

SouthWestern Flash

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SouthWestern Association Annual Conference - Jan. 22-24, 2004, Adams Mark Hotel, San Antonio, TX

2004 Western Farm Show
Feb. 21-23, Am. Royal Complex, Kansas City, Mo.

SouthWestern Association Education Update

Your SouthWestern Association is offering a slate of education classes this year each of which is designed to enhance your equipment dealership operation. These classes are offered in 10 locations throughout SouthWestern's territory through December. Information to enhance the bottom line for the major departments of your equipment dealership are covered by the classes. Classes this year include:

- * **Understanding the Warranty Game** (for John Deere Dealers Only) – instructor, Jim Carroll
- * **Aftermarket Strategic Planning** – instructor, Bill Bohmer
- * **Counter Smarts: A Staff Development Program** instructor, Ron Willis
- * **Managing Iron Salespeople** – instructor, Frank Lee
- * **Advanced Sales Management** – instructor, Frank Lee

Detailed information including class descriptions, instructor biographies, class and hotel information are included in the SouthWestern 2003 Education Catalog. This catalog was sent to SouthWestern equipment members in April. SouthWestern's One Pay All Pass is offered again this year to members. The One Pay All Pass allows all the employees from each purchasing location to pay one price and attend all the Education 2003 classes for a full year. Dealers needing additional information are asked to contact Olivia Holcombe at SouthWestern Association – 1-800-762-5616 or visit www.southwesternassn.com.

By working with Jerkins Creative Consulting, SouthWestern Association is able to offer this comprehensive slate of education classes for equipment dealers in 2003.

Dealing With the Future –What Every Dealer of Tomorrow Needs to Know
July 24-25, 2003 – Wichita, Kan.

The dealers and managers of tomorrow must understand the financial and operational needs of their business to be successful. That understanding begins today. This workshop is for owners, and mid-level and department managers, and will teach participants how a dealership's operating and financial parameters can affect the dealership on a day-to-day basis. You'll want to send your "up-and-comers," as well as managers new to the industry. Plan to attend this informative program. You'll learn the skills and concepts you'll need to take you to the next level. And, you'll have the opportunity to meet and network with other dealer/managers like you. "Dealers of Tomorrow" is a special initiative of SouthWestern Association. The mission of the Dealers of Tomorrow is to provide education for the next generation. Be a part of this exciting new program. For additional information, contact Olivia Holcombe, SouthWestern Association, at 1-800-762-5616. This program is sponsored by FASTLINE Publications. This workshop is not included in the One Pay Program.

MASTERS Program

The concept is to provide meeting structures where owners and their management staff can learn from each other. The meeting format is an approach to peer-to-peer training. Businesses helping businesses. These are customized workshops ... NOT lectures from one person. It's designed so everyone gets involved to share his or her thoughts, ideas, successes and failures. The meetings will include an opportunity for dealership service

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Is your dealership receiving e-mail from SouthWestern Association?

If not, send us your e-mail address. We will forward important Association correspondence to your attention via e-mail. Please register your e-mail address at:
www.southwesternassn.com/register-email.htm

Education Update

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managers to meet with other service managers. Parts managers will meet with fellow parts managers for other dealerships. Dealership owners and general managers will also meet together during the weeklong Masters Program. The approach is to have a non-competitive, open environment to share ideas and learn how to collectively make improvements in yourself and your dealership. MASTERS Program meeting times and a registration form are included in the SouthWestern Association 2003 Education Catalog.

Customized Solutions for Progressive Dealerships

Jerkens Creative Consulting and SouthWestern Association are offering specialized single dealership training workshops. JCC's team of specialists provides expert training and consultation in such areas as financial management, dealership performance assessment, merger and acquisition planning, aftermarket operations, human resources, sales and marketing. Contact SouthWestern Association, 800-762-5616, for more information about on-site private training.

