non contract charges. It was told in national meeting that they are getting better in the reversal of these charges. These charges shall not be charged to begin with. If someone does not see these charges, they will hit your financials. Please register yourself on the FM website so that you will get the notification before it hits your financials.

ADA Enforcement for Employment and Public Access Allegations

By John Barbot

The 1990 Americans with Disability Act (ADA) signed by the first President Bush applies to all businesses with 15 or more employees. The ADA is a federal civil rights law designed to prevent discrimination and enable individuals with disabilities to participate fully in all aspects of society. The law deals with employment and public access; however the enforcement for each component is vastly different.

Employment Enforcement

Enforcement of employment allegations for discrimination is structured. The Equal Employment Opportunity Commission (EEOC) enforces the employment provisions of the ADA. If a charge is filed against your business, it means someone has alleged your business has discriminated against him/her on a basis that is protected under Federal equal employment opportunity law: race, color, national origin, religion, sex, age, or disability. A charge does not constitute a finding that you did, in fact. The EEOC will send you a copy of the charge and request a response and supporting documentation. The EEOC may investigate the charge. If it finds reasonable cause to believe that you discriminated against the charging party, it will invite you to conciliate the charge (i.e. the EEOC will offer you a change to resolve the matter informally). In some cases, where conciliation fails, the EEOC will file a civil court action. Or if the EEOC finds no discrimination, or if conciliation fails and EEOC chooses not file suit, it will issue a notice of a right to sue, which gives the charging party 90 days to file a civil court action. The EEOC notice will caution you that it is unlawful to retaliate against the charging party for filing the charge.

The law requires an employer to make sure people with disabilities have: (1) an equal opportunity to apply for jobs; (2) to work in jobs for which they are qualified; (3) to have an equal opportunity to advance once they have the job; (4) have an equal access to benefits and privileges of employment that are offered to other employees; (5) and are not harassed because of their disability. The law does not give someone with a disability preference over someone without a disability.

You can be cited for refusing to interview & offer employment solely on the basis of an individual's physical or mental impairment. These impairments include: deafness, blindness, wheelchair confinement, alcoholism, epilepsy, diabetes, HIV infection, severe forms of arthritis, hypertension, carpal tunnel syndrome, and worker's compensation injuries.

You can be cited for administering inconsistent job accommodations. For example, if a person needs extra time to administer prescribed medication such as a diabetes worker, you will also have to accommodate an alcoholic that wants to attend an AA meeting during his shift.

You can be cited for not protecting employee's medical information due to California's strict privacy laws. It is important that your personnel file on each employee have three separate files: (1) for general employment data such as application, reviews, reprimands; (2) medical file containing medical information only. You should have clear instructions it is on a need to know basis; (3) 1-9 forms.

Continued on page 16

ADA Enforcement continued from page 15

Public access enforcement

Public access enforcement is based on "cowboy law" i.e. if you find the guilty party hang them by the closest tree.

According to one estimate, at least 42% of the nations's ADA related lawsuits are brought in California making this state ground zero for access filings. In most states, ADA plaintiffs are entitled only to injunctive relief- that is having an access issue remedied- plus attorney's fees. But in California, access violations also run afoul of the state's Unruh Civil Rights Act and the California Disabled Persons Act which allow plaintiffs to tack state claims for money damages onto requests for injunctive relief in ADA lawsuits filed in federal court. And California law provides for treble damages, with a minimum of $4,000 per occurrence plus attorney fees.

That may not amount to much for a single case, but it can add up if you're filing dozens of cases every year. The statutory minimums per incident can also pile up if a particular plaintiff has been denied access on several occasions, since each instance is a separate violation under the statutes.

Still only a very small group of California lawyers- perhaps no more than 20- generate the bulk of the filings. Small businesses are particularly attractive targets for ADA suits, since they are most likely to settle quickly rather than mount a six-figure legal battle. A plaintiffs lawyer can make $50,000 in an afternoon. It is unbelievably profitable.

When President Bush signed the law, it contained no provision for government enforcement of access rules. Instead, the act was to be policed largely through private causes of action. This has become a boon for lawyers;

Be warned these predators are casing your business. Some of the attorneys have disabilities, all have clients with disabilities. The method of operation is to send a letter stating your store is not in compliance with the ADA. They will ask for $3-$4,000 to dismiss the suit. If you do not agree, they will go to court.

