



DECEMBER 2018

# GHRA in Action

# THE FUTURE IS BRIGHT FOR GHRA!

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## PRESIDENT'S NOTES

Dear Members,

What an amazing and fast paced year this has been. Happy holidays to all of you and we look forward to a very strong 2019 for our member stores and the Convenience store business in general.

It is with a mix of sadness and gratitude that the Board of Directors of the Greater Houston Retailers association announces Mike Thompson's retirement as Chief Executive Officer, effective December 31st, 2018. Since 2009, Mike has played a critical role in the development and success of the organization, and while we will miss him, his leadership, vision and passion for this business, we wish him the very best.

We want to thank Mike for his 10 years of dedicated service which involved many significant accomplishments, including:

- Development of a strong team of staff and volunteers.
- Development of a transformative strategic plan
- Design and Development of our platforms and revenue structure
- Leading the organization through the startup of the GHRA Warehouse and distribution center
- Implementation of a new prototype
- The creation and successful development of a food service brand
- The Greater Houston retailers Charitable foundation

At the same time, we want to congratulate our incoming CEO, Bill Pitocco. Bill has been with GHRA for over 5 years and shares in some of the accomplishments above. Bill will have a key role in maintaining a stable and effective organization while implementing new programs and services that help members improve their lives.

Again, we cannot thank Mike enough for the dedication, leadership, passion and motivation he has given GHRA over the past 10 years. He will be greatly missed by the staff, Board, GHRA members and supply partners alike. We look forward to following the success of his career and are hopeful and excited for the next chapter of GHRA as we continue to support our community and our important work.

Thank you for your support,

*Tajddin Momin*

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Mike Thompson  
Chief Executive Officer

**T**hank you...  
What a ride... a fantastic 10 years with the greatest organization and people I've ever had the pleasure to work with!

I will never be able to accurately express my

sincere appreciation for everything this organization and the Ismaili community has so graciously provided to me and my family. Leading this great company has provided me with some of the most challenging and rewarding times of my life. It has also connected me to the most caring, giving, intelligent and dedicated people I could have ever hoped to call colleagues and friends. The last 10 years have truly been remarkable.

It's crazy to think that there were less than 10 employees when I arrived in 2009. Today, more than 170 employees work hard every day to provide great support to over 2,000 GHRA

member stores. It is a considerable accomplishment that we could achieve so much in such a short period of time. All of this success was accomplished through the unrelenting unification of the members, the many hard-working employees and driven by the ambition of the tireless and devoted board of directors.

Just having the right team of people working hard and managing the business was not enough to deliver the success we enjoy today. None of this could have been accomplished without each and every member pulling themselves together as one to rise above the characterization of being a small convenience store owner. All along the way, each member encouraged us to grow and never waivered in their support of our initiatives.

I began my journey with GHRA because I found it to be an organization with great intentions and a principled purpose. It was destined to succeed because it was supported by a resilient unity and driven by a tenacious determination to grow and prosper. From the beginning, my role was to provide a reliable and efficient

operating structure and to inspire the leadership to build its future in a distinctly sustainable manner.

Being a part of this great organization and community has enriched my life enormously. I will always cherish the tremendous respect the members have shown me and the faith they bestowed in me from the very beginning. I am extremely thankful for the opportunity to serve such a great company. Now, I look forward to exploring those opportunities that lie ahead of me.

Lastly, GHRA along with its members and staff can be proud of their past achievements and should continue the drive to find success in this very challenging and ever-changing convenience store environment. The work has just begun and as the next generation of members follow in your footsteps, they too will find opportunities to improve the business and industry. I trust their path to success will be a little less grueling and already pointed in the right direction!

As I have always ended my column...

The Future is Bright for GHRA! ■

The following is a paid advertisement



**\$1.89 Funyuns, Hot Fries**  
\*Merchandise on All-In-One Rack\*



**All-in-one Rack**  
\$1.89 Funyuns/Hot Fries  
-Shippers on Sides





**Cheetos Prepacked Weekender**

**IRC support will drive consumer engagement**

**\$.50 off Grandmas's when you buy 2 XXVLs**

# The Transformative Power of Generosity

An educational programme was hosted at the Aga Khan Centre in London in late-September, for supporters of its three resident institutions, namely the Aga Khan Foundation, The Institute of Ismaili Studies, and the Aga Khan University. The two-day event was attended by Prince Ayn and Princess Zahra.

*By the ismaili.org*



Jointly organised by the three institutions, the programme provided an opportunity for a group of their most significant supporters to learn more about their work and how their contributions over the course of more than 40 years have helped to transform societies globally. The occasion was also a chance for guests to see the recently inaugurated Aga Khan Centre — a new home for the three Imamatus based in the UK.

