

BUSINESS

money.tampabay.com

★★★ Sunday, November 15, 2009

Retailers going lean, mean

Gun-shy after last year's holiday meltdown, they trim inventories.

BY MARK ALBRIGHT
Times Staff Writer

Holiday bargain hunters waiting for a rerun of last year's 70 percent or better discounts shouldn't get their hopes up.

"Unlike the surprise of last year's disaster, our inventory is lean and mean," said Carol Kalman, co-owner of Next Step and New Balance shoe stores in Tampa's WestShore Plaza. "We didn't take a flier on styles we aren't sure will sell."

"Customers who wait for lower prices might find stores short of what they really want," added Steve Knopik, CEO of Beall's Inc., a Bradenton chain with more than 500 department

and outlet stores.

Retailers have made similar claims at the start of past Christmas shopping seasons, but there is ample evidence this time that stores won't be as desperate to drop prices as deeply to move unsold goods.

Last year, prices collapsed because stores bought too much, then watched shoppers slam their wallets shut after the October financial markets meltdown. This year, stores cut inventory in advance to match reduced spending.

The holidays account for up to a third of revenue and half the annual profit for apparel retailers. Toy stores and jewelers get

"Customers who wait for lower prices might find stores short of what they really want."

Steve Knopik, chief executive, Beall's Inc.

half their sales from Christmas gift giving. So higher credit card interest rates and the foundering economy prodded cautious retailers to avoid a repeat of last year's debacle.

» See HOLIDAY, 2D



ROBERT TRIGAUX
On Business

Raytheon foresees its future in security

Globally, defense giant Raytheon Corp. is best known for its high-profile Patriot missile system that's become a standard in 20-plus years of Middle East conflict.

In Tampa Bay, and especially Pinellas County, Raytheon's profile is lower key and perhaps more controversial. It ranges from its roles as a 1,750-employee builder of advanced military communications systems and math-and-science advocate to its recent status as a defendant facing a class-action lawsuit from neighbors of its aging St. Petersburg facility, the source of a toxic underground plume.

But Raytheon wants to become better known for its work in making algae a large-scale tool in absorbing excess carbon, for its making the high-security telephone that sits on President Obama's White House desk, for developing sophisticated surveillance systems that protect the New York City area's four airports and can offer advanced traffic management on our busiest roads.

Raytheon, in fact, is on a big push to do what many major defense contractors say they must do: diversify and leverage their military engineering and offer versions of that same expertise for an increasingly security-conscious civilian population.

That's good for boosting our society's general protection. But it may prove divisive as more military-developed systems are applied to the country in general.

Still, as the Afghan and Iraq wars inevitably wind down, Raytheon is on the hunt for new business opportunities from the



Willy Schweikert is Raytheon's director of engineering in Florida.

Department of Homeland Security, large civilian customers and big international corporations — all in need of better protection.

"Raytheon's looking way ahead and anticipates a decline in military spending," says Willy Schweikert, Raytheon director of engineering in Florida. "After 9/11, we have seen and expect to see more demand for protection of the nation's borders, oil refineries and businesses in general."

On Thursday evening, Raytheon put its best technology face forward. The company took over the nonprofit Pinellas Science Center to showcase many of the newer, next-stage projects in which the company hopes to become a player. The invitation-only event attracted about 400 Raytheon employees and their families and was intended, in part, to show younger people how "cool" engineering work can be.

Cool indeed. Raytheon also sponsors the new Sum of All Thrills simulator ride that opened last month at Walt Disney World's Epcot. Guests can "engineer" or design their own thrill ride using math and science principles. Then they experience their own custom ride via a simulator — a giant robotic arm that powers the riders' experience.

What was so striking at Thursday's tech show was the extraordinary range of nonmilitary pursuits Raytheon has on its drawing boards.

It's pushing into renewable energy, initially as a systems

» See TRIGAUX, 2D



LARA CERRI | Times

Jordan Engelhardt's line of low- or no-calorie cocktail mixers includes, from left, Appletini, Margarita and Cosmopolitan. Splenda keeps the calories down.

Whipping up winners

A trio of bay area women go to market by mixing flavors with determination.



Courtesy of Michele Northrup

Michele Northrup, owner of Intensity Academy (intensityacademy.com), develops unusual sauces. Here she whips up one in her home kitchen for sale online.