Some of the predators are: (1) Thomas Frankovich, bay area attorney and his disabled client Jarek Molski. In 2010, Frankovich filed 223 ADA lawsuits, 156 were on Molski's behalf; they have been operating in central & southern California (2) Scott Johnson, attorney & plaintiff. He works in the Sacramento area. He specializes in handicap van access; (3) Lynn Hubbard III, attorney in Chico, mainly goes after chains in California; (4) Morse Mehrban, attorney in LA, works with Alexander Johnson. They have been filing service animal lawsuits in southern California targeting c-stores & fast-food restaurants.

At the 7-Eleven stores, public access starts at the parking lot and continues onto the store. Do you have handicapped parking? Do you have handicap van accessible parking? Are there wheel chair ramps? Are your aisles at least three feet wide? Are counters lowered to accommodate the handicapped person? Have you instructed your staff help a disabled person? Do have signs posted welcoming Service animal but no pets?

Landlords and tenants are jointly responsible for compliance with access laws, but they are free to shift responsibility between them by contract. In order to protect yourself, (1) get a copy of your lease and see what it says about ADA compliance and your responsibility as a tenant; (2) make sure the parking area is highly compliant with access standards. If it is compliant, Scouts will think you have been sued and will move on; (3) keep aisles clutter-free; (4) get involved with groups that want to reform the law. One proposal for reform is to provide businesses a grace period to make any necessary alterations before they can be sued for access violation; (5) look into buying employment practice insurance.

The ADA law will not go away. Enforcement for public access needs to be reformed. Protect yourself by becoming active and aware of these exposures.

Southern California

"The Largest Association in the USA"

7-ELEVEN FOASC
MEMBERSHIP BENEFITS

National Coalition: Free Membership

Activities:

Quarterly Members Stated Meetings
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 as 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 locate

at______________________________

have joined the 7-Eleven Franchise Owners Association of Southern California and do hereby authorize 7-Eleven, Inc., DBA 7-Eleve Stores, to charge $15.00 initiation fee and $15.00 monthly dues to my open account #97. This authorization is to be effective until writt 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

INTRODUCING THE BEERS OF MEXICO 12-PACK.

CURRENTLY A TOP SELLING SKU IN THE CLUB CHANNEL.

VARIETY PACK SALES ARE UP MORE THAN

+40%[1]

MEXICAN IMPORTS REPRESENT

79%

OF TOTAL IMPORT DOLLARS AT 7-ELEVEN[2]

DOS EQUIS SURGED

45%

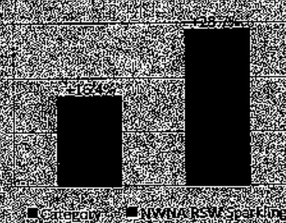
AT RETAIL IN 2011[3]

GIVE YOUR SHOPPERS WHAT THEY CRAVE!

Ozarka	Ice Mountain	Poland Spring	Arrowhead	Deer Park	Zephyrhills
Lemon 16.9 oz. SLIN #246192	Lemon 16.9 oz. SLIN #246221	Lemon 16.9 oz. SLIN #243510	Lemon 16.9 oz. SLIN #241048	Lemon 16.9 oz. SLIN #246195	Lemon 16.9 oz. SLIN #242696
Lime 16.9 oz. SLIN #246193	Lime 16.9 oz. SLIN #246222	Lime 16.9 oz. SLIN #243511	Lime 16.9 oz. SLIN #246230	Lime 16.9 oz. SLIN #246196	Lime 16.9 oz. SLIN #240249
Original 16.9 oz. SLIN #246194	Original 16.9 oz. SLIN #246223	Original 16.9 oz. SLIN #246278	Original 16.9 oz. SLIN #246224	Original 16.9 oz. SLIN #246197	Original 16.9 oz. SLIN #246331

HEALTHY OPPORTUNITY

RSW Sparkling Growth is outpacing the Sparkling Category at 7-Eleven



VALUABLE SHOPPERS

- Younger, male and ethnically diverse.
- Accounts for 48% of bottled water consumption.
- Twice as likely to purchase sparkling water than the average shopper.**

Maximize your sales by selling the NATURAL solution (100% Natural Spring Water + Natural Fruit Essence + Bubbles) in the healthy beverage category.

Contact your local Nestle Representative for more details.

Like Us On f

NATURE'S FIX™

Nestlé Waters NORTH AMERICA

*100% Natural Ingredients

**Proprietary Nestle Waters North America Inc./GFK Shopper A&U Study 2011