Supporters were offered a tour of the new centre in London's King's Cross, to explore the building's precise architecture — designed by the Pritzker Prize winning architect Fumihiko Maki — along with its six outdoor spaces, each inspired by various regions of the Islamic world.

Overall, the event represented a platform to showcase the growth of the institutions since their inception. It was an opportune moment as the Aga Khan Foundation (AKF), The Institute of Ismaili Studies (IIS), and the Aga Khan University (AKU) were celebrating their 50th, 40th, and 35th anniversaries respectively. Senior leaders from all three organisations welcomed supporters and shared their journeys with the institutions, and the positive impact they

have made on the lives of individuals and communities around the world.

Guests were given the option to select from over 15 presentation sessions, from AKU's pioneering work in stem cell research, to the IIS' study of manuscripts, and exploring Ismaili intellectual and artistic treasures, to AKF's steps in overcoming barriers to provide access to girls' education in countries such as Afghanistan.

At an evening reception, Prince Ayn expressed gratitude to guests for their support, and remarked on the history of giving in the Ismaili tradition.

"The notion of sharing one's wealth to support educational and charitable endeavour for the benefit of others is a well-established principle of our faith" he said. "It is something which I think distinguishes us as a community and which has enabled us over the generations to create and to build institutions which have supported the quality of life not only of our Jamat but also of those amongst whom we live."

Speaking of the series of gardens, courtyards, and terraces at the Aga Khan Centre, Prince Ayn reflected on their potential for developing increased understanding.

"These spaces are not just spaces to enjoy but they form an integral part of our educational message, illustrating the role which Muslim civilisations have played in the evolution of landscape architecture, and reflecting not only the essential importance of nature for us, but also the pluralism in the Ummah," he said

The following day, supporters had the opportunity to take an in-depth look at AKU's journey of growth over the last 35 years, and the forward-looking vision of the institution over the next 35 years.

Professor Stephen Toope, Vice-Chancellor of the University of Cambridge, delivered a keynote address in which he advocated for a liberal arts education, which builds strong leaders who can apply different lenses when approaching complex problems.

This idea was furthered in a panel discussion which included senior leaders of AKU, discussing the institution's future path, and its aspirations to change the world. During the discussion, Princess Zahra spoke about the vital importance of the liberal arts, which allows students "to access the broadest possible number of topics to allow you or any student to learn to learn," she said. Princess Zahra continued, "It's about acquiring the skills to review something critically, to approach a problem in a creative way, and not just be focused on one solution; to be able to access multiple solutions, of your own volition"

Guests came away from the weekend with a deeper understanding of the institutions they generously support, learning how their contributions have enabled AKU, IIS, and AKF to pursue excellence, and perform cutting edge research; to preserve Ismaili and Shi'i history, and oppose misperceptions of Islam; and to break the cycle of poverty in remote and vulnerable regions of the world. ■

# The Future Is Bright!

By Bill Pitocco

Change is powerful and this year our company experienced that power. Last December, the Rays of Light exhibit made a stop in Houston, Tx. and it's as if the event ignited this power we would all call on to guide us through a very successful 2018. In March of 2018, Mawlana Hazar Imam visited Houston. Our entire community filed NRG center filled with anxious joy and gracious excitement. The GHRA warehouse and Distribution center welcomed the Imam with a banner for all of Houston to see. The visit was a huge success and it culminated in the announcement of a new Ismaili center coming to Houston. What better way to start of year of change and excitement.

In April of this year, the GHRA board of directors changed and 5 new board members joined the board. There has been no looking back since! Our company has become a larger part of local government, living out our faith by being good citizens of such a great country and city. We have met with our Mayor, Sylvester Turner, who visited the GHRA office this year. We have been a part of the TABC round tables in Austin and a larger voice in the upcoming changes to the agency. We engaged our government in Austin on the floor of the State congress and met with our Governor, Greg Abbott, who visited the GHRA office. The Greater Houston Retailers Charitable foundation celebrates the work of first responder in and around south Texas. We held our annual Charity golf tournament that supports the GHRCF and set new records for donations! We hosted a luncheon to thank these first responders where leaders from the community spoke on behalf of the charity, specifically Sheriff Ed Gonzalez, and Fire Chief Samuel Pena.

All this outreach work and accomplishments while we continue to operate the most dynamic and evolving business in Houston. We operate in two closely related and complementary functions - that of the largest retail organization in Houston, Texas and that of the independent retailer. Each bolster and inspires the work of the other. As independent retailers your strength over the last 5 years has been your growth and your support of the efforts and programs of the organization. This year, we had the demanding task of bringing on Blue Rhino propane to replace the previous supplier. You all rose to the occasion. Over 750 locations were converted in 5 months. We migrated to a more aggressive retail price position on our spanner boards and our warehouse and distribution business is positioned for the strong growth in 2019. We held the biggest and most successful tradeshow we have ever had and we are already preparing for a bigger one in 2019. We opened the First GHRA prototype store this year at over 6500 square feet. We opened our first Big Madre tacos y tortas quick serve restaurant, a brand we look to invest in and grow in South Texas!

