

# FiSCA Workshop Survey Results: Surprises, New Realities, Wake-up Calls and Optimism

By Richard B. Kelsky

I had the opportunity to chair a groundbreaking workshop at the FiSCA Annual Conference and Exposition in Chicago. Using real-time "audience response technology," attendees anonymously responded to a series of multiple-choice questions and were able to see the graphed results instantly, on the big screen.

We gave each attendee (in both workshop sessions) a remote responder. Utilizing some very cool software, questions were displayed to the audience, and then - before responding - we had an open discussion to clarify each question. Once the full meaning and implications of each question were agreed upon, each attendee used their responder to register their answer. In less than a second, the group's responses were displayed as a graph for all to see. In addition to the discussion that followed, from my unique position at the podium, I also got to see some very surprised expressions, nods of agreement, and the full gamut of reactions and emotions.

## Demographics

The first thing we did was gather some demographic information. Not many surprises here, but some of the data is worth noting. Few participants were under 30, with the split about even for each decade between 30 and 60, and a solid percentage admitting to being "over 60," as well. **72% graduated college or graduate school.** Chain size was fairly well-dispersed, with **more than 50% in the 2-5 store and 6-15 store ranges.** **Talk about longevity of businesses: More than 40% have been around in excess of 30 years.**

## Revenues, Perks and Financing

Fully one-third of participants responded "Don't Know" when asked for their "Fees Per Employee." For those who knew, **the range of Fees Per Employee was very broad and relatively evenly split across all ranges from less than \$50k, all the way up to greater than \$100k.** Fees Per Employee is a critical benchmark, which can help "right size" a business and insure appropriate staffing levels - for entire chains and between stores of a chain.

When it comes to perks and benefits, **67% had annual perks and benefits greater than \$50k, with more than 36% greater than \$100k. While 20% reported taking "4 or more" vacations per year, more than half took 1 or 2, and about 9% took no vacation whatsoever.**

When asked about their primary source of operating cash, **more than one-third indicated that they operated with their own cash.** Demonstrating a dramatic shift from only five years ago, less than 6% reported utilizing vendor float, with **the majority operating with a general line of credit.**

### Employee Fraud

**47% reported their largest single employee fraud/theft at more than \$50k,** and 16% reported that number at less than \$5k - with the remainder evenly distributed between the two extremes. When the fraud occurred, 53% fired the employee and pursued prosecution, followed by 30% who simply fired the employee. **Amazingly, 11% retained the employee** with more than half of those entering into a "payback" deal.

### Compliance Programs

The numbers here were a bit surprising. **34% reported that their compliance officer was ACAMS certified** - and passing the CAMS exam isn't easy. 46% were FiSCA/State Association trained. On the other side of the coin, in this day of increasing regulation, and the need for enhanced compliance programs, **11% reported that their compliance officers were only "on-the-job" trained.**

### Prepaid (Stored Value) Cards

One of the largest "Wows" came when **28% revealed that they offered noprepaid cards.** 35% offered only one, 19% offered two, 12% offered three, and about 5% four or more. Despite the surprisingly large percentage who offered no card, more than 40% deemed prepaid as "Essential" in their business -- with **75% saying prepaid was either "Important," "Very Important" or "Essential."**

### Commercial Checks

Although checks made payable to a business entity are a constant topic of discussion both from a business opportunity and regulatory perspective, 16% reported doing **no** commercial check business and **38% reported that commercial checks accounted for less than 10% of their business.** Nearly one-quarter of respondents reported commercial business in the 20-30% range, with just under 10% saying that it accounted for more than 30% of their business.

### Marketing Efforts

A shock to many attendees, **nearly 43% said that they advertised.** Many stared at the data in disbelief, having presumed that advertising was generally "not done" in this industry. 17% reported store renovation, **26% had loyalty programs,** 7% a mixed bag of marketing efforts, and 8% did absolutely no marketing.

## A Family Affair

**58% reported having a family member working in the business**, with the type of family member split among parent, child, sibling and spouse. 14% had a "friend" in the business, and 27% had unrelated business partners. Despite some smirks and muttering when the question appeared, **more than 71% rated having those folks in their business as a "good" or "very good" thing.**

## Retirement and Retirement Assets

With all of the recent noise about selling businesses, the data revealed that much more thought needs to be given in reaching a decision to sell. **"If they sold their business," only 20% reported that they would retire. 43% indicated that they would semi-retire. Perhaps most telling - and a bit concerning - was that more than 37% said that they would continue to "work in the industry" or "need to find a job."**

Despite much bar-side complaining about the state of the business, **most attendees revealed that they are highly dependent upon the value of their business as a major component of their retirement savings. Without counting the value of their business, 27% reported retirement assets in excess of \$1M and more than 46% reported retirement assets of less than \$200k. With the value of their business included, those with less than \$200k dropped to about 10% and the \$1M or more group jumped to 69%. The underlying message was clear: as your major retirement asset, your business deserves your daily care, attention and most of all, your respect.**

## Daily Outlook

**75% reported having a daily outlook of "somewhat optimistic" or "optimistic."**

Only 17% reported being "somewhat pessimistic" or "pessimistic." I was glad to see optimism dominate, as I often hear industry negativity when I visit stores. I am guessing that much of this overwhelming optimism comes from the fact that the workshop attendees made the effort and commitment to attend the FiSCA Annual Conference in the first place.

## Looking to the Future

**As a result of the workshop, more than 63% of the attendees planned to consider the Peer Group Data we produced, as well as making Lifestyle and Business Changes. Of the remaining 47%, 18% planned to focus primarily on the Peer Group Data, 6% on making Lifestyle Changes, and 13% on making Business Changes.**

## Conclusions

- **Total up your compensation, perks and benefits - you and other family members may be getting much more from your business than you realize.**
- **Don't assume selling is the answer you think it is - especially if you are giving up those perks and benefits and sending yourself and family members job-hunting.**
- **Know your revenues and expenses and constantly manage them.**
- **Respect your Banking/Financing relationships - they are critical.**
- **Make sure your compliance officer is qualified and trained.**
- **Employee fraud (and how you address it) is a big deal.**
- **Embrace alternate and emerging revenue sources.**
- **Adopt a multi-faceted marketing strategy.**
- **Stay optimistic and willing to accept and implement change.**
- **Your business is your largest retirement asset - treat it with care and respect.**

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