

Sunday Business

DRIVING IN THE GREEN LANE

Oregon's Motor Pool operates with an eye toward the environment

BETH CASPER | SPECIAL TO THE STATESMAN JOURNAL

A fleet of vehicles can take a toll on the environment — from the maintenance to the miles driven.

But not the way the state of Oregon manages the thousands of vehicles in the state fleet.

From biodegradable maintenance products to high-efficiency cars and trucks, the Motor Pool runs a green operation.

The Department of Administrative Services' Fleet Services Motor Pool was first EarthWISE certified in 2009. The Motor Pool is one of 160 EarthWISE businesses and organizations in Marion County. To earn certification, businesses meet criteria in water conservation, recycling, waste reduction, energy usage and other categories.

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Changing times: Hints for the brick & mortars

CHEMEKETA SBDC MARIE TRUCCO

Gone are the days when a local retail store's biggest source of competition was ... other local retail stores. As long as you were slightly better than your neighbor on Main St., you were in command of the market and captured the most customers and closed the most sales. Times have changed.

These days, the grocery store has hardware, the hardware store has groceries and the internet stays open 24 hours a day. As a retailer, your competition comes from every direction and it can be difficult to cut through the clutter of competing messages that your "prospects" are exposed to.

How can you stand strong in this new marketplace and how can you cut through that clutter? Here are five ways. Truthfully, there are probably 50 ways, but these are things you can start today, with little or no expense.

1 Get clear

Why should someone buy from your store instead of someplace else? You should have an answer for this question and you should be communicating this answer to your customers. Bigger selection, frequent buyer programs, reasonable return policies, informed employees are all examples of ways to create competitive advantage and build a long term customer relationships. Think about your own business. What do you offer that sets you apart? And how is that message getting to your customer? When you are clear, communicate... and be sure you are delivering what you say you are delivering. Clarity and communication will build stronger connections between you and your customers.

2 Personality marketing

One thing that is still true is that long term business success is built on interactions, not transactions. Whether it is a national chain, or a local shop, people do business with companies that make them feel connected and that create "positive feelings": about themselves, about the purchase they are making, and about the value they are receiving. The big chains know this and spend most of their marketing dollars creating messages that create connection and "positive feelings" in their target customers. They are trying to imbue their brand with a personality that their target customer can relate to. Does your store

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In event of economic crisis, gold, silver might not help

INSIDE BUSINESS
SCOTT BURNS

QUESTION: I have a question about gold and silver. In the event of a catastrophic economic collapse, where can I sell my gold and silver? Surely, banks will have crumbled and precious metals dealers will be out of business. I can't very well take a gold bar, or for that matter, a one-ounce gold coin to the store to buy bread and milk. Who will buy my gold for cash? Or do you predict a barter system will take over?

ANSWER: That's the question most of the gold bugs don't ask. History shows

that barter rises as a currency loses value. It may be possible that gold and silver coins can be used in the barter process, or even as substitutes for currency. But it's a rough mechanism. Even when you compare the smallest typical units of silver (1 oz.), that's a lot to trade for a loaf of bread.

Today, most people carry \$20 bills and smaller, but a post-apocalypse economy will have a tough time doing commerce in gold coins. An interesting read on this subject is Dmitry Orlov's "Reinventing Collapse."

Q: My wife and I are retired. We are both 70. We have \$800,000 invested with a brokerage firm that charges 1.75 per-

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HELP YOUR BUSINESS SAVE MONEY & RESOURCES



Spotlight on EarthWISE Certified Business: Bentley's Grill

Bentley's Grill has just been recertified as an EarthWISE certified business. As the first EarthWISE restaurant in Marion County, practicing sustainability has become part of their everyday operation. From installing high-efficient lighting, implementing a company-wide recycling program, and purchasing local products, Bentley's Grill employees are committed to doing their part!

The free EarthWISE business assistance program can help your business:

- Increase recycling
- Find ways to reduce waste
- Save energy
- Conserve water
- Become more sustainable



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Green lane

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The Motor Pool oversees more than 4,200 vehicles. About 3,800 vehicles are permanently assigned to state agencies. Another 400 can be used by state agency employees on a daily, weekly or seasonal basis.

Motor Pool manager Brian King looks at the state fleet with an eye toward the environment.

“Part of our performance metrics and goals is to have an ever-increasing amount of high efficient vehicles — hybrids or even more efficient vehicles,” King said. “Right now, we’ve got 366 hybrid sedans and a smaller number of plug-in hybrids and compressed natural gas vehicles.”

