



THE VOICE OF FOOD RETAIL

Feeding Families  Enriching Lives

**FMI Senior Vice President of Government and Public Affairs Jennifer Hatcher Remarks
at Midwinter Executive Conference**

8:00-8:15 a.m. – Tuesday, January 31, 2012
Orlando, FL

Most of you enter the government relations arena reluctantly. Even more of you are skeptical at best.

That is okay. My mother still cannot understand why a university would have a major in political science or why anyone – most importantly, her daughter would want to major in it.

You may not realize it, but you are government relations pros. By show of hands, how many in the room have attended a city council or county commission meeting. You may not realize it, but this is not normal. The former Speaker of the House, Tip O'Neill, who was well known for his mastery of politics titled his book, "All Politics is Local" for a reason. City Council politics is real politics! Anyone who can master that arena is a pro and is ready to tackle Washington.

As the daughter of a small business owner, I learned early on that hardly anything was worth doing if it didn't save money or bring more customers, so how does government relations fit?

I believe very strongly that no matter what your company size, you absolutely cannot afford not to be significantly involved in government relations.

I am going to start with our role and then with yours.

We have a staff of 6 lobbyists surveying issues and issue developments on a daily and sometimes hourly basis. There are roughly 4 dozen federal issues and 2 dozen state issues that are "live" at any time. We participate in coalitions; lead coalitions, conduct or design research studies to support positions that we hold on behalf of the industry. These are developed through an annual survey and review process like the one we just conducted last week with the help of the FMI government relations and public affairs committees. The government relations committee then meets quarterly and holds biweekly calls to learn about new issue developments and make changes or additions to priorities as developments warrant.

This slide shows the gamut of issues we lobbied in 2011 from health care to swipe fees and plenty of tax, labor and food safety issues in between. Several years ago, we got pretty bogged down on the array of issues and tried to cover too much. The result was that on the Hill, a Member of Congress had a hard time immediately being able to identify what we – the supermarket industry really cared about. We started to narrow our focus by listing those items

we cared most about and putting them on the side of a paper grocery bag. We then delivered those grocery bags with products from a number of member companies to new Members of Congress. The combination of gift ban rules and security changes ended that practice, but it continues to be an important exercise to fit our list of priorities on the side of a grocery bag.

You also need an elevator speech. The elevator door closes and in walks your Senator. You have about 45 seconds after you exchange pleasantries and he asks, What issues are you working on? Here is mine. In a 1% profit margin business, everything that impacts our customers' costs or choices is an issue, but the top issues I am working on today are

To move to an analogy that might make more sense a week before the Superbowl – We have to play both offense and defense. Coaches have to work for years putting together the perfect team and the perfect plays to get to, much less win the Superbowl. We have to work for years developing relationships, educating and building trust with lawmakers. And this is where you come in.

We do this by providing them with solid, factual information on a subject that they can use to support their position and ours! We work to get to know them and develop their trust and start this when they first get elected to Congress. With more than 100 new members of Congress in 2011, this was a busy year for us. We also provide Food PAC checks to support their campaigns from funds you and your employees as well as our staff contribute to Food PAC.

But you have a few things that no matter how hard we work, we will never be able to replicate.

1. First, you knew them when . . . they when they were on the Debate Team, played the tuba or took your best friend's sister to prom.
2. More than any other person, except maybe a barber or a preacher, you know more about what is happening in people's lives.

To restate one of the themes for FMI 2012 – You know your customers. Politicians try desperately to try to learn this. You live it. You know when people have birthdays, when they are sick, are having difficulty making ends meet or just got a bonus.

3. You are one of the biggest if not the biggest taxpayers in the community. The taxes you pay build schools, pay teachers, pave roads, provide clean water, hire police officers – all the things people say they want from their government – very little of which is brought from Washington.
4. Finally, you are motivated by the success of your business. Politico, a premier political on-line and newspaper news source named the Swipe Fee Victory as the #1 Lobbying Victory of the year 2011. I know some of you don't feel like you are living a victorious life yet, but we are trying to work to make that change. However, the fact of the matter is that NO ONE expected us to prevail over the Jamie Dimon's of the world. Two years ago, before the first Durbin amendment vote, I was asked to speak to a group of Wall Street analysts in New York about the likelihood of getting any legislation passed to

address swipe fees. I know many of you have to talk to analysts often and probably find it about as appealing as I do. When one analyst probed particularly hard about why I thought we had a chance in the world when neither of the Banking Committee Chairmen were on our side and the leadership was not on our side, I asked him if he had ever been bitten by a hornet. Growing up in Tennessee hornets were a much more common occurrence I imagine than in New York City. But I explained that a bee could sting you once and then he dies, but if you make a hornet mad, he will never give up and could sting you dozens of times – enough to kill you. I told him that I had a large group of grocers that were madder than hornets and were ready to be unleashed.

That is what I ask of you. Continue to be hornets and there is nothing that we cannot accomplish.

1. Send a letter, make a call to your legislators when an issue is important to you. Empower your associates to do the same. We will make it easy and accomplishable in just a couple clicks. (1 letter may make the difference)
2. Give us your facts and operational expertise.
3. Invite your Member of Congress to a store or distribution center. Show them a new technology or let them bag groceries and understand what is on your customer's minds.
4. Make a contribution to FoodPAC and help us elect and reelect people who support our issues.

Toward this end, we conducted a raffle for two passes for the Masters to highlight the importance of early contributions to FoodPAC. At this point, I am going to draw this year's Masters Raffle winner and thank everyone who contributed to this effort. It is not too late to get involved.

Mark Baticic, Congratulations!

I also want to thank the 132 golfers who played Sunday in our Food Industry Golf Tournament to benefit our advocacy efforts and I want to share the names of our winners. First place went to the team of Michael Terry from Brookshire Grocery Company, Edward Roche, Roche Brothers, Keith Molzer, Balance Innovations and Greg Drees, Balance Innovations. Michael Terry also had closest to the pin with the first ever according to the golf pro hole in one on hole 2.

In Government and Public Affairs, we have similar ups and downs to what you have in your business. One of the biggest ups is seeing truly talented, dedicated people who enter government service not for notoriety or riches but to truly make a difference. Our next speaker is the epitome of that dedication to her country and FMI's President and CEO, Leslie Sarasin will introduce her.

Thank you for all you do for our industry!