BY LAURA REILEY | Times Food Critic

Michele Northrup wanted to do something different with the produce from her children's school garden at Lutz's Learning Gate Community School. What to do with a pile of just-plucked carrots? A lifelong hot sauce nut, she tinkered with recipes, coming up with a carrot-habanero blend so delicious her friends and family urged her to go pro.

She began the Intensity Academy (intensityacademy.com) two years ago and since then has taken top honors at the Scovie Awards held at the annual Fiery Food Show (fiery-foods.com).

Her strategy: have a passion, do research, develop a recipe and figure out how to bring it to market. Easier said than done, but Northrup says her revenue from selling 12 hot sauces and condiments continues to increase. Two other area women are following in her footsteps, with

fledgling food businesses aimed at filling specific culinary niches.

The idea for Spoon Full of Comfort (spoonfulofcomfort.com) was hatched when Bradenton resident Marti Bowes Wymer's mother was diagnosed with lung cancer. Wymer wanted to be there, to nurture her mother, to make her chicken soup. Wouldn't it be great if there were a mail-order business that sent homemade soup to your loved ones when they were sick or sad? Aha!

Meanwhile, Largo resident Jordan Engelhardt was frustrated that her girlfriends' favorite cocktails (the cosmo, the margarita, the puckery appletini) were so highly caloric. Skinny Mixes (skinnymixes.com) was born.

All three women admit the road to food-business success is a rocky one, with the initial challenge believing in a product enough to make it a reality.

» See RECIPES, 2D

Don't forget to pack your sartorial smarts

Men and women can learn how to dress for success abroad. Hint: In Japan, avoid flash.

BY COLLEEN JENKINS
Times Staff Writer

TAMPA — Olga Pina laughs at the memory of her first business trip to Mexico two decades ago.

She ran out to grab a sandwich for lunch one day, only to return to find the office building locked for the afternoon siesta. Another time, when she joined

her mostly male colleagues for dinner, her straight-from-work suit felt frumpy next to the cocktail attire worn by their spouses.

Lesson learned: Do as the locals do. For future trips, Pina made sure to have a shawl and brooch handy to transform her business look for nighttime functions.

That may not seem like a big deal, but knowing and following a country's dress code is an important, and often overlooked, aspect of doing business abroad, Pina said. What you wear is about more than just looking good.

You want "to present yourself as someone who commands respect but also shows respect," she said.

This Thursday at Saks Fifth Avenue, Pina and fellow Fowler White Boggs lawyer Jennifer Roeper will share tips on cloth-

ing etiquette for men and women who travel overseas for work. Roeper is president of the Tampa Bay Organization of Women in International Trade. Pina is on the organization's board and on the style council at Saks.

Their presentation — the second they've given on the topic this fall — covers which color schemes are safe, where designer labels matter and when to leave the high heels at home.

» See DRESS, 2D

If you go

The "Dressing for Success in International Business" seminar begins at 6 p.m. Thursday at Saks Fifth Avenue at WestShore Plaza in Tampa. Refreshments will be served. Space is limited. To register, e-mail itrade@tbwit.org or call (813) 222-3345. A \$10 donation is suggested for a scholarship fund.

Your letters

New mall mainstream: botox, tattoos | Nov. 10

Tattoo parlors a bad fit for malls

Malls are not the place for tattoo parlors. You can call them boutiques, but it does not change what happens there. I take my daughter to our local mall to shop, go on the merry-go-round and perhaps get a cookie at the food court. I do not want to have to explain to her why people are getting ink injected into their skin as I am strolling her past the windows of "Fat Ink."

Shawn Geitner,
Tampa

Unemployment rates continue to rise

No rejection letter: the new rudeness

I exemplify the jobless economy. I have a bachelor's degree in political science and several years' experience in marketing and have been unemployed for over a year. They say 40 is the new 30. Maybe from a visual context but certainly not economic. I am speculating of course, because the rejection letter is a thing of the past. When did the potential employer simply stop responding? Is efficiency so much more relevant than common courtesy? Of course the irony will be this letter will not be printed, and I will never quite know why. Got any ideas?

John Duddy, Dunedin

SHARE YOUR OPINIONS

MAIL: Business News Letters, P.O. Box 1121, St. Petersburg, FL 33731
FAX: (727) 893-8939
E-MAIL: biznews@tampabay.com (Please use the word "Letter" in the subject field.)
WEB: www.tampabay.com/letters (Choose the "Business" option.)

