



A Message From The President, Richard B. Shields: ECONOMIC RECESSION & PRODUCT COSTS

As the 2009 season rapidly approaches several things come to mind. First the 2008 season was substantially better than most people expected. Secondly the holiday is on Saturday which typically makes for a strong season. I want to share my 34 years of experience in this industry.

Expect retail sales to remain strong. Buying consumers love to celebrate the holiday. It is done only once each year and it is a traditional day to celebrate something. Even if life is handing you lemons this is a holiday to enjoy your friends, family and the spirit which July 4th evokes. In the big scheme of things fireworks sales are not a major cost compared to life's so called necessities. It is not a house payment, car payment or even as high as the average utility bill. Trust me food, liquor and fireworks will continue to sell well for the "July 4th Holiday".

Every importer and every wholesale buyer is aware that costs for fireworks have risen the past several years. Manufacturers continue to face higher costs for materials and labor. Importers ocean freight costs have sky rocketed almost double over the last two years. Higher wages, insurance and fuels costs also are affecting the US side of the equation. The good news for those people that can remember as far back as 1988 is firecrackers were selling then for \$36.00 per carton. Supplies were tight and the packing and total quality were not nearly as good as the firecrackers that I sell today. Yes costs have risen but not nearly high enough to affect or deter the enthusiast or even the everyday buyer. Everything else he is buying has risen in the past year. There is simply no other source other than China that can produce the volume or quality fireworks that the US market now demands. Plenty of wholesale competition exists to keep increases to the absolute minimum. Also retailers with good marketing skills and clever showrooms will continue to entice purchasers to buy their fair share of fireworks products. We will sell some items

that produce little profits. Retail buyers will come to buy these items and subsequently end up buying products that earn us a reasonable mark up.

Let's look at the bright side. This is not high end merchandise. You don't need a loan to buy it. You can charge it and pay for it when you cc statement comes in the mail. Compared to a lot of industries fireworks sales do darn well even in this economic climate. Count your lucky "stars" and realize this is opportunity that only comes once a year. Those who tweek and manage their operations effectively will still continue to prosper! The economy is not your major obstacle but instead it is your competitors.

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12th Season!

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13th Season!

Upcoming Industry Events

Indiana Fireworks Distributors Association IFDA
Dues are being accepted for 2009 membership. If you are interested in becoming a member, please contact IFUA/IFDA Executive Director Steve Graves @ (800) 535-7477.

International Symposium on Fireworks Society
The 11th International Symposium on Fireworks in Puerto Vallarta, Mexico is April 20-24th, 2009. www.isfireworks.com

Pyrotechnics Guild International (PGI)
The PGI convention will be in Mason City, Iowa on August 8-14th, 2009. For more information, see www.pgi.org

National Fireworks Association Trade Exposition
NFA's Expo will be held in Fond du Lac, Wisconsin Sept 9-12th, 2009. For more info, check www.nationalfireworks.org

American Pyrotechnics Association (APA)
2009 Conference
The 61st APA convention will be held in Branson, Missouri on September 22-26th 2009. For more info, contact the APA (301)907-8181 or online www.americanpyro.com

Out with the Old & In with the New!

By: Stacey Smith

Hello my fellow fireworks friends and enthusiasts! You spoke and we listened!! Last year I talked to a lot of my customers who were very concerned about the economy and whether or not the general public were going to buy fireworks or not. Many people were afraid that the negative attention that the media was portraying in regards to the recession would somehow affect the way consumers spent their money on fireworks. We all watched and waited with hopeful eyes as the season drew closer with anticipation of what people were going to do. And you know what happened? Nothing! Did people stay in their homes and not celebrate July 4th with fireworks? No way! Did people come out and buy fireworks like they always do? Of course they did! And you know what my customers told me? I was told by so many wholesalers that they were so busy on July 3rd and 4th that they wished they would have purchased more because they were running out of items and didn't have time to get more merchandise in their stores in time and you know what that means.....PROFITS LOST! Don't let that happen to you this year!! Let's face it, we all get a little worried and always fear the unknown...however, just the same way that people are not going to stop buying presents for Christmas, people are not going to stop buying fireworks for Independence Day. I think that was proven last year and if anything, should help calm the nerves for those of you who might still harbor some of those anxious tendencies. I also want to let you know that I heard from several people that they not only had a good season, they had record sales on July 3rd and 4th so let that be a case in point....don't feed off the negativity of the media and instead, embrace the fact that we've all been in this business through tough times, drought years, increased competition, saturated markets and somehow we still prevail. 2009 is our year to SHINE!!

