



ShelfLife

Spring 2007

A word from the Managing Director

“WHAT’S in it for me?” is a common question by many who work for large companies. For public companies, many employees are offered share options, pension schemes and so on. But at David Sands Ltd we have a real challenge: how do we reward great performance?

This is something we spend a lot of time as directors discussing and I thought it might be worth reminding staff of all the good things that we do offer! As well as the normal salary and holiday benefits, we do offer a pension scheme and we do make significant employer contributions for senior staff. We also offer a substantial bonus package for all managers and senior staff and often this accounts for an additional one-third of salary.

All supervisors are paid a stock bonus based on their store’s shrinkage performance during the year. We pay out David Sands vouchers in the run-up to Christmas and while the amounts depend on length of service, these are offered to all staff. And finally, and most importantly, every month many staff are personally visited by the company chairman and thanked for their great performance.

This all culminates in our annual Staff Awards, held at Keavil House Hotel. I thought it was a great night and the emotion on the faces of the many winners made the whole evening worthwhile. We must be doing something right as our staff turnover levels have fallen for each of the last three years!

The business continues to develop with recent sales being extremely good. We have just completed our financial year-end and I am delighted that annual profits rose by 12%. If you examine our accounts over the last two years, we have invested almost £3m in opening new stores, store refurbishments and our impressive warehouse and head office. Believe me when I say that we are committed to developing our business for the long term.

In December, we completed an extension and full refurbishment of our Tulloch store in Perth. The store looks fantastic and we are now looking for a substantial increase in weekly sales over the coming months. We are also planning a major extension and refurbishment of our Cardenden store later in the year. Furthermore, we hope to open at least another two stores this year and I am

delighted to welcome the Spar store in Ralston Drive, Kirkcaldy to David Sands Ltd. As I write this we will acquire the store at the end of March, close it for a week for refurbishment and reopen in early April.

Finally, I want to touch on some of the things we are doing to be environmentally friendly and reduce our carbon footprint. Many of you will have read about climate change and the responsibility we all have to our planet. What you may not know is that our company has been recycling all its cardboard and plastic for almost two years.

In addition, we are introducing new lighting systems that use less electricity but provide better lighting and we have also agreed and ordered our first batch of degradable David Sands carrier bags. We are promised that these bags will fully disintegrate within three years. The bad news is that they will be date coded!

*David Sands
Managing Director*

Top of the Shops

THERE could only be one winner and after months of hard work and effort by staff in all of our shops, our 2006/07 Store of the Year Award went to North Street, Lochgelly.

The shop, managed by Mandy Laird during the period of the competition, emerged victorious after a stringent judging process which took into consideration a host of criteria ranging from sales performance to in-store standards.

What’s more, there was double cause for celebration at Lochgelly when Shona Duncan was named Supervisor of the Year. Well done to Shona and all the staff at North Street.

The Post Office of the Year Award, meanwhile, went to the branch within our store at St Andrews Street, Dunfermline, where the senior clerk is Roslyn Little. This store was acquired by David Sands only last year and has been extensively refurbished.

Employee of the Year was presented to Helen Copeland, a retail assistant in the Crossford store. Helen has won a prize of £1,000 towards a holiday plus two weeks’ additional paid holiday on top of her annual entitlement of five weeks.

Two runners-up – 70-year-old Nancy Wilson of the Kinross shop and Celia Fenwick, who works in our store in North Muirton, Perth – were also rewarded with £250 each to put towards a weekend break.

Around 300 of us attended the recent awards dinner, held at Keavil House Hotel, Crossford. Lindsay Sands, company chairman, presented the awards and hosted the evening.

David Sands said: “We believe that our stores are among the best and most innovative convenience stores in the UK but without our

dedicated team of over 500 full and part-time staff, we would not be the successful company we are today.

“It is very important to us that we motivate our staff and involve you fully in the running of our business. You are our best and most important asset!”

(See pictures on page 3)

Share Your News

DON’T forget to tell us your news. We’re on the look-out for snippets for the staff newsletter – anniversaries, 21st birthdays and so on. Call Karen Peattie on 0141 773 1801/07947 075 937 or contact her by email at k.peattie@bopenworld.com. Remember to let her know if you have any ideas for a good local news story, too – we’re building up a good relationship with the local papers in your area and want to get as much coverage for our stores as we possibly can.