As a result of our growth, we invested in our people by hiring two industry professionals to lead us through our growth. Debbie Briese comes to us from Valero and CST company. Debbie will lead our marketing and Procurement



efforts while Ruben Valdez will lead us through our DSD and services future. Ruben comes to us from the Coca Cola company, the Dr pepper company, Mars Wrigley and Performance food group! At the same time, we celebrate the retirement of Mike Thompson. Mike has guided the organization through its success's and through it's most difficult times. His influence, his insights, his leadership and his love for the community will surely be missed

As we look forward to the hope of the future, we must give thanks for our accomplishments with a deep sense of gratitude to you, our members, the people without who's generous gifts none of our fine work would've been possible. The changes we experienced this year, illuminated by the Rays of light we celebrated in December have made us all better. It is exciting and remarkable to see new members continue to join GHRA and existing members building on what we have created. Together, and as true believers in what we have built, we all will lead each other into the future. ■



## Doing What's Right in Food Service



Doug Boone  
GHRA Food Service Manager

**A**s retail professionals, many of us realize the historic stigma of c-store food. In 1980, Clark W. Griswold in Vacation set back the evolution of the segment with the phrase “I’m so hungry I could eat a

sandwich at a gas station.”

Fortunately, over the past 20 years, leaders in the segment, such as Sheetz, Wawa, Rutter’s and select others have created the c-store as a destination for consistently high quality, fast and fresh food.

As these retailing leaders will acknowledge, it hasn’t been easy to develop the “restaurant” image in shoppers’ minds. Consumers who were not around to observe the foodservice “revolution” in the channel (those born after 1995) are actually more likely to refer to convenience stores by name (for example Wawa or Casey’s), which is the

pinnacle of any c-store brand looking to become a meal destination.

Prepared foods also have grown in variety, sales and profits in several other retail channels over the same period, including mainstream supermarkets, drug stores, club stores and mass merchandisers (e.g., Walmart, Target). As shown in the chart, cross-channel success has actually helped bolster the c-store prepared-food reputation.

### Food Opportunities

Q1 Consulting recently completed a study, called “2018 Opportunities in Convenience Store Prepared Foods,” on the expansion of “Grocerants” or retailers that are offering prepared foods as basket builders, banner differentiators, traffic drivers and a way to increase profitability. The explosive growth of offsite commissaries has made it possible for retailers without kitchens to take advantage of the high patron demand for prepared food.

In April 2018, consumers who had purchased prepared food in the past year in one of the retail segments (shown in the table) rated their experience on

four factors: food freshness, food quality, pricing and trustworthiness.

From a high-level perspective, supermarkets reigned supreme on all four factors, followed by mass merchandisers. Convenience stores rated higher than drug stores on most attributes.

The expansion of prepared foods in the retail segments will continue to be a growth opportunity as it meets the demands of the time-starved consumer.

Convenience stores that continue to do the right things—top quality food, excellent service and clean surroundings—will continue to help move the segment forward. It is then that trends such as meal kit solutions, delivery and other mobile demands can be sufficiently addressed on a store-by-store basis.

And finally, to achieve optimal success in prepared foods, retailers must think and behave like fast-casual restaurants. This means clearly showing when the food was made (not when it will expire); transparent, premium packaging, made-to-order options and disposing of food when its fresh appearance has passed. ■

# Biggest Compliance Risks for Convenience Stores

By Ready Convenience

From workplace safety guidelines to consumer privacy regulations, convenience stores face a wide array of hidden business risks that can have costly implications. Compliance – or the lack of it – is one of these risks. In business, the term “compliance” refers to the requirement that the company conform to a specific rule, policy, or law. Some regulations apply to only certain types of companies, and others are much more general and far-reaching. Take a look at some of the biggest compliance risks for convenience stores.

## Workplace Safety Risks

Every business has a responsibility to keep their employees and their customers safe. Convenience stores face multiple safety risks. Late night employees are at greater risk for encountering potential incidents of violence. Other risks come from injuries related to slips and falls, heavy lifting, and burns. Convenience stores also have an additional layer of risk to both employees and customers related to safety at the pump. As you expand foodservice offerings, your food safety risks increase.

## Employee Behavior Risks

The bulk of the risk from employee behavior comes from harassment in the workplace. One rogue employee can open your business up to increased staff turnover, customer service issues, and devastating lawsuits. You can't know everything that goes on in your business, but you can have clear policies in place that encourage employees to report inappropriate behavior before it becomes a liability.

