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USANA Health Sciences Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. (Operator Instructions). And our first question comes from Tim Ramey with D.A. Davidson and Company. Go ahead, please.

Timothy Ramey - D.A. Davidson

Good morning, guys.

Jeff Yates

Good morning.

Fred Cooper, Ph.D.

Hi, Tim.

Timothy Ramey - D.A. Davidson

It looks like the, may be I'm reading this wrong but even if I normalize for the extra week and then normalized for foreign currency, it looked to me like the sales performance for associate was... you were losing effectiveness per associate. Do you think that's true, is it the leading edge of a curve and so may be that picks up? But even your sales forecast of 2% growth, even giving effect for the extra week and giving effect for the currency. I think we have to imply some kind of degradation of sales performance per associate. How do you react to that?

Fred Cooper, Ph.D.

My take sir would be, first of all you are early in the curve as you denoted, right? Our fourth quarter results are out, it usually takes a bunch amongst to find out the proportion of the associates that have just been recruited that will continue on and progress up the rates in the commission plan. So when you have a disproportional number of new incomings relative to our stable base, it's going to appear that way initially.

Timothy Ramey - D.A. Davidson

So we had a decent associate recruiting performance also in the third quarter doing that at least on a year-over-year base?

Fred Cooper, Ph.D.

Yes, not as good as fourth.

Timothy Ramey - D.A. Davidson

Yes, okay. So I shouldn't assume that this means that there is a reduction in effectiveness per associate?

Fred Cooper, Ph.D.

No, the other item of this is that Platinum Pace Setter is a pretty motivating program to try to get our associates to talk to other customers. And in so doing there is also a desire to get more customers for the same wallet share on the initial purchase. So that also has a little bit of an impact on this.

Timothy Ramey - D.A. Davidson

Okay. And Jeff, on the subject to share repurchase you did note, even though your average purchase price was quite a bit above market, that it was accretive to earnings. What's your stance on share repurchase right now, I know you only have 10 million remaining. Would you recommend to the Board, that this is effective use of cash going forward or should we be husbanding resources more tightly in this environment?

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