If the above information did not interest you much maybe this next issue will. I heard over and over again from my customers that they wanted to see us offer more lower priced items. We've all come to love the large 500gram cakes but let's face it, not every market can sell items that are that expensive and if they can, they don't need a large variety of those items simply because they take up a lot of space. With that being said, I took all of that into consideration when doing the order this year and have come up with many new items that I think will please everyone. I tried to pick a couple of items from each category to give you more of a variety to choose from. Since we ordered close to 70 new items for this year I had to make room for them by getting rid of some of the old items that just weren't selling as well. Here's a sample of some of the new items we will carry this year. Also be sure and check out our website at www.greatgrizzly.com for continuous updates as new products arrive!! Have a safe and successful season! God Bless Us All.

*** NEW FOR 2009 ***

(keep in mind we've ordered close to 70 new items... this is just a tiny sample)



Networking it!

By: Nicole Werner

Well, this will be my fifth season with North Central! It's hard for me to believe it has been that long. The time has sure flown by! It seems like just yesterday I was starting my first season in the MIDDLE OF MAY!! Things move fast at North Central during the busy season, real fast! I think it can be a little intimidating for a newbie, I know it was for me! But now I look forward to the busy season. The fast pace is fun and I enjoy talking to everybody. At the end of the day you've done so much and helped so many that you leave with a real sense of accomplishment.

In January, North Central attended the APA Winter Educational Conference. There was one meeting, in particular, that I am interested in sharing some information about. The meeting was presented by Jim Lindell, of Thorsten Consulting. Mr. Lindell went over strategies for surviving the recession. He spoke of one technique that I thought especially applied to the selling of fireworks; EMOTION! He explained that generating emotion, when trying to make a sale is one of the most effective ways to get customers to purchase. He went on to explain that a significant amount of purchases are based on impulse. The more excited someone is about a product the more likely they are to purchase. As an industry, I think we all know that it is easy to generate excitement about fireworks! So get out there, have enthusiastic salespeople, and sell your goods out!!

Something new! North Central has joined the Facebook and Myspace networks! We encourage our customers to add us as their friend and post comments, suggestions, etc. on our page. Go to www.myspace.com/northcentralindustries and also on Facebook for searching for the term "North Central" We look forward to hearing from you!

As always, I look forward to hearing from everyone! I still handle the product and premise insurance, so if you have any questions please feel free to call! I'll be here to take your orders and answer any other questions you may have. Take Care!

Illuminating the Sky

By: Lori Crespo

In 1776 John Adams wrote a visionary letter of American independence: "It ought to be solemnized with...Illuminations from one End of this Continent to the other from this Time forward forever more." Americans still take notice of his words. The American Pyrotechnics Association reports roughly 225 million pounds of fireworks are used in honor of Independence Day!

Believe this is going to be a GREAT year & take steps to make it happen. During the convention in Las Vegas this year we were given helpful tips on 'How to survive the recession'. Survival was given the time frame of about 2 years in which you should tighten acts payable, s t r e t c h acts receivable (ethically of course), review product & price structures, cut capital investments, review expenditures and remember... CASH is King!

"We are NOT going to participate in the recession"

You might be asking yourself... How exactly do you expect anyone not to participate in the recession? Its affecting us all! ...Well one key is to say NO to more discounts. This does not mean you need to do away with all discounts, as we know to sell at a small loss is better than not selling at all. In the retail stands our customers make their decisions in the 'fight or flight' part of their brain. Get people in the door & they WILL buy!

I wish you all the best!

Customs & All that Glitters

By: LuAnn Teter

It's that time of year again and it feels like it's going to be a good year. We think that this year could be one of our best and we hope that it is also for you.