Stimulate small business

Possible stimulus that could work

This is just one idea. Why doesn't the state or federal government offer small-business owners a \$20,000 stimulus check for each new employee the business owner hires? In return, the employer agrees to pay for half of the health insurance for that employee.

With the unemployment checks going out anyway, this will lessen the hardship on the small-business owners who are already working 90 hours plus a week to keep their doors open, and in turn get some people off of the extended unemployment benefits.

This will create a sense of worth for the new employee, and at the same time he or she will possibly be learning a new trade and enhancing and stabilizing the future of the existing small businesses.

We are tired of all the talk and no action. Does anyone else agree? We need to work together.

Diane McMahon, president of Aquatic Visions Inc., Port Richey

RECIPES continued from 1D

Trio blend flavors, determination

Developing a product

From the idea in February 2007, through the finished product formulation in January 2008 and into the market this past June, Engelhardt's Skinny Mixes took more than two years to develop. She knew how she wanted each mixer to taste (for the margarita, despite the zero calories, she wanted it to taste like a good margarita mix, not too sweet, not too sour), working with a food science lab in Louisville, Ky.

"They would send me little samples, about 20 of each flavor, and I'd have friends over. We'd do these tasting panels of mostly women."

For Wymer, logistics presented the biggest challenges: how to make a pure and simple soup, a perishable product with no preservatives. Then finding the perfect jar and the way to get it delivered safely (in a brown box with crinkle paper and bubble wrap and special gel packs that keep the soup cold for two to three days). She ties a ribbon around each one with a hand-lettered card. The notes themselves have been one of the greatest pleasures for Wymer in her new business.

"Lots of customers are parents with kids in college. My favorite was a mom sending to daughter with the note, 'I wish I could be there with you. I love you and tell your sinuses I love them, too.' And I sent soup to a girl who had lost her dog. She sent me the nicest note after she received it."

Diverse marketing efforts

Engelhardt has relied mostly on good old-fashioned shoe leather to get the word out about her product. She's walked into local bars and shops, explaining the products to the person behind the counter and asking them to try. And it has paid off: You'll find Skinny Mixes at restaurants like St. Petersburg's Table or Belleair Bluffs' Marlin Darlin, and at shops like D'Lites Emporium in Tampa or Surf & Turf Market in Palm Harbor.

Northrup's marketing efforts take a decidedly 21st-century twist. She says she's one of the top 20 Twitter users in the Tampa area.

"Using social networking is essential and it's a free service. I've tripped my e-commerce by using Twitter and Facebook. I put up recipes, do contests and offer specials."

Through the Web site mominventors.com, Wymer found a public relations firm to help market her soup — a move that has set her on a course to have the soup featured in *Cooking with Paula Deen* next month, *Self* magazine in January, *Real Simple* in February and several other national magazines.

Big hopes for the future

Engelhardt has some Skinny additions on the horizon. She's thinking about adding a mojito mix, daquiri and a pina colada to her lineup, all of them no-cal or low-cal.

"For the same reasons people are enthusiastic about rum and Diet Coke, I think consumers are ready for these products. I'd like to see this at every major grocery store in the country."

Right now, \$1 of every Spoon Full of Comfort order goes to the American Cancer Society (Wymer lost her mother to lung cancer just six weeks after the diagnosis), and she's hoping to formulate a strategic partnership with a charity or foundation as her business grows. Even if she adds new products to her lineup (comforting items like pajamas or throw blankets), her primary aim is maintain-



Spoon Full of Comfort owner Marti Bowes Wymer was inspired to create a business after she sent chicken soup to comfort and nurture her mother, who had cancer.

ing a personal connection with her customers.

Intensity Academy products are sold mostly at food shows, online and through nonprofit organizations' events. But recent good news may prompt stores to take notice — In October, the 2010 Scoville Awards gave the nation's top ketchup honor to Northrup's Chai Chipotle Chup, an all-natural sauce.

"Honestly," Northrup says, "it's felt like a rollercoaster ride. I'm just hanging on and seeing where it goes."

Laura Reiley can be reached at lreiley@sptimes.com or (727) 892-2293. Her blog, *the Mouth of Tampa Bay*, is at blogs.tampabay.com/dining.