When working with state agencies to purchase new vehicles, he examines the uses of the vehicle to ensure that the smallest, most efficient vehicle can perform the job.

“As technology changes, the vehicle need changes,” he said. “A state agency might have needed a three-quarter ton truck to haul stuff before. But with availability of smaller, more fuel efficient engines but increased power, do you really need a bigger truck now or will a smaller one suffice? We always ask, ‘What are these vehicles being used for and why?’”

The fleet includes a few electric vehicles but the Motor Pool has had to acquire those more slowly because the infrastructure for charging those vehicles is still being built, King said.

Still, a Nissan Leaf, an electric car, is used for parking enforcement for the 30 parking lots. Employees who need to make a run to the service shop or into town can use a second Leaf or the Honda Insight, a hybrid with 165,000 miles.

“For prisons like Snake River and Eastern Oregon correctional facility, they are using a Prius to do those rounds,” King said. “They are getting 50-plus miles per gallon in those vehicles. They are saving tens of thousands of dollars on fuel costs and greenhouse gas emissions.”

In order to maximize the use of the efficient vehicles for rent, the Motor Pool has a minimum usage standard of 750 miles a month for hybrids and 590 miles for standard vehicles.

Even the fuel for the vehicles is environmentally friendly.

At the DAS fuel site in Salem, Motor Pool vehicles fill up on 10% or 15% ethanol-gasoline blends, compressed natural gas, or 20 percent biodiesel blend.

“The Oregon Department of Transportation is our major diesel customer,” King said. “We are trying to move to a 50/50 blend, but we are trying to ease into it to make sure there are no issues with cold weather.”

King said that the move to a higher biodiesel content fuel would help lower greenhouse gas emissions.

Regardless of the kind of fuel each vehicle takes, each of them needs cleaning and maintenance.

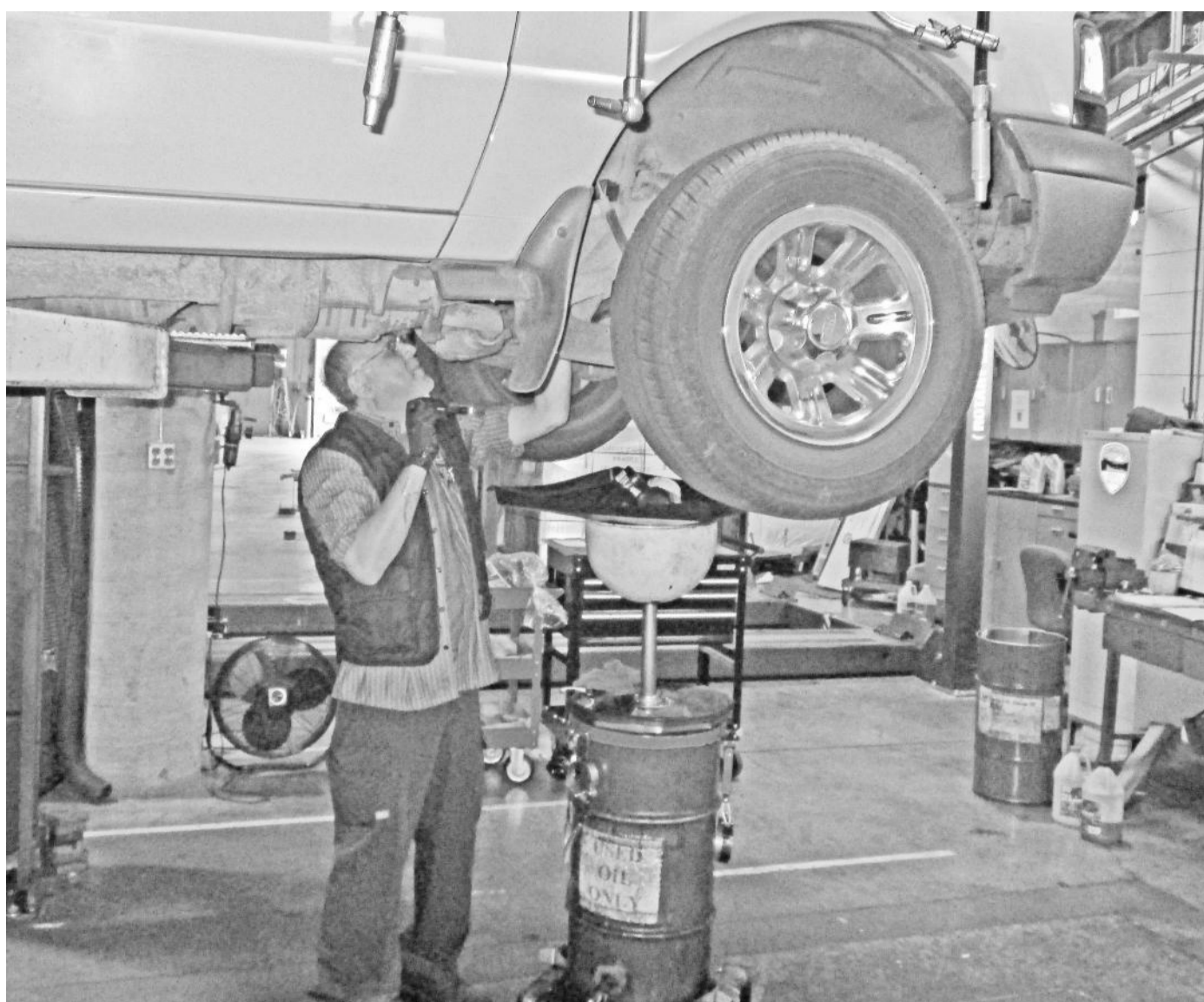
At the DAS Motor Pool, the car wash soaps and windshield washers are biodegradable. The car wash water is recycled. The oil is recycled through the home heating oil program.