\$50 For Your Thoughts

It used to be a penny for your thoughts, but we're going one step further... We sent a packet of information about a month ago to every SouthWestern Association member. It contained information about services available from the Association to help members operate more effectively now and in the future. In the packet is a mini-CD that you can drop in your computer to get an overview of services.

Then, when you link to our web site and complete the member "AMP form," you receive an automatic \$50 credit for services purchased from the SouthWestern Association. The \$50 credit is good on forms, education and other products and services.

If you haven't looked at the CD, do it now. Or, at least make plans to do it right away. The offer expires September 30, but why wait? You can start saving today.

Mark Your Calendar for These Education Programs

Counter Smarts: A Staff Development Program

July 28 - Lubbock, TX

July 30 - Austin, TX

July 31 - Houston, TX

Aug. 1 - Oklahoma City, OK

Presenter: Ron Willis

Understanding the Warranty Game

Aug. 20 - Lubbock, TX

Aug. 22 - Houston, TX

Presenter: Jim Carroll

Aftermarket Strategic Planning

Aug. 13-14 - Austin, TX

Presenter: Bill Bohmer

More information about these education programs is found in the SouthWestern Association 2003 Education Catalog. Early sign-up discounts are available.



Think Safety This Spring

SouthWestern Association reminds dealers to inform their customers about general outdoor power equipment safety this spring. These simple safety reminders can mean the difference between safe and productive time spent working outdoors and a tragedy.

Spring is here and so is the mowing and yard care season. So now is a good time for wise homeowners to think about safe ways to use their outdoor power equipment. The Outdoor Power Equipment Institute (OPEI) reminds consumers to review all the important safety steps that apply to lawn mowers, tillers, trimmers, chain saws, leaf blowers, and any outdoor power equipment needed to beautify lawns throughout the summer. Because this equipment is specially designed to cut, chop, trim, and blow, it has characteristics that must be respected from a safety point of view.

Here are some OPEI recommended safety steps to review in the spring and follow throughout the mowing season:

- Know how to operate your equipment. Read your operator's manual before using any power equipment. Know where the controls are located and their function. Follow safety instructions.
- Keep children and pets away from the working area. Never allow children to operate any outdoor power equipment. And never carry children, or anyone, as passengers on a riding mower.
- Dress properly for the job. Wear long pants, close-fitting clothes, sturdy shoes, and safety glasses. Do not wear anything that could get caught in moving parts (loose jewelry or clothing – be careful of long hair).
- Handle gas carefully. Fill up before you start, while the engine is cold. Do not spill when you fill. Store gas in an approved container in a cool, ventilated area. Never smoke around gasoline.
- Clear the area before you start. Pick up rocks, twigs, cans and toys – anything that could be thrown by equipment in operation.

Source: *Outdoor Power Equipment Institute*

Federal Legislative Update

- Looks like there will be no postal rate hike until 2006. Congress passed the Postal Civil Service Retirement Funding Reform Act to correct a retirement benefit formula that would have caused the U.S. Postal Service (USPS) to overpay funds to the Civil Service Retirement System and allow USPS to transfer existing overpayments to an operating account. The new law requires USPS to use the savings to avoid rate increases until 2006 and specifically forbids it from using the money for other purposes.
- Senate opposition to the House-passed bankruptcy reform bill is emerging. Sen. Charles Schumer (D-NY) says he will try to add language to prevent abortion protestors from using bankruptcy to avoid paying court fines and other debts – the same language that sank the bill last year. In addition, Sens. Patrick Leahy (D-VT) and Paul Sarbanes (D-MD) want a review of provisions that would eliminate current standards on who is considered a disinterested party in corporate bankruptcy cases. The bill would allow securities firms to work on bankruptcy restructuring even if they had functioned as advisers to the same companies before the bankruptcy filing.
- Comp time for private sector employees took another step when the House Education & the Workforce Committee approved a bill (HR 1119) to allow employers to give employees a choice between overtime pay and equivalent time off. Comp time would be calculated the same as overtime pay – one and a half hours of comp time for every hour worked over 40 a week. For example, eight hours of overtime would translate into 12 hours of time off at straight pay. Employees could collect as much as 160 hours of comp time annually and employers would have to pay cash for unused time at the end of the year.