## Illegal Sales Risks

There are many compliance issues that regulate the sale of items such as tobacco, alcohol, and lottery tickets. One wrong move with any of these items can put a large chunk of your revenue stream at risk. Employees need to understand their responsibilities with regard to age-restricted sales, and you need to always



keep compliance training measures current and enforced.

## Consumer Data Risks

Consumers use credit and debit cards more than any other form of payment. As the use of payment cards continues to increase, so does the risk that your business may be the target of credit card fraud. This includes skimming operations on your POS systems and fuel pumps as well as hacking of your internal systems to capture consumer information from the inside. ■

The following is a paid advertisement



## Featured Service Providers







## Digital Signage Costs Fade

By investing in more economical options, digital signage can be integrated into your everyday store operations to leverage your brand.

By Pat Pape

Signage design is a vital part of any retailer's business. It's the first impression customers gather when entering a store location and is one of the most important sales tools c-stores can add to their promotional toolbox.

Digital signs can be eye-catching advertising, using videos, high-resolution images and moving messages to talk to potential shoppers. By either replacing or augmenting paper ads and converting traditional panels to digital, c-store retailers today can display multiple high-quality dynamic ads in the same physical space.

Loyalty increasingly is a value-added asset for retailers and more c-stores are integrating signage into their loyalty programs. Working with signage consulting firms or tackling such projects in-house, more retailers can determine what they want to promote and then create messaging.

For c-stores with multiple locations hoping to get the best return on their investment, digital signage can be a feasible marketing component. If you have yet to buy your digital signage, remember that quality has a massive impact on not only your long- and short-term costs, but your overall results as well.

With the way signage technology is advancing at a fast clip, it only makes sense that digital signage is becoming less expensive. And, it's not just the price of signage that is decreasing, the same is true of installation costs. This means it's easier for retailers to maximize their marketing and advertising dollars—and their investment by creating a more information-based, selling space for customers.

While there is a cost to installing a



digital signage network, industry experts emphasize more than ever that there's a price to pay in forgoing digital signage, specifically, the ongoing costs and the inefficiency associated with maintaining your current method of advertising to attract tech-savvy patrons.

In the end hardware and software costs are declining each year as competition between suppliers drives down prices.

### Inside And Out

Digital signage is not limited to the curbside or the forecourt. For several years, digital signs have been used in-store by chains, such as Wawa and Cumberland Farms, to showcase menus, promotions and special offers, and as stores offer more food items, they need effective ways to let customers know what's available inside and outside their stores.

"We're seeing digital signs being used

for menu areas in convenience stores," said Joe Bona, president of Bona Design Lab, a New York City-based retail design and consulting firm. "A lot has to do with the increase in foodservice development. Menus are getting bigger, and there needs to be a better way to deliver messages about the offer. Digital is an easy way of facilitating that."

Digital signs also are effective near the beverage bar or beer cave to promote a c-store's drink options.

CountryMark, a fuel-coop with 100-plus store locations throughout Indiana, uses both exterior and interior electrical signs, including a bright 11-foot long LED display over the beer cooler in many of its locations.

"The signs are easy to run, and it doesn't take a lot of training," said Gary Barrett, retail development manager for CountryMark. "It's very self-explanatory."

Fastbreak convenience stores based in Klamath Falls, Ore., use digital signs above their hot cases that feature the Cooper's chicken program.

"The signs flip from menu to specials to other information," said Greg Brown, food and beverage manager for Fastbreak. "Some messages will stay up about 30 seconds and other are shorter."

Even though the signs are eye-catching and colorful, investing in digital signage is more "a function of need than a fun thing to have," said Bona. "It's a more effective way of delivering extended menus."

### Communication tool

Scott Zaremba, president of Zarco USA in Lawrence, Kan., worked for 10 years to get local restrictions against moving-message signs reversed. His campaign was successful a year ago, and this month, he plans to install a 16-foot-tall LED electronic sign in front of his convenience outlet that houses his Stanley James Smokehouse restaurant.

"I pursued this issue because this sign is the best communication tool we have,"

Zaremba said. "We sell fuel, right? The consumers are on the street driving by every day. We have social media and all the other things, but there is nothing better than being able to see what offerings are available when driving by."

The signage available today is highly improved over what it was when Zaremba first began his push for the right to have a sign. "The pixels now available in LEDs are clear and concise, and 10 years ago we didn't have anything like that," he said. "Our [new] sign can change messages every three seconds, but we'll have it sit longer than that. We'll be promoting food and our car wash, and if the university basketball team wins a game, we can post that information the second the game's over."

Messages can be updated in the store's backroom or from Zaremba's cell phone or laptop when he's away.