STEPHEN J. CODDINGTON | Times

Tampa lawyer Olga Pina and a colleague have teamed up with Saks Fifth Avenue to offer a seminar to help business travelers know what to wear. Tailoring your wardrobe for local tastes shows — and encourages — respect.

DRESS continued from 1D

Sartorial faux pas can be a problem

In Asia, they said, it's best to wear low heels or flats. "You don't want to be towering over your male counterpart," Roeper said.

"You want to be a member of the group," Pina added. "Abandon the idea of the individualistic style."

Not so in France, however, where fashionable attire and high-quality accessories are admired. Pina's advice: "Save your money on the Louis Vuitton for France, but in Japan, no flashy handbag."

In general, conservative dress is best, the lawyers said. Dark colors connote wealth and authority, and don't show as many wrinkles.

Dark, neutral clothing also sidesteps the color palette minefields that could send a business trip awry. Green, yellow and red are considered lucky in India. But red is associated with death in some African countries, and Brazilians don't look kindly on foreigners wearing green and yellow — the colors of their flag — together.

The wardrobe gurus suggest sticking with understated jewelry, high necklines and clean, quality shoes. Go easy on the makeup. Avoid business casual attire.

"Casual Friday," said Roeper, "is pretty much a no-no everywhere else."

Mixing fashion with business is somewhat lighter fare for the Organization of Women in

International business dress codes

ASIA: Avoid straight, tight-fitting skirts. You might have to sit on the floor to eat.

LATIN AMERICA: Femininity is in. Opt for dresses and skirt suits over pants.

EUROPE: Good grooming is key. Keep your shoes shined.

MIDDLE EAST: Go baggy, ladies. Cover your upper arms and your head, where necessary.

AFRICA: Play it safe with conservative clothes.

International Trade's local chapter. Past meetings have explored heady subjects like export regulation compliance and letter of credit financing.

But considering that the United States spent \$261 billion on domestic and international travel last year, it makes sense for the workers taking those trips to get schooled in global customs.

"It's such a practical aspect in business that people don't always pay attention to," said Carolyn Cotney, a lawyer who attended the original seminar in September. "I can just see myself getting over there and fumbling it all up."

Colleen Jenkins can be reached at (813) 226-3337 or cjenkins@sptimes.com.

HOLIDAY continued from 1D

Retailers are going lean and mean

Apparel chain inventories are 8 to 13 percent below where they were a year ago, says NPD Group. At Banana Republic, inventory has been cut 30 percent. At Saks Fifth Avenue it's 18 percent less, and the priciest goods have been reduced from a third to a quarter of the selection.

"Reduced inventory allows us to offer more fresh goods than normal for the holiday," said Karen Houget, chief financial officer at Macy's Inc., which bought 7.5 percent fewer goods this time.

Only a third of apparel sells at full price. Surveys show customers expect a minimum of 20 to 30 percent off. So, planned 25- to 40-percent temporary promotional price cuts that have been used to woo shoppers out of their lethargy will get better as the season wears on, but nothing like the clearance giveaways of 2008.

"You're not going to see those 75-percent-off deals or 60 percent off the entire store this time," said Marshal Cohen, chief industry analyst for NPD Group.

In Florida, where the jobless recovery has been worse than in many other states, chains reined in their holiday inventory build-up even tighter.

"Things still look tough in Florida," said Supna Shah, a

partner at Retail Eye, a research firm that shops malls to track pricing and discounting for hedge fund investors. "I saw a lot of fall merchandise still in stores there."

Tampa Bay area shoppers can find some deep discounts on leftover fall items. Dillard's and SteinMart last week advertised 70 percent discounts on unsold fall goods. But with reduced inventories, most stores are unlikely to cut prices to that level on the majority of winter items in the coming weeks.

Merchants can make stores look full regardless of the inventory, so inventory reductions are invisible to most shoppers. The key to profit is how quickly goods sell. So stores are more concerned with how little time it's on their shelves — and financial ledgers — rather than a supplier's.

JCPenney, for instance, lost \$2 billion in profit to clearance sale markdowns last holiday season. This year the chain held back delivery on 60 percent of its holiday inventory. The store wants to measure actual demand before ordering delivery on the rest. Last year it held back only 20 percent.

Streamlined inventory is one of six major changes to watch in this uncertain holiday shopping season. Here are the others:

Shoppers look elsewhere.