News in Brief

- Kinross: The Post Office has been busier than usual due to the fact that Milnathort PO was closed due to flooding for some 11 weeks in total. All staff have worked very hard to ensure that customers were provided with the best possible service.
- Burntisland: We've got the Lottery now and Dawn and the team know that this will give the store further appeal and yet another reason for the residents of Burntisland to visit. We look forward to increased sales as a result.
- Bridge of Earn: With the local garage closing, our Bridge of Earn store has become even more vital for the community and we have no doubt that Carol and her team will work hard to keep these new – and existing – customers happy.
- Mandy Laird is off to Wellesley Road in Methil as store manager, moving from Lochgelly. She plans to build the store's sales and reputation in the local community – good luck, Mandy.
- Our customers of tomorrow vote with their feet! St Andrews Street, our Dunfermline store, has seen a terrific uplift in lunchtime sales thanks to school kids popping in and Asda choosing to ban all kids from their store nearby.
- T in the Park is on its way and already Kinross has had to deal with fall-out from the crowds queuing for up to a mile to get their hands on tickets. This year's event promises to be the biggest yet – it will start on the Friday, running for an extra day (July 6th-8th). A great opportunity for our Kinross store and a boost for the local economy.

STAFF PROMOTIONS

AS a company, David Sands Ltd is always keen to promote from within the business and we are delighted to confirm that June Farquhar has been promoted from supervisor to manager of our store at North Street, Lochgelly while Susan Marshall, a supervisor in Kirkcaldy, has now been promoted to store manager.

Now living with her family in Cowdenbeath, June was born and brought up in Dunfermline. After bringing up her son and daughter, she attended Lauder College on a full-time basis for five years, gaining her HND in accounting. June then worked for bookmaker William Hill as a manager for 12 years before joining David Sands in October 2006 – she trained as a trainee manager at Kelty.

Susan joined David Sands as a supervisor in January 2005 and worked in the Cowdenbeath store before moving to Thornton as store manager. A proud grandmother who enjoys spending her days off with her grandchildren, Susan has lived in Cowdenbeath all her life.

ShelfLife – £50 for Gillian

IN our first new-style staff newsletter, we asked you to come up with a suitable name for the publication.

The winner was Gillian Rose, a part-time retail assistant in the St Andrews Street store so well done – you win the £50 cash prize that was up for grabs!

More Awards for David Sands

AT the 2007 Scottish Grocer Awards in Glasgow, we won three awards:

- Social Responsibility
- Health Initiative of the Year
- Beers, Wines & Spirits Retailer of the Year.

David Sands commented: "As you all are very aware, we have been working closely with Fife Constabulary during the implementation of their alcohol test-purchasing pilot scheme which is now being rolled out across Scotland. This has given us a real insight into the genuine challenges faced by our staff who are at the sharp end of the business.

"It's not easy to gauge a young person's age these days and that's why we always ask for ID. That's why we have retrained you. It's why we offer cash incentives to those who pass a test-purchasing visit. As a company, we have long strived to be a responsible retailer and that covers a whole spectrum of society, touching on environmental issues and healthy eating as well as introducing an 'ID 21' policy in our stores.

"As one of the founders of the SGF Healthy Living Programme, which is now backed by the Scottish Executive, we are very proud of how far we have come in developing a much better and relevant healthy eating offer in our stores. Of course, it is an ongoing initiative and we will continue to work with various partners to keep up the momentum."



Cowdenbeath manager Bob Henderson receives the Beers, Wines & Spirits Retailer of the Year Award from Jim Hutton of Barrel Boaze.



Charlie Hamilton collects the Social Responsibility Award from Kate Silverton and John Seeberg of Diageo.



Staff from our Kennoway store pick up the Health Initiative of the Year Award from the Scottish Executive's Gillian Kynoch.

Company Intranet in Development

WITHIN David Sands, we are trying to improve the way we utilise technology and make it work more effectively for the benefit of the business and our staff.

The company has invested heavily in information technology and put a lot of commitment into this area of the business over the last five years and everyone has responded well and embraced the challenge.

Fergus Gray, our IT consultant, is currently working on getting an 'intranet' system up and running. He explained: "We are installing high-speed, directional links between stores and head office to make it easier for us to get information we need from individual stores and for staff to contact head office for specific information,

"This will make life much easier for stores as it will allow you to access information on demand. Its purpose is to allow information to be quick and accurately disseminated – and the key benefit is that you can get it when you want it, at the touch of a button."