“We are always looking for the green option,” King said. “Even the hydraulic fluid is biodegradable and environmentally friendly.”

In addition to examining its product use, the Motor Pool has taken a closer look at its service practices. Instead of doing an oil change every 5,000 miles, King’s team has moved the standard service to every 7,500 miles. There have been no maintenance issues and the state has saved an estimated \$250,000 a year in oil and time.

A comprehensive recycling program has also helped DAS Motor Pool save money.

Scrap metal — often from replacing a

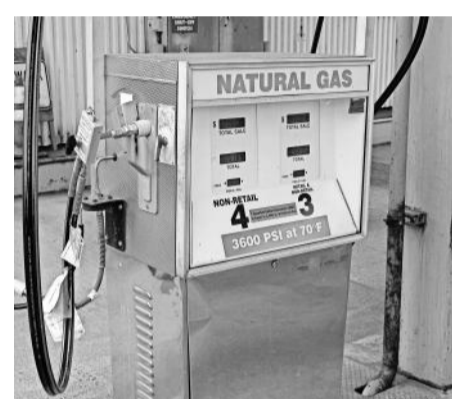


Joe Balderas, a Motor Pool Auto Tech, changes oil on an ODOT truck.

PHOTOS SPECIAL TO THE STATESMAN JOURNAL



Ryan Bires, a Motor Pool parking enforcement officer, plugs in an all-electric Nissan Leaf that he uses every day for patrolling DAS parking lots.



Natural gas is one of the alternative sources available for State of Oregon fleet vehicles.

broken part — is separated and sold to Cherry City Metals. In 2015, the agency recycled 7,670 pounds of metal and made \$254.

Between the scrap metal and the comingled recycling, the Motor Pool was able to switch to a smaller dumpster. From the 2006 baseline measure of 13 tons of garbage per year, the program has reduced garbage output to about 6.6 tons per year since 2012.

Comingled recycling, on the other hand, has increased dramatically. In 2014, there was 6 tons of mixed recycling. A year later, 18.5 tons of recyclables came from the Motor Pool.

Recently, staff added a recycling bin specifically for Styrofoam, which will further reduce the garbage generation.

Reducing energy costs also has been a priority for the agency.

The installation of LED lighting across the 600-car parking lot and inside the shop has saved about 30,000 kilowatt hours since 2012. That translates to an estimated \$45,000 total savings between 2012 and 2015.

“This is a group effort that has succeeded through the continued diligence and innovation of our dedicated crew,” King said. “We are always on the lookout for new ways to reduce energy use and increase recycling. If there is a way to be more environmentally friendly, we will try it here.”

For more information about the DAS Motor Pool, go to www.oregon.gov/DAS/FleetPark/Pages/Index.aspx. To learn more about the EarthWISE program, go to www.mcEarthWISE.net or call 503-365-3188.

A recycling center in the DAS Motor Pool lobby offers a recycling option for customers and staff.