"If you look at the number of impressions you get with all the people driving down the street, you see its value," Zaremba said. "I'm extremely excited about it."

### Signs of the times

Before digital signs, retailers often relied on analog video messaging on video monitors to communicate with customers, but once DVDs were created, digital signage became a reality. Retailers adopted DVD players, some with Blu-ray high-definition discs. Flat-panel displays became more affordable and sleek in the early years of the Millennium. Many operators still use flat-panel displays but have exchanged DVDs and Blu-ray for computer-driven media players with software that can update messaging in mere minutes and be programmed to perform months into the future.

Like other types of technology, digital signage continues to evolve with new advancements. Industry insiders expect digital signs to get wider and slimmer than they are now—making them easier to install—with higher resolution screens that are easier to read from greater distances. Plus, the price of displays and software will drop, making them more accessible. ■

The following is a paid advertisement

*'Tis the season for holiday scratch tickets!*

- Winter Cash starts 11/5**
- Holiday Word Blast starts 11/5**
- Holiday Greetings starts 11/5**
- Holiday Cash Drop starts 11/14**
- Season's Greetings starts 11/14**

For detailed game odds and information, visit [txlottery.org](http://txlottery.org) or call 800-375-6886. Must be 18 or older to purchase a ticket. The Texas Lottery supports Texas education and veterans. PLAY RESPONSIBLY.

## Food Safety: Get Back to Basics

Creating a food safety culture involves training and retraining employees on food safety protocols.

By Francine Shaw

I've spent most of my life in the foodservice industry, and things have changed dramatically since my early days in the business.

Decades ago, we didn't use single use gloves. Foodservice employees wore their hair down. We hadn't heard of Hepatitis A, E.coli, Norovirus, Salmonellosis or Shigellosis. During my early days, food safety wasn't even discussed.

Then, in 1993, Jack in the Box had a huge E.coli crisis. They inadvertently served undercooked hamburgers; 700 individuals became ill, 171 were hospitalized and four died. This tragic outbreak put food safety on the map. Since then, food safety protocols have been developed and implemented to keep customers safe.

In the 25 years since the Jack in the Box outbreak, there have been countless other food safety breaches in our convenience stores, grocery retailers, restaurants and other food businesses. Often, these incidents are a direct result of human error—such as cross-contaminating, failing to check temperatures, “forgetting” to close a cooler door or forgoing proper handwashing.

Foodborne illness is 100% preventable. It's wise to go “back to basics” with your store employees to ensure they're following food safety protocols—all the time, during every shift—to minimize risks and keep guests safe.

When you go back to basics, you should:

- **Create a food safety culture that's adopted and embraced from the executive level to hourly team members.** Don't just talk the talk—walk the walk. Demonstrate (with words and actions) that food safety



is a priority in your store, and that everyone should work diligently to keep the foods, customers and business safe.

- **Don't just create policies and procedures, but explain why the policies are important.** It's not enough just to say that handwashing is mandatory, or that separate cutting boards/knives/equipment must be used for raw proteins vs. ready-to-eat foods. Your employees are more likely to comply if they understand why the rules are in place.
- **Don't allow employees to work when they're ill.** They could spread serious illnesses like norovirus, which is highly contagious. Staying home when ill should be mandatory—even if you're short-staffed or have to scramble to staff a shift. Norovirus has contaminated entire cruise ships, schools—even an Olympic village. Don't let it contaminate your store.
- **Train continuously.** Educate employees about proper handwashing, avoiding cross-contamination, using thermometers and following other critical food safety procedures. Train employees when they're hired, and at regular intervals throughout the year, to keep this important information top-of-mind.
- **Insist on regular hand washing.** Hand washing is the No. 1 most important thing that your employees can do to keep foods (and customers) safer. Employees should wash their hands at the start and end of each shift, after using the restroom, after handling money, touching their germ-y cellphones, using cleaning supplies,

shaking hands and after coughing/ sneezing, etc. Be sure a hand-washing sink is easily accessible, and provide plenty of soap and single use towels.

- **Use food thermometers.** This helps employees spot temperature issues before they become a cost factor or a liability issue. Insist that employees take the temperatures of proteins cooked in your store to ensure they've reached proper cooking temps. Additionally, they should take the temperature of cold foods upon delivery. If foods have been temperature abused prior to getting to your store, there's nothing you can do to make them safer afterwards.
- **Conduct self-inspections.** Catch small issues before they become big problems. For example, if your recent delivery wasn't stored properly, you can take corrective action. Otherwise, there could be a spoilage issue, a cross-contamination problem, etc. Be honest in your self-assessments. While it's not ideal to have to throw out a quantity of spoiled food, it becomes a much bigger issue if you

inadvertently serve the contaminated food to customers.