Most shoppers plan to spend no more than last year and purchase fewer gifts. To make ends meet more shoppers (65 percent compared with 58 percent a year ago) plan to make some gifts, according to Big Research. That gives a boost to craft, food and candy stores. And one in 10 shoppers plan to buy gifts at thrift stores, an industry that researchers last year thought too small to track.

Rigid frugality is so last year — splurge a little. Fashion retailers see some parents deciding it's okay to buy for themselves again. Researchers uncovered enough of them to label the phenomenon: "frugality fatigue."

The \$10 toy war spreads. Normal pricing wars on toys got more intense sooner and spread to books and DVDs. Amazon.com and Walmart.com dropped best-selling hardcover book prices below \$9, triggering calls for a predatory-pricing investigation from smaller rivals. Then Walmart.com dropped DVD prices a penny more to beat Amazon's \$8.99.

Target and Toys "R" Us rushed to cut prices after Walmart dropped prices on 100 toys to \$10 or less, then launched a second round of 20 to 30 discounts on many higher-priced toys.

Even the hottest toy this year — the hard-to-find Zhu Zhu Pets Hamster — is priced at \$7.99.

Where are bigger ticket items?

"This year we see people buying video games rather than video game systems, books and music rather than digital players," said Ellen Davis, a vice president at the National Retail Federation, which sees signs of a more confident shopper, but no sales increase until unemployment improves.

Shoppers waiting longer to shop. Surveys show that 16 percent more shoppers are refusing to start holiday shopping until Thanksgiving. So planned-in-advance Black Friday promotions will be noisier than ever.

Online on the rise again. After declines each quarter since Christmas 2008, online retail sales are forecast to ease back into the black this season.

"We've clearly hit bottom and will see some modest growth," said Gian Fulgoni, chairman of comScore Inc., which monitors every click of 2 million Web users. "It will be driven by an easy comparison to last year, not any strength in consumer spending."

Mark Albright can be reached at albright@sptimes.com or (727) 893-8252.

TRIGAUX continued from 1D

Raytheon foresees its future in security

integrator, helping diverse businesses combine their talents in larger-scale carbon-capture projects. The defense industry, a major energy user, is one of Raytheon's target industries.

It's marketing its expertise in high-end surveillance and monitoring systems to the government for border patrol security and to airports and oil refineries for higher-level protection.

It's pushing into cyber defense, in which systems are built to repel online attacks of critical computer networks (or designed to attack others).

But Raytheon's bread and butter in Florida remains military projects. When I toured Raytheon many years ago, it was working on a collective radar system, called Cooperative Engagement Capability (CEC), that could be shared among ships and planes. What was the size of multiple refrigerators back then is now the size of a breadbox and far more sophisticated.

"CEC still generates the most revenue" for Raytheon's Florida operations, Schweikert says. "It's still the big dog."

To "force" innovation among its engineers, Schweikert says the company generously funds research and even holds contests. Schweikert, 45, has been the company's director of engineering here going on five years and previously worked for Raytheon and other defense companies in California.

His heart, at least his baseball heart, is still out west. He was bummed when the Los Angeles Dodgers fell to the Philadelphia Phillies in this fall's National League playoffs. Schweikert

even keeps some Dodger stadium seats in his office. The company also partners with the Tampa Bay Rays to visit area schools and encourage kids to appreciate how many ways math and science can be put to use.

Raytheon, certainly not the same company I visited long ago, is clearly in rapid transition. And it won't be today's company when I visit them again.

Contact Robert Trigaux at trigaux@sptimes.com.

ARGOSY UNIVERSITY

Explore your career interests to the fullest.

PASSION

Flexibility. Balance. Growth. Solutions.

MASTER'S | DOCTORATE
Business | Education | Psychology

Learn more — contact Argosy University. **Argosy University, Tampa**

1.877.897.7119 1403 North Howard Avenue | Tampa, FL 33607

Argosy University, Sarasota

5250 17th Street | Sarasota, FL 34235

WWW.ARGOSYUNIVERSITY.COM

Financial Aid is available to those who qualify.
Degree programs, delivery options, and start dates vary by campus. Argosy University is accredited by the Higher Learning Commission and a member of the North Central Association (30 North LaSalle Street, Suite 2400, Chicago, IL 60602, 1.800.621.7440, www.ncahq.org).

1.355.58.01