Terrorism - An Act of War?

By Federated Insurance Companies, 2003

You may be wondering if you have coverage for terrorist acts.

Generally, the peril “act of war” is excluded from insurance policies; however the insurance industry has not categorized terrorist acts as “war.” Because of the potential catastrophic nature of terrorist events on the insurance industry, national legislation has been proposed to offer alternative coverage for terrorism. However, until Congress acts on these issues, insurance companies must find their own solutions. As a temporary measure, most state insurance departments have approved optional exclusion endorsements for acts of terrorism. That means businesses may no longer be covered for terrorism.

Federated continues to provide some coverage for damages resulting from terrorist acts for most clients. (We will generally handle this peril as we do others, such as fire and theft, that are included in our property insurance packages.) Coverage will be underwritten and rated based on the extent of risk and reinsurance costs.

Good risk management practices can help you control premium costs and protect your business from possible terrorist acts. First, assess your company’s risk of being targeted by terrorists. Answering these questions may help:

- What steps have you taken to heighten or reinforce security at your locations?
- How are hazardous materials and products stored and handled?
- How do you protect vehicles and equipment that could be used by terrorists?
- How would your employees deal with an event involving hazardous materials or possible confrontation with a terrorist?
- If you are unsure about any of your answers, Federated offers many resources to help you protect your business and employees.

SouthWestern Association endorses Federated Insurance for dealership insurance needs.

Equipment Industry News

On April 15, the Bush Administration announced tougher restrictions on harmful emissions from off-road diesel-powered vehicles, fashioning a compromise with strong appeal to environmentalists despite some concessions to industry.

The proposed rules, unveiled by Environmental Protection Agency (EPA) Administrator Christine Todd Whitman, would slash off-road diesel emissions by as much as 95 percent and bring them in line with recently adopted standards for heavy-duty diesel trucks and buses. They would reduce emissions from bulldozers, tractors, irrigation equipment and other diesel-powered machines that for decades have been held to a much weaker standard than on-road vehicles.

The EPA made several concessions to the American Petroleum Institute and other industry activists, including adopting a two-step phase-in of new standards that will give manufacturers and refineries more time to adjust to the changes. Nonetheless, many environmentalists were pleased.

“This is a person-bites-dog story in a way,” Frank O’Donnell of the Clean Air Trust said. “The administration has come under heavy criticism. This proposal stands out because it appears to be very progressive in the face of a sea of regulatory rollbacks.”

“While we all are focused on the results that we want to get,” Whitman said, “part of those results is to not put people out of business. We’re very comfortable with this.”

Source: Pianin, E. (2003, April 16). Tougher rules unveiled for diesel engines. *The Washington Post*

U.S. Senate Passes Tax Bill with Equipment Expensing Provision

Following days of extended debate and a slew of amendments, the Senate passed a \$350 billion tax relief and economic growth bill on Thursday, May 15 that includes a provision increasing the small business equipment expensing allowance from \$25,000 to \$100,000 annually.

Economic Forecast **Between Recovery and Recession**

By Scott Franklin, First Generation Consulting

The U.S. economy continues to sputter, stutter, stagnate and stagger, despite predictions for over a year that a robust recovery is imminent. Like watching a boxer in the late rounds of a fight, observers are unsure whether the economy will rally or be knocked out by a well-placed punch – or a stiff wind.

Contradictory short-term trends and reports are confounding analysts who are anxious to declare a turning point in the economy. The robust 4.0 percent growth in the third quarter of 2002 was followed by an anemic 0.7 percent rise in gross domestic product (GDP) the last three months of the year.

A number of factors will determine whether 2003 brings a road to recovery or a double-dip recession. Consumer spending kept the economy buoyant in 2002, due to record home purchases, new car sales, mortgage refinancing, and an increase in inflation-adjusted household income. Historically low interest rates triggered home refinancing and the ability of car manufacturers to offer 0 percent interest rates.