- **Work with third party auditors.** Someone objective from the "outside" will see things from a different perspective and point out possible infractions. Hire someone reputable, who knows the business, and genuinely cares about your outcome. While some retailers (and other food businesses) may balk at the expense of bringing in an outside expert, I can assure you that this cost is a mere fraction of what you'd experience during a food safety crisis (e.g., legal fees, lawsuits, lost revenue, decreased customers/loyalty, falling stock prices, etc.)
- **Check deliveries.** Supplies must arrive at the proper temperature—hot food hot, cold food cold, frozen food frozen and products properly sealed. Empower every employee to refuse any damaged or potentially unsafe food delivery.
- **Don't cross-contaminate.** Employees should understand the danger of using the same equipment (e.g., cutting boards, knives, platters,

etc.) to prep raw proteins and then prep ready-to-eat foods. Raw proteins (e.g., poultry, meats, eggs) can transfer harmful bacteria to ready-to-eat foods (e.g., fruits, vegetables, nuts) and sicken guests that consume them. Ready-to-eat foods are more vulnerable to foodborne illness risks, as they don't have the "kill step" of cooking.

- **Take food allergies seriously.** Food-allergic customers can't have even a trace of their allergen – and this is a matter of life and death. All employees should be aware of the ingredients in the foods you serve (e.g., if you have a fryer, do you use peanut oil in it? If so, fried foods could be deadly for a peanut-allergic customer.) Make sure all of the foods you sell are properly labeled. Work only with vendors and suppliers that are careful about their labels/ ingredients.

Regularly remind employees about the importance of taking these procedures seriously. AT GHRA, the Big Madre Brand will continue to raise the bar above and beyond these standards with established food safety protocols. ■

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SO MUCH FLAVOR.  
SO MUCH FUN.











**For Service Inside Houston Call:**  
**Tastee Kreme Ice Cream**  
**713-290-0123**

## What's Up With Retail Gasoline Margin? Oil price crash's effect on downstreamers

By Trilby Lundberg

CAMARILLO, Calif. -- The Nov. 16 U.S. average regular-grade retail price is \$2.7228, down 12.34 cents per gallon (CPG) from two weeks ago, down 24.71 cents from six weeks ago, and the lowest pump price since March 23 this year, according to the most recent Lundberg Survey of U.S. fuel markets.

U.S. average retail gasoline margin on regular is now 40.83 CPG, up 6.42 cents since Nov. 2, up 23.12 CPG from eight weeks ago, and at its highest level since, well, ever. Retail margin has shattered its all-time-record high, which was 35.6 cents back in mid-August 2015.

The steep oil price decline, with West Texas Intermediate (WTI), for example, down \$20 per barrel since the start of October, is the essential cause of lower product prices, joined in small part by the currently very weak U.S. gasoline demand growth rate.

There is no big factor suggesting an immediate change in abundant global and U.S. supply of either crude or gasoline. It seems likely that U.S. refiners will continue to access attractively low oil prices, at least short term. But sometime before long, they won't be likely to keep sacrificing margin for the sake of chasing sales. U.S. refiner margin on gasoline was already very narrow, and now it has skinned further as wholesale price cutting again exceeded the oil price cuts refiners got.

Retailers, in no festive place thanks to virtually halted gasoline demand growth, have been pocketing large portions of their wholesale price cuts, and handing over the rest to motorists. We note that retail margin is not profit, and the fixed and variable costs that must come out of retail margin have been growing, not



shrinking, so it takes more and more pennies to make a decent margin in 2018 than in years past.

Still, the new record margin of nearly 41 CPG is a dramatic change. Current margin is about twice the width of margin during full calendar year 2017, when it averaged an excellent 19 cents.

But the public at large, especially officials, politicians and voices unfriendly to gasoline, do not routinely thank retailers for hanging in there during low price times, while they do routinely complain—even investigate—they when prices are shooting up. If during high prices gasoline margin is meager, no comment from the price-policing folks; but if margin is found to be “fat and happy,” they yowl about price gouging.

So current conditions are safe and good from a gasoline retailing PR point of view, because prices have been falling at the same time that margin has been rising. Unfortunately, this convenient combination masks an ongoing problem:

disapproval of gasoline as a business that merits a quest for good profit. Gasoline industry critics are not busy congratulating retailers for current margin width, although retailers deserve it.

At the moment, wholesale price increases may await gasoline retailers as refiners are forced to cut back gasoline production. U.S. refining has returned to above 90% utilization of capacity, despite inferior gasoline margin on a barrel of crude. But without an upswing in gasoline demand, it seems unlikely to stay that high. Lack of demand growth threatens the whole of the downstream. So when retailers get wholesale price hikes, they will be hard pressed to pass them through to the street. Instead, those now enjoying very wide margins may have to slim them down.

