

Business

Marilyn Fitchett editor/591-2300



Stores dislike using all those little price tags

By Gerald Frawley
staff writer

Employees of Builders Square are getting out the ticket guns now that the Michigan Supreme Court has refused to hear the company's appeal of the state's item-pricing law.

Michigan's item-pricing law, enacted in 1976, requires food and general merchandise retailers to put price tags on individual items.

Builders Square is the home improvement subsidiary of the K mart Corp. K mart vice president of public affairs Robert Stevenson said only a few states have item-pricing laws and most only address grocers, not general merchandisers.

"What we were asking for was a clarification of the law and we got that," he said. "Builders Square will comply with the court's decision."

STATE RETAILERS contend the item-pricing law is a costly nuisance, and market pressures not state legislation — should decide whether retailers should use price tags.

In 1987, Builders Square filed a lawsuit in Ingham County circuit court claiming the law is unconstitutional because it goes too far, according to David Silver of the Michigan Attorney General's office.

Provisions in the law against deceptive advertising exceed the requirement for item pricing and border on price setting, he said.

The Ingham county circuit court ruled in favor of the corporation, striking down the law. The Michigan Court of Appeals reversed the lower court's ruling.

Builders Square appealed that decision to the Michigan Supreme Court. The state supreme court decided not to hear the case on Nov. 30, allowing the appellate court decision — and the item-pricing law — to stand.

MICHIGAN ASSOCIATION of Retailers president James Hallan said retailers are generally opposed to mandatory item-pricing law. "We've always thought it should be decided by the market."

If the law were repealed, retailers would be free to use indi-

vidual pricing tickets or find some other alternative; customers would shop where they preferred, he said.

If customers insisted on item-pricing, retailers would have to respond or lose business, Hallan said.

"Our legislative agenda is to find some relief for general merchandisers," Hallan said, but retailer efforts to get legislative relief have been stymied because state senators and representatives have been reluctant to begin legislation while the lawsuit was in the court system.

Gilbert Borman of Borman Inc., which operates Farmer Jack and A&P, said the law is a burden because of labor costs. Putting price tags on merchandise and sale items is difficult enough, he continued, but ink and tickets do not stick well to some items.

Replacing item pricing with another alternative may not result in price drops, he said, but would probably hedge inflation increases.

The item pricing law costs Borman between \$2 million and \$3 million a year to individually price items.

Proponents of item pricing, Borman said, argue repealing the law would result in a loss of jobs. "We have always taken the position that not one person would be laid off after eliminating item pricing."

AN EMPLOYEE'S TIME could be better spent on other tasks, such as serving customers, he said.

Michigan Retail Hardware Association manager John Aitken said his group is pleased to see the issue finally resolved. While retailers are unanimously opposed to the item-pricing law, the Builders Square lawsuit was a source of discord among retailers, he said.

Although other retailers in the state have been required to follow the letter of the law, Builders Square has been operating under a special court order during the suit that exempted it from the law. "It's been an unlevel playing field," Aitken said.

Please turn to Page 2

... Government will do something

By Gerald Frawley
staff writer

State legislators are expected to consider two radically different changes in Michigan's item-pricing law in early 1990 — one that would strengthen the law and the other that would provide an exception in the law.

State Rep. Nick Clarmittaro (D-Roseville), a longtime proponent of item pricing, said the law needs to be strengthened. State Rep. Michael Nye (R-Litchfield) said the law is too encompassing and allowances should be made for specialized, wholesale food stores.

Clarmittaro said he is proposing a change that will allow the Michigan Department of Agriculture to make unannounced "spot checks" on stores suspected of violations and also to increase penalties if an item's scanned and marked price differ.

Under the current law, the agriculture department does not investigate item-pricing violations but responds to consumer complaints, he said.

The current fine for scanning errors is \$3 paid to the consumer who discovers the error. Clarmittaro said he would like to amend the law to allow the consumer to collect 10 times the difference between the scanner and marked price.

Clarmittaro said he is not opposed to discussing the item-pricing law with retailers, and the Builders Square lawsuit was the wrong way to bring about change. "I'm willing to discuss it once they comply," he said. "There are

some large corporations that say they are bigger than government and don't have to follow the law."

NYE WANTS to amend the law to allow self pricing in wholesale food outlets. "I am not trying to gut the law (as Clarmittaro contends). That's absolutely false."

"I think (what some people) are afraid of is (the major retailers) would come in with amendments and gut the law," Nye said. "I think he thinks I'm plumping for Kroger or K mart."

