

Mr. O'NEAL. This morning is the first time that I knew specifically that Mrs. Dames had made this check of our stores.

Mr. ROSENTHAL. Let me ask you, then, the same thing comes up time and time again. Human error, I guess, is an enormous factor. Why is it that the error falls hardest on the poverty store?

Mr. O'NEAL. You are looking at Mrs. Dames' survey and I have never seen it. I don't particularly agree that it does. I think if you make an objective study and survey of wall-to-wall price checking in stores, I don't think you'll find it that way. I think you will find a lot of mistakes in pricing. If you go out and check a store that has, say, eight, ten thousand items in it, I think you will find errors both ways in both stores. I think that the human error factor is certainly there and it is a constant problem and we have the same, basically the same system—

Mr. ROSENTHAL. Are your managers on a bonus arrangement?

Mr. O'NEAL. Our managers are on a bonus arrangement, but it is a much smaller part of their pay. I don't think we have any manager that can earn, in a year's time, 10 percent would be pretty well the maximum that he can earn.

Mr. ROSENTHAL. When you change your prices, do you change them for Monday morning?

Mr. O'NEAL. Price specials?

Mr. ROSENTHAL. Or your prices?

Mr. O'NEAL. Regular shelf prices are effective Monday.

Mr. ROSENTHAL. When do you physically change the prices on the cans?

Mr. O'NEAL. The manager receives the price change sheets in his mail on Friday. That's the last truck delivery to the store. In some instances we might have to U.S. mail them, which maybe again if the U.S. mail, maybe he doesn't get it until 10 o'clock in the morning. Now, we have never said, and you refer to this, price changes in my way of thinking, and maybe I'm thinking wrong, we make a price reduction—you are speaking primarily of grocery items now?

Mr. ROSENTHAL. Yes.

Mr. O'NEAL. A price reduction or a price increase of a grocery item, it is effective with Monday. This means that any merchandise, that from now on when you get this merchandise in your store it will be billed to you at this price and your price is this much.

Mr. ROSENTHAL. Doesn't it also mean the merchandise that is still left on the shelf?

Mr. O'NEAL. Oh, yes; up or down, either way.

Mr. ROSENTHAL. So that the new merchandise the manager gets, he is getting it from the warehouse at a lower price when the price has been reduced?

Mr. O'NEAL. Right.

Mr. ROSENTHAL. And if he can sell the merchandise at the old prices, he is increasing his net profit?

Mr. O'NEAL. He is violating company policy.

Mr. ROSENTHAL. He is doing that but this practice has the potential of increasing his net profit picture?

Mr. O'NEAL. Not if he is not competitive.

Mr. ROSENTHAL. If he forgets to change the prices on those cans, he is increasing his net profit?