There have been a lot of changes this year with shipping and customs. We have a lot more paperwork that has to be done to make sure our containers pass thru customs. One of the new forms is an Importers Security File 10+2. Now these forms have to be filled out by the Manufacturer and the Importer (NCI) and they have to have this form no later than 24 hours before cargo is laden aboard the vessel destined to the USA.. A lot of the information is just the basic things that we already know but this is a way to make the containers more secure and to let customs know exactly what is coming into our country. Another thing that we were supposed to start doing was postponed till 2010 and it was a new test and certification required by the CPSC. That will be something new for next year. On top of all these new things that we have to do I have all the other paperwork that goes into getting a container in but I am still more than happy to help our customers with anything they need and I am really excited about this year.

It seems the longer I am in this business the more excited I get every year. I love that our items get a party going or give men that little glitter in their eyes and great big smiles on their faces. I am so proud to be a part of it. When you are ready to start ordering please give any of us a call and we will be here waiting to help!

PERILS OF FIREWORK IMPORTING

For those involved in fireworks importing the costs of buying the goods is only the beginning for the legal requirements required to import 1.4G consumer fireworks. I will take you through the route that involves each container that we import:

- 1) Selecting high quality suppliers in China. Honest, reliable and high quality seem to go together. In the event your product arrives here with some problem you want it replaced or credit. Only this type of supplier has the means and the money to guarantee your satisfaction.
- 2) Third party testing of the product before exporting is not only a prudent business decision but will soon be a requirement by Consumer Product Safety Commission. The importer will bear this cost and the factory will need to follow a set protocol. AFSL is the most widely recognized 3rd party testing organization for fireworks. Membership is voluntary. But CPSC compliance is mandatory by federal statute.
- 3) Container shipping contract. All products coming to the US market are shipped FOB, leaving city or China port. Contracts with shipping lines are highly negotiable. Large exporters and large purchase groups have a distinct advantage in obtaining the best price. Ocean freight charges are always due when the container reaches the port. No payment means they don't release the container for further shipment.
- 4) Ocean cargo insurance. This covers your shipment in transit until it reaches your warehouse. The shipper assumes no liability even if they lose your container or vessel damages it after loading.
- 5) Customs House Broker. They track your shipment, enter the US Customs entry, figure the duty, port user fee ect.... and deal with inspections or any other issues with Customs or CPSC.
- 6) General Term Bond. All importers must have this. Guarantees payments to government or other entities in case the importer of record does not. Basically it is insurance to guarantee payment of fees or fines that might be imposed on this shipment.

- 7) As the Importer Of Record you are responsible for the paperwork to be correct and responsible financially and legally to US Customs and Consumer Product Safety Commission.
- 8) Legal responsibility for paying the US Customs entry fees and duty lies with the Importer not the Customs House Broker.
- 9) Product Liability Insurance. As a prudent business person you should carry product liability insurance on all your products being sold to end users. Failure to do so puts your personal and company assets in jeopardy.
- 10) New Consumer Product Safety Commission Certificate of Compliance requirements. New federal law mandates that an importer supply this certification to all of his customers and any federal agency that has jurisdiction over these products.
- 11) New US Department of Homeland Security requires an ISF10 + 2 importer security filing. Compliance is mandatory under federal law.
- 12) Any movement of your good in commerce in trucks or any other conveyance requires use of CDL Hazmat certified drivers. More than 1000 lbs in any vehicle or trailer makes compliance mandatory by US Department of Transportation.
- 13) Above named shipment of product triggers the requirement for \$1,000,000 minimum vehicle liability insurance.
- 14) A prudent importer will verify the quality of the imported product and will carry warehouse insurance in case of fire or some other casualty claim.

These requirements are basic and do not consider the fact that you must track your shipments, pay ocean freight and other charges though, it will likely incur costs such as demurrage (storage charges assessed by steamship lines) on shipments even timely, it was not your fault the container did not move in the allotted time or within the free days allowed. Get ready to spend large sums of money months in advance. All food for thought and your pocketbook.

Drayton Insurance remains NCI's insurer for 2009!

Product insurance will not be billed on promo items, freight cost, or on your previous insurance policies. Product insurance covers some misuse claims or malfunctions that it may have and will only be billed as 2% of your fireworks purchases. Premise insurance will cover a trip & fall type of claim that may happen at your establishment. The half-million policy is \$160/month while the one-million policy is \$210/month of coverage. Please note -policies cannot be back dated, so call ahead! If you have questions please contact Nicole Werner : NEW_NCI@SBCGLOBAL.NET