Camarillo, Calif.-based Lundberg Survey Inc. is an independent market research company specializing in the U.S. petroleum marketing and related industries. ■

# How to Talk with an Employee About a Personal Hygiene Issue

## Tactics to Resolve Sensitive Problems in Your Workplace

By Carol Reed

This reader seeks guidance about an employee whose personal hygiene issues are troubling the other employees in her work area.

She says, "I am searching for a tactful way of handling a matter that is frustrating our work staff. One particular employee consistently does not flush the toilet after use. How can I approach this issue respectfully and tactfully to get positive results? Your help will be appreciated as I am at a loss for words. I look forward to hearing your ideas."

Human Resources responded, "Okay. Yes, this is one of those subjects that can be rather uncomfortable to handle. First off, I'm guessing that you're certain this behavior is coming from a specific staff person and this isn't just an assumption or what everyone believes to be so.

If you're not 100 percent certain, then a general reminder to all staff about hygiene and shared areas in the workplace would be a good first step. If you are 100 percent certain, then I've found that the best approach is to talk to the employee privately. Your approach should be direct and factual and as neutral as possible.

Acknowledge that it's not an easy conversation to have. However, if you come across as if the situation is uncomfortable, delicate, and/or unpleasant for you to discuss, then the staff member will be more likely to become defensive and shut down.

### Hold a Private Problem Solving Meeting About the Hygiene Issue

Have this discussion behind closed doors (of course) and don't beat around the bush about the reason for the



meeting. "Hi Mary, we need to talk about general hygiene in the workplace and I know this may not be an easy talk to have. It's come to my attention that the staff toilet is not being flushed after use.

What can you tell me about this issue?" (Please note that you didn't say, "I've had a lot of complaints about someone not flushing the toilet." It's best not to set the person up to feel singled out and preyed upon by coworkers.)

It's a good idea to get the person's feedback as opposed to just delivering an edict to "start flushing the toilet." If the employee can communicate why they behave as they do, you then have the opportunity to guide them to do their own problem solving.

Know that you need to be ready for a wide range of possible reasons. The reason might be anything from the environmental—it wastes water—to

perhaps an issue with touching the toilet lever with bare hands, to plain old forgetfulness or being too much in a hurry.

### Take the Steps Necessary to Solve the Personal Hygiene Problem

Tell the employee that this behavior is a problem and that you need her assistance in coming up with a solution. Ask the employee to devise a possible solution that will help you and the company succeed in resolving this issue.

After helping the employee reach a solution, restate the solution to make certain that you and the employee are hearing and agreeing to the same solution. Note whether there is anything that your organization can do to help the employee solve the hygiene problem.

Then wrap up the meeting by making this summary statement:

# EDUCATION

"Thank you for your time and your input on this issue. I think you can see that for the overall health and morale of the office team, this practice cannot continue. We're going to do XYZ to assist you; you have agreed that you will do ABC differently, and that will resolve the problem. I need to make sure that you are on board with and agree to take these steps to solve this problem. Can you do that?"

It's not fun to have these hygiene discussions and it sometimes seems that a simple "cease and desist" should suffice to solve the hygiene issue. But, having had these kinds of talks with staff about



different personal hygiene issues over the years, a problem solving approach in which you ask for their assistance to solve the problem works the best.

By taking the time to get the staff member's feedback, the individual doesn't feel as judged or ostracized by the workgroup. When you avoid these negative feelings and emotions, you have a much better chance of your message having its intended impact on the employee's behavior so the employee becomes more mindful of their personal hygiene issue. ■

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# Government Relations: News Update

By Steve Koebele – Attorney & Government Relations Counsel

Austin, Texas – Lawmakers can be helpful, and sometimes unwittingly harmful, to small businesses. The members of GHRA, like other business operators, desire a tailored regulatory environment and low operating costs. Occasionally, actions by government officials can result in increased costs by issuing mandates, regulations, or taxes. Those officials and the way they are selected for office – elections – truly matter. So, let's take a look at the recent general election results.

First, focusing on statewide officials, U.S. Senator Ted Cruz won reelection over a very spirited challenge from Beto O'Rourke. (Our senior federal Senator, John Cornyn, will be on the ballot in the year 2020.) Meanwhile, Governor Abbott easily defeated his Democratic Party opponent and thereby helped other candidates down ballot. Similarly, Lt Governor Dan Patrick and the remaining statewide executive branch officers – all Republicans – earned reelection. While these results suggest continued Republican top-ballot domination, the Democrats achieved significant lower-ballot success.