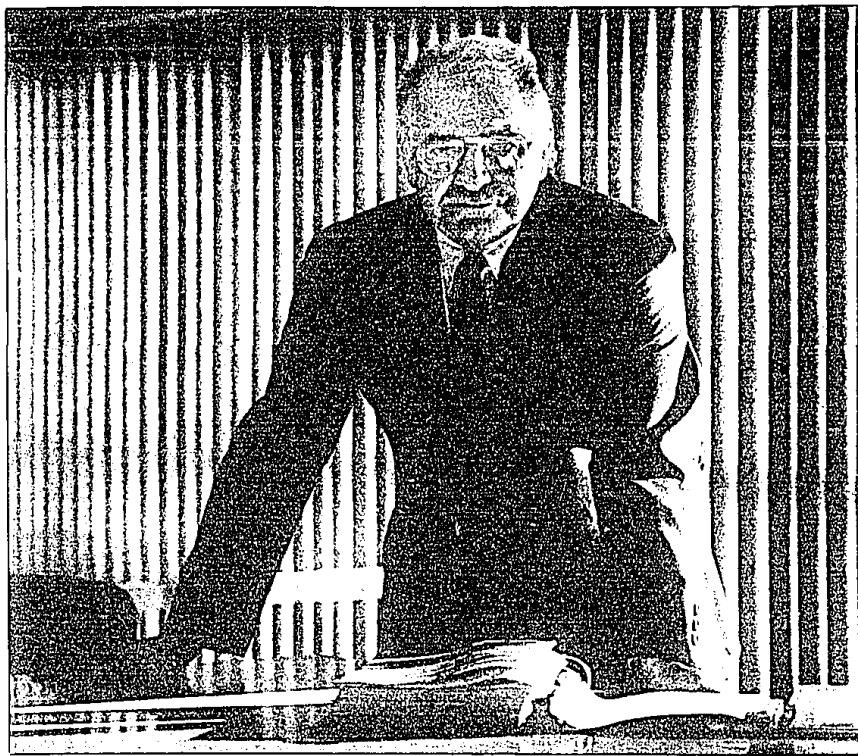
Wholesale food outlets headquartered in other states have balked at entering the Michigan market because they cannot compete with the more conventional grocery stores like Farmer Jacks or Meljers Thrifty Acres, Nye said.

Food wholesalers are able to stay in business only because they can undercut the major retailers' prices. Item pricing would drive up costs because of labor.

"The item-pricing law was enacted so that people would know the price of the product — and they still would," Nye continued.

Wholesalers would provide receipts with items and cost. Self pricing or lists of items not individually marked would only apply to stores with less than 300 products.

"In other states where they allow this, the customer gets a cut of 15 percent on food bills," Nye said, adding he has been contacted by retailers interested in providing wholesale food stores, including Alliance Associates and Cub's grocers, about modifying the law.



BILL DRESLER/staff photographer

Human Synergetics founder J. Clayton Lafferty: "Right now, America is in love with teamwork; I'd rather they were in love with thinking."

Think tank builds better workers

By Gerald Frawley
staff writer

Human Synergetics founder J. Clayton Lafferty believes human growth and organizational effectiveness are dependent on one another — if one part of the machine isn't working right, the entire machine suffers.

The human resources firm headquartered in Plymouth Township is dedicated to strengthening organizations by increasing individual effectiveness and most often, this can be done by providing people with a better understanding of themselves.

"Many people are good managers, but they don't know why they're good managers — or why they're bad managers," Lafferty said. "It's Human Synergetics' function to help individuals and organizations see themselves in a more honest light."

Human Synergetics has developed programs that it now publishes for in-house use by company personnel departments and by other consulting firms. The firm does more intensive consulting for clients such as Ford Motor Co., General Motors, Dow Chemical, and public sector clients such as the Federal Aviation Administration and other government departments.

Founded in 1970, Human Synergetics moved to Plymouth in 1971. In 1975, it began expanding its operations and has since become an international consulting firm with offices in nine countries.

HUMAN SYNERGETICS' methods and products have been profiled numerous times. Most recently one of its survival tests was offered in an advertising supplement in Newsweek magazine.

Lafferty said Human Synergetics has 9,000 clients — many of them Fortune 500 companies — and employs 150 people in Australia, New Zealand, Canada and Europe. Besides businesses, the company counts governments, armed forces, nuclear power plants, consulting groups, universities and labor groups as clients. But the firm's consultant does not adequately describe the firm, Lafferty said. "We're more of a think tank on human resources that publishes its results."

Most of what Human Synergetics does has been so thoroughly developed, he continued, that an in-depth knowledge of psychology is not required to implement the programs. Most of the people who work for his company come from sales and business management backgrounds.

ing tools the company has developed, individuals and consultants first identify poor thinking patterns and false perceptions that can influence an individual's behavior, Lafferty said.

After testing an individual, it is fairly easy to identify negative thinking styles, Lafferty said. Most people can test themselves and begin addressing the areas in which they are lacking.

Lafferty said showing a person a situation where his behavior is blocking effectiveness will help him recognize the ineffectiveness.

In addition to individual development programs, Human Synergetics has developed methods that can be used for improving team effectiveness and stress management.

To improve group decision making, in 1974 Human Synergetics developed the now-classic desert survival simulation that is still used to teach and stimulate group decision making, Lafferty said.

Using a rank-ordering task to

teach group consensus problem-solving, team members work individually and then as a group to assess the survival values of 15 items, like salt tablets, water, a parachute and a pistol, Lafferty said.

Individual and group rankings are then compared to expert rankings to initiate discussion of the process and spell out the benefits of group problem solving. "In more than 65 percent of all situations, group decisions result in better solutions than individual decisions," he said.

GOOD GROUP problem solving can be learned, Lafferty continued, but ego and personalities can interfere with it.

"Right now, Americans are in love with team work. I'd rather they were in love with thinking."

The most common problem in group decision making, Lafferty said, is when one person establishes himself or herself as the group leader and forces decisions without using input from the entire group.

There is a need for leadership, he said, but leaders must listen and promote idea-sharing, not block it.

Simulations and group decision making are old news. Today, Human Synergetics is putting greater emphasis on stress and how it relates to effectiveness and physical health.

Stress gets a great deal of attention in the media, but articles often miss or underemphasize the point, Lafferty said. Stress has drastic effects on an individual's mental and physical well-being and that affects the organization, Lafferty said.

"It's hard to believe, but 70 percent of all physical symptoms can be eliminated by eliminating stress," Lafferty said. Recent studies show, for example, that people who lack goals often have lower back pain, Lafferty said. "And perfectionism is related to migraines. Passive people get ulcers."

Please turn to Page 2

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