The intranet web page will be colourful and easy to navigate. Timesheets will also be completed using this facility with information automatically transmitted to head office – no more fiddling about with bits of paper. All stores will also be getting email.

"A lot of what is happening as far as IT is concerned is invisible but it is all helping us to do our jobs better – its aim is to help the company run more smoothly."

Store of the Year 2007/08

WHILE we have only just presented last year's prizes, it's important to remind you that judging of our next Awards is already under way.

After six rounds, it is the Kinross store that is leading the way with a score of 54.5 followed closely by Kennoway on 53, St Andrews Street on 52.5 and, on 52, Crossford and Auchtermuchty.

There is still, of course, a long way to go and everything to play for so don't give up. If your score is at the lower end of the spectrum, give yourselves a shake and start making some improvements in your store – even the smallest thing can make a difference.

The rest of the scores are: Tulloch 49.5; Lochgelly 46; Kelty 46; Strathmiglo 45.5; Oakbank 43.6; Cardenden 43; Burntisland 43; Cowdenbeath 41.5; Lumphinnans 41; Wellesley Road 40; Darnhall Drive 39.9; Methilhill 39; North Muirton 38; Kirkcaldy 37; Bridge of Earn 36.5; Leven 31; and Thornton 30.



Those Lochgelly girls do it in style, travelling to their celebration party in a stretch limo!

Role of Honour - Some of the Winners



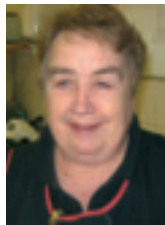
Lochgelly's Shona Duncan is Supervisor of the Year.



Sue Webster of the Kinross Store - first runner-up in Supervisor of the Year.



Janet Murray of Leven was second runner-up in Supervisor of the Year.



Janet Ewart, Kinross received recognition for 30 years' service.



Congratulations to Helen Copeland, our Employee of the Year.



First runner-up in Employee of the Year was Nancy Wilson, Kinross.



North Muirton's Celia Fenwick - second runner-up in Employee of the Year.

Chilling Out in the Warehouse

NO, the guys are not chilling out in aisle 30 or falling asleep! We are, however, developing a chilled element to our distribution facility which will see a significant investment in both a third chilled vehicle and also chilled storage, allowing us to develop all sorts of contacts with fresh food suppliers in Scotland.

This initiative will give us a unique lead in providing our customers with access to locally produced foods and in a world where we are all concerned about 'food miles' and reducing our carbon footprints, we want to do all we can to get local, fresh produce in our stores where possible.

This summer, we will be able to offer customers local soft fruits distributed and sold in our stores within hours of being picked. The multiples simply cannot do this so if you have any ideas or can suggest a supplier whose fresh products you think will sell well in our stores, then speak to Stephen Brown, our operations director.

Suppliers ready to roll out with us include Puddledub Pork & Fifehire Bacon Company, Mrs Unis, Mazaydar Foods, Simon Howie Butchers, Strathmore Foods, Kettle Produce, Mossiel Mushrooms and Clyde Valley Tomatoes.

The additional vehicle will be used for ambient distribution on days out with the chilled delivery. Again, this gives us more flexibility to deliver to our stores and we will be reviewing all delivery schedules in the very near future.

Test-Purchasing – Remain Vigilant

THIS issue was discussed at length in the last staff newsletter but it's something we will continue to highlight now that the test-purchasing pilot in Fife is being rolled out across Scotland.

Test-purchasing is something that all retailers are very concerned about and even some of the multiples have been caught out. No-one is immune and the onus is on each and every one of us to remain vigilant and stick to our strict 'ID 21' policy. You will be aware that we have now had to dismiss two members of staff who have shown complete disregard for their responsibilities and we will not hesitate in parting company with anyone whose irresponsibility could potentially lose a store its licence to sell alcohol.

We will continue to do everything we can possibly can to be a responsible retailer and also reward staff who pass a test-purchasing test with £50. Our own test-purchasing scheme is also moving along very well and we will continue to do that on random days of the week at different times of the day on a weekly basis.

Unfortunately, Big Brother is watching you but if we all do our jobs professionally and routinely 'ID 21', our reputation as a responsible retailer will remain intact.

Brilliant Burntisland

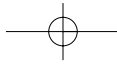
CONGRATULATIONS to Dawn Greig and her team at Burntisland for their store's fantastic performance in the 2006 Robert Wiseman Dairies Neighbourhood Shop of the Year Awards, presented at St Andrews in December.