Burns

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cent to manage our funds. About \$300,000 is in IRA accounts and \$500,000 in 401(k) accounts. These funds are invested 60/40 stocks and bonds. We also have a \$75,000 IRA with Fidelity (invested all in stocks) and there is no management fee. We have \$80,000 in savings and a few thousand in checking.

We owe \$70,000 on our home mortgage and have no other debt. We have about \$45,000 a year in Social Security benefits and about \$6,000 a year in "mailbox" money (from oil and gas). Later this year and next year we will both begin mandatory withdrawals which might be \$15,000 to \$20,000.

Any suggestions to make our funds last another 20 years or so? —J.L., Marble Falls, Texas

A: The first thing you need to know is that you’re likely to have more income from those required minimum distributions than you think. The withdrawal requirement for the first year is 3.65 percent. That would make a \$32,000 minimum distribution, not \$15,000 to \$20,000.

The good news is that required minimum distributions, in themselves, are a very efficient way to make distributions with an eye toward longevity.

Since the distribution rate rises each year, you’re likely to see two things. First, the distributions will probably offset inflation and, second, it’s highly unlikely that you will exhaust your account in 20 years, when you are both 90.

You can increase the probability of not running out of money still further by eliminating your expensive brokerage management.

If your account is invested in individual stocks and bonds, you may not have a very diversified portfolio. But if it is invested in mutual funds (not what you said) the total expense burden will be higher.

Basically, a management fee of 1.75 percent is outright unacceptable because it endangers the long-term survival of your money.

Let me give you an example, using the portfoliovisualizer website. Suppose you invested your money 60/40 in U.S. stocks and intermediate-term government bonds, had no expenses, and withdrew an inflation-adjusted 4 percent a year.

You’d have a 99 percent chance of success for 20 years, which is pretty good. Run it out to 30 years and the odds of success drop to 93 percent. Most people would call that pretty safe.

Now take 1.75 percent a year from the fund for management fees and the odds of 30-year survival drop to 68 percent while the 20-year survival falls to 89 percent.

Yes, I know, you’re probably not thinking about living to 100. Few do. But if you’ve made it this far, the odds are pretty good that one of you will live longer than 20 years.

Using a recent life expectancy table, for instance, here are the survival odds for 70 year olds to reach 90 — 24 percent for a man, 35 percent for a woman, 50 percent that one of them will be alive, only 8 percent that both will be alive and 50 percent that neither will be alive.

So unless you’ve got some grim health records in your past, thinking about 25 years would be a good idea.

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Trucco

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reflect a personality that is appealing to your target customer? Ask yourself if your policies, your storefront, your customer interactions are creating an experience that a customer will come back for or if the transaction is just that, a one-time exchange. Does the store’s personality mirror the personality of the target customer? Building a relationship with your customers builds future business and adds to the sense of community and connection that we all value. Start valuing the interactions as much as the transactions and the revenue will follow.

3 Be Enthusiastic

If you and your associates aren’t excited by your offerings, it is hard to get the customer excited. Make sure you know the features and benefits of the products and that you sell and communicate those to the customer. Consistent signing, branding, training and messaging all help showcase this enthusiasm, and create an in-store atmosphere that adds experience to the purchase. This positive experience is what makes you and your store memorable and keeps them coming back for more.

4 Change it up now and then

Have you ever been to a store that has stayed exactly the same for years and years? It might even be a good store, with offerings that you need now and again, but if nothing ever changes, there is no lure for an extra visit unless you need that certain something. Let’s face it; many everyday items are available from home with two clicks from a mouse. People like consis-

tency, coupled with some variety so don’t be afraid to try something new now and again. When you really get to know your customers, you will know what product mix makes sense to them. Stay in stock on the basics and find some new items that will surprise and delight them. It is this delight that will make them drive across town.

5 Get permission

Back in the day, all you had to do was turn the key and flip the open sign and people would walk in. These days, with all the offline and online options available, you need to remind people you are here and give them a reason to come in. And you need to know who to give that reason to. But how? Make sure you are collecting names and email addresses, inviting people to follow your business on social media, and getting their permission to communicate. Asking for permission to communicate lets you know who is really one of your ideal customers and helps you compete for some attention on the internet and face it, we all are spending time and strengthening relationships on the internet these days. Permission marketing builds strong relationships, builds trust and is another way to add value to the shopping experience. From the retailers perspective it makes your marketing dollars go farther by targeting the market that really matters and giving them a reason to come in.

In short, brick and mortar stores are operating in a new environment. A strong customer base is not created by location anymore, but by creating meaningful connections. Pay attention to your customers experience and the revenue will follow.

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