Second, in the wake of wins resulting in Democrats taking the majority of seats in the United States House of Representatives, the Texas congressional delegation will lose massive authority and clout beginning in 2019. In total, Republicans lost seven federal committee chairmanships such as Agriculture, Armed Services, and the tax-writing Ways and Means committee chairs. Consider area federal-level race results:

- **Pasadena/Galena/SE Houston/Jacinto City.** Vacated by long-time Congressman Gene Green, former State Senator Sylvia Garcia handily



won the general election to take this federal seat.

- **Bellaire & West University Place.** Democrat Lizzie Fletcher, an attorney, defeated incumbent John Culberson.
- **Northern-Western Harris County.** Republican Dan Crenshaw, a retired U.S. Navy lieutenant commander, handily defeated his opponent to represent constituents in this district that includes Kingwood, Humble, and far North & West Harris County.

Third, consider area state-level race results:

- **Fort Bend County/Bellaire Areas.** Incumbent State Senator Joan Huffman easily defeated her challenger and will return to the state senate.
- **Bellaire & West University.** Republican incumbent Sarah Davis retained her legislative seat.
- **Chambers & South Galveston Counties.** Mayes Middleton, an oil company executive, will begin as

a freshman next month when the legislative session begins.

- **Cypress Area.** Automobile dealer Sam Harless coasted to victory to represent this northwest Harris County district.

Finally, in what is the least heralded branch of government – the judiciary – Democrats achieved significant success in the geographic areas in and around Houston, Austin, and Dallas. Specifically, Democrats clobbered Republicans in the intermediate courts of appeal that rank in between district courts and the states highest courts (Supreme and Court of Criminal Appeals). On the way to defeating 19 Republican appellate judges, the Democrats won all but one state appeals court race last month.

Your GHRA Board of Directors is committed to properly managing the evolving electoral landscape to maintain positive bipartisan working relationships throughout Texas. As always, GHRA will closely monitor new laws, policies, and other matters that are important to you. ■

# ANNOUNCEMENTS

## CAREER OPPORTUNITIES



### Various positions available

Please visit [ghraonline.com](http://ghraonline.com) for a complete listing of all available positions

## WE'RE ONLINE [WWW.GHRAONLINE.COM](http://WWW.GHRAONLINE.COM)

All GHRA announcements and publications will be posted online.

Members are encouraged to visit the GHRA website on a regular basis for up to date information and latest publications.

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## NEW MEMBER INTRODUCTIONS

# Welcome Members

On behalf of the board of directors and staff at GHRA,  
please welcome our newest members as of December 2018:

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## 'Tis the season to Holiday Savings!



Hamna Siddiqi  
GHRA Marketing Assistant

**H**oliday lights are up, check. Winter decorations are up, check. Streets are filled with shoppers, check. The most wonderful and magical time of the year is finally here! As we approach

the end of 2018 and prepare for 2019, we aim to exceed our sales goals for the last month of the year. But how can you add value to your loyal customers along with your one-time shoppers? Here are some tips you can use to add value to your customers shopping experience:

### **Make a list, check it twice:**

The holidays are known for parties and get together between family and friends, you want to assure your store is fully

stocked with grocery items and novelty gift items. Make a list of all the trendy items such as winter beanie hats, gloves, hot chocolate and cold and flu medication along with the necessary baking goods that are used for holiday dinners. You want to assure you are able to add value to your customer and their shopping experience.

### **Decorating your store:**

From holiday sale tags to adding adhesive holiday decoration stickers to the front of your store, you are now welcoming your walk-in customers and presenting your c-store in a relatable and friendly manner.

### **Gift Items**

Be sure to carry holiday gift items for last minute shoppers! GHRA Warehouse and Distribution center has an exclusive fragrance collection, variety of toys for kids, sports gears and other gift options that are perfect to gift to loved ones!

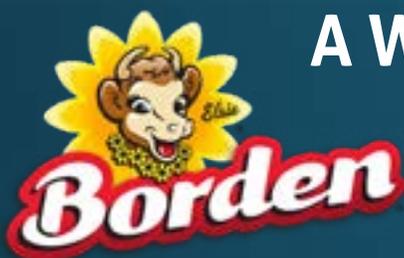
### **Savings!**

The holidays are a perfect time to move inventory that you have stored away. Instead of saving your summer candies and beverages, promote the following items and mark them off as clearance items. Sectioning out your store can help your customers navigate through the store and find what they are looking for and in this case, you can help them navigate to what their needs are.

GHRA Warehouse and Distribution Center is looking forward to the New Year. We have a wide selection of new arrivals, featured items, clearance items and more to assure we cater to all of our members. Lastly, be sure to get a head start and plan out your marketing ideas and events you could host for your c-store to increase your sales. Happy Holiday to everyone and stay tuned for more with GHRA! ■

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Sales Manager

Mobile: 832.390.7308

E-Mail: [scott.lewis@bordendairy.com](mailto:scott.lewis@bordendairy.com)



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