Burntisland won the prestigious New Store of the Year Award and was one of 11 Gold Award stores on the night. Dawn's store also won an Excellence in Milk Marketing prize and was one of five recipients of a HealthyLiving Initiative Award.

Meanwhile, our chairman, Lindsay Sands, was delighted to accept on the company's behalf the Tetra Pak Environmental Award.



Our Chairman, Lindsay Sands, receives the Tetra Pak Environmental Award at the Robert Wiseman Dairies Neighbourhood Shop of the Year Awards.



Major Refit for Tulloch

TULLOCH has been refitted in what represents a major investment for David Sands. The store was certainly in need of some TLC and we're absolutely delighted with the end result.

We have increased the selling space at this Perth store by 30% by knocking into the back store and moving the office, toilet and security cupboards. New ceiling and floor tiles have also been installed. Fresh foods have been extended with the arrival of a 9-metre chiller allowing the store to utilise the existing 8-metre chiller for beers, wines and ciders.

Gondolas, previously 3 metres wide, have been reduced to 2 metres to give the store a clean, open look and finally the whole of the front of the shop has been moved. There is a new door and disabled access, visible from the roadside and away from the flats where kids used to hang around.

New features include a 'food to go' section that is already proving very popular. The chilled serve-over counter enables customers to choose their own sandwich fillings and the under-shelf lighting which we are using for the first time in Tulloch makes the whole unit very attractive and enticing to customers.

Lorraine and her team deserve a great, big thank you because this massive project started just five weeks before Christmas and was finished within a fortnight. What's more, the store traded throughout the refit period and at one point there were 15 tradesmen all trying to do their bit of the work.

Customers were very patient with the staff and accepted a lot of upheaval but they were seeing improvements every day and looking forward to seeing the outcome as much as we were! Thanks to the Vertex joiners and Neil the electrician who were very good at accommodating customers and staff alike.

We are confident that sales will continue to grow at Tulloch during 2007.



More refrigeration will boost sales of chilled products.



The checkout area in the refitted Tulloch store.

Study Tour to Northern Ireland

IT'S important to keep abreast of the latest trends in retailing and at David Sands, we visit many different stores to see what they're doing and hopefully pick up some new ideas in the process.

November last year saw the senior store team visiting Belfast and Northern Ireland. The highlight of the trip was obviously the Guinness! Only joking – the highlight for us was seeing two excellent stores that really proved that independent retailing can survive in an increasingly competitive multiple environment.

Centra Botanica is situated in the heart of Belfast and was a real treasure chest, showcasing the very best in 'food to go'. Can you believe that the shop sold 500-plus filled baguettes per day? The counters were positively brimming with wonderful fresh produce but there was also a wide

range of grocery, confectionery and snacks and the store catered for a highly mobile custom with breakfast, lunch and evening meal options all on offer.

This store had four major sandwich operators situated alongside it but still retained a very loyal following for its own sandwich offer and salad bar. When we visited, there were eight staff working behind the counter and they really talked to their customers and knew them well. It was like a well-oiled machine with everyone working together, producing filled baguettes, sandwiches, wraps, soups, fresh coffee, baked potatoes and hot chicken.

Next stop was Spar Ballyhackamore which has a Tesco Express next door and a Marks & Spencer Simply Food outlet

on the other side. But this hasn't deterred them and by listening to what their customers want, sales have risen by 10-15% since the arrival of the two big boys.

We were impressed with the in-store theatre in this store – there were some fantastic bonfire displays when we visited. Another interesting feature was a stand-alone Subway sandwich unit which drew custom around lunchtime and early evening. As is the case in a lot of stores in Ireland, there was no off-sales so turnover comes from an excellent range of fresh produce, a great grocery offer and good confectionery.

The rumour is that Tesco might pull out of this site – now that would be a result for the independent!

Our trip across the Irish Sea also took in another eight stores, all of which had some excellent standards and whose owners approached their businesses with great energy and clearly enjoyed what they did. We will be introducing some of these ideas throughout the course of this year – watch this space!

David Sands Ltd, Alligin House, 2 Clashburn Close, Bridgend Industrial Estate, Kinross KY13 8GD

Tel: 01577 865141 Fax: 01577 865104

Email: enquiries@david-sands.co.uk

Visit David Sands at www.david-sands.co.uk