Interest rates will probably not decline much further, but should remain low enough to continue to stimulate consumer spending. Unemployment rates will persist in the 6 percent range until the private sector regains confidence to start hiring. The longer workweek in the manufacturing sector is being accomplished by offering overtime to existing employees, not new hires. For 29 consecutive months, employment in the manufacturing sector has declined, marking a post WWII high.

Economists predicting continued strength in consumer spending point to low interest rates and tax rate reductions that take effect in 2003, plus other benefits that may result from passage of the administration's stimulus package. However, two factors have the potential to erode consumer strength.

The steep rise in oil and gas prices restricts consumers' discretionary spending. A long-term rise in energy prices could shave 0.5 percent from annual GDP according to some economic models. And while the federal government's stimulus package will provide additional income to households through tax relief, state and local governments will partially offset that additional income by imposing higher taxes and fees. Most states face budget deficits this year, and must close the gap through reduced spending or increased taxes.

Despite falling inventories, the manufacturing sector has yet to make a major commitment to capital spending. Capital goods orders remain dormant with business purchases made primarily to replace older equipment, not to expand capacity. Capacity utilization remains well below historic averages. Commercial and industrial loans outstanding continue to decline, a further indication that businesses are reluctant to make new investment.

The chasm between health of the manufacturing and service sectors continues to widen. Service industries continue to add jobs, while manufacturing employment is down 1.8 million since January 2001. Also troubling to manufacturers is their loss of pricing power. From December 2001 to December 2002, prices of manufactured goods dropped by 1.5 percent (excluding food and energy) while service sector prices rose 3.2 percent.

Vacancy rates for commercial and industrial space jumped to 16 percent in the fourth quarter reflecting the shift to overseas production as well as the tendency of U.S. corporations to place a higher priority on improving balance sheets than expanding operations. Not surprisingly, research firm Economy.com projects that nearly one-third of the nation's 300 metropolitan areas remain in a recession.

The upside for 2003 rests with the underlying fundamentals of the economy. Inflation remains low, productivity is high, and both monetary and fiscal stimuli are available. Sales of new and existing homes should continue strong, although not at the torrid pace of the last year. If business spending can reemerge from its dormancy, the economy may once again find its legs.

Scott Franklin is a principal at First Generation Consulting and holds a master's degree from the London School of Economics. He develops seminars, speaks, and writes about economic issues facing the business community. Scott can be reached by e-mail at firstgener@cs.com or by phone at 913-642-6951.

Legislative Watch

Link to Missouri Legislative Update

www.southwesternassn.com/molegislat.htm

Link to Kansas Legislative Update

www.southwesternassn.com/kslegislat.htm

Link to Texas Legislative Update

www.southwesternassn.com/txlegislat.htm

Link to Oklahoma Legislative Update

www.southwesternassn.com/oklegislat.htm

Link to Nebraska Legislative Update

www.southwesternassn.com/nelegislat.htm

Link to Arkansas Legislative Update

www.southwesternaan.com/arlegislat.htm

Link to New Mexico Legislative Update

www.southwesternassn.com/nmlegislat.htm

Link to Louisiana Legislative Update

www.southwesternassn.com/lalegislat.htm

Click on any of the above links to access the latest State legislative update.

IRON Solutions

Two Million Hits and Counting

IRON Solutions, LLC is pleased to announce the IRON Solutions websites had over two million hits and over 55,000 unique visitors during the week of January 5th, beating all previous records.

The most highly visited areas on the IRON Network is IRON Search (www.ironsearch.com), the dealers used equipment search engine. IRON Search provides a global site for equipment dealers to list their used agricultural, outdoor power and industrial equipment online and in the farmer's own currency. Dealer success stories on IRON Dealer (www.irondealer.com), a dealer only website, testify to the high farmer traffic.

To learn more about IRON Solutions and their products, please visit the IRON Solutions website at www.ironolutions.com