

SouthWestern Flash

February 2010, Vol.8, No. 2



In This Issue

- Credit Card Act of 2009
- Doug Neufeld Elected SWA President
- Grow Your Aftermarket Sales
- Outsourcing Recruitment
- Tax Laws: Advantages for 2009 and New Laws for 2010
- ...and more

Upcoming Events

Spring Area Meetings

Schedule at right

Registration Form on page 9

SouthWestern Association

P.O. Box 419264

Kansas City, MO 64141-6264

Ph: 816-561-5323, 800-762-5616

Fx: 816-561-1249

www.swassn.com

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.swassn.com/register-email.htm

Plan to Attend

SouthWestern Association Schedules Area Meetings

SouthWestern Association has scheduled a series of area meetings in Kansas, Missouri, and Oklahoma this spring. Please mark your calendar and plan to attend the meeting held in your area. All meetings will be from 10:30 a.m. until 2:30 p.m. with a working lunch provided.

Agenda

- I. Welcome & Introductions – SWA Staff
- II. Association activities & update – SWA Staff
 - A. Education Update
 1. OSU-Institute of Technology Technician Training
 - B. Legislative Activities and Update
 - C. Other
- III. Drug & Alcohol/Equipment Thefts - Federated Insurance
- IV. Bill Sharp Program
- V. Other Business
- VI. Adjournment

Dates and Locations

April 13	Best Western Saddleback Inn	405-947-7000
Oklahoma City, Okla.	4300 SW Third St.	
April 14	Comfort Inn	417-520-6200
Springfield, Mo.	3370 East Battlefield	
April 15	Holiday Inn Select	573-446-3941
Columbia, Mo.	2200 I-70 Dr. SW	
April 16	Four Points by Sheraton - KCI	816-464-2345
Kansas City, Mo.	11832 NW Plaza Circle	
April 26	Courtyard by Marriott	316-363-4600
Wichita, Kan.	2975 N. Webb Rd.	
April 29	Highland Hotel & Conv. Center	316-792-2431
Great Bend, Kan.	3017 W. 10th St.	
April 30	Comfort Inn	785-460-0131
Colby, Kan.	2227 S. Range	

A registration form is included with this newsletter on page 9.

Doug Neufeld Elected President of SouthWestern Association Board of Directors

Doug Neufeld, of Prairieland Partners, Inc., Hutchinson, Kan., has been elected to a one-year term as president of the SouthWestern Association



Doug Neufeld

Board of Directors. He was installed on Feb. 18 preceding the Western Farm Show, Feb. 19-21 in Kansas City, Mo.

Neufeld has been involved in the business at Prairieland Partners, Inc. since the merger of his former dealership – Deer Trail Implement – with two other John Deere dealers, Pankratzen Implement and Conrady Western. Neufeld is CEO of Prairieland Partners, Inc., an eight-store equipment dealership in Central Kansas. Neufeld started his agricultural equipment

career in the custom harvesting business with his father and brothers. He later worked as a product specialist for Deere & Co. before moving into the dealership. Neufeld and his wife, Pam live in Inman, Kan.

Neufeld will lead the 13-member board of directors, which is responsible for managing the association's budget and programs. Other individuals serving on the Board of Directors are: Ed Heim, Hoxie Implement Co., Inc. – Immediate Past President; Bruce Coleman, Coleman Equipment, Inc., Bonner Springs, Kan.; Brad Derr, Derr Equipment, Savannah, Mo.; Ted Miller, Arnett New Holland, Arnett, Okla.; Aaron Lee, Ray Lee Equipment Co., Ltd., Plainview, Texas; Chris Shoppa, Shoppa's Farm Supply, Inc., El Campo, Texas; Sam Zimmerer, Zimmerer Kubota, Inc., Fort Worth, Texas; Jeff Deen, Deen Implement, Forney, Texas; Tim Graber, Graber's Ace Hardware, Inc., Newton, Kan.; Kim Smith, Ken's Discount Building Materials, El Dorado, Ark.; and Kenneth Eilers, Borderland Hardware of Mercedes, Mercedes, Texas.

You.



It would be crazy to try to find your way out of here without the help of a navigation system. Is your dealership any different? With more than 30 years in the business we've helped guide thousands of businesses to a successful destination. Our Total Management Workshops and 20 Groups will give you the principles and tools for continued success, even when you can't see the forest for the trees.



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Credit Card Act of 2009 - New Rules

Summary of New Credit Card Regulations

- Credit card companies cannot increase interest rates on existing credit card balances unless a customer is at least 60 days late.
- In the event of an interest rate increase, the credit card company must revert to the original rate after the customer makes six months of on-time payments.
- Credit card companies must give customers at least 45 days notice of any other interest rate hikes.
- Billing statements must be mailed 21 days prior to the due date, and companies cannot charge a late fee if a payment is late due to a delay in processing.
- A credit card company cannot raise interest rates in the first year of a customer relationship, and promotional interest rates must last at least six months.
- Creditors must adhere to new regulations that will make it more difficult to issue credit cards to consumers under 21.

Dealers and Credit Promotions

As a result of a question from an association staff member, I did some research yesterday into how the Credit Card Act of 2009 (or portions of it) will affect dealers who promote consumer cards with revolving terms. I visited a local bank, a Home Depot, and spoke with several dealers representing various brands.

What I found is that retailers that promote private-label cards, such as manufacturer-branded cards or a Home Depot Consumer Credit Card, will now have to offer credit applications based on the guidelines imposed on the finance companies or banks that support the cards. Here are three pieces of the law that may have an effect on dealers or their customers:

1. "No payment" promotions are being eliminated.
2. All promotional financing offers must be at least six months in length for consumer account holders.
3. A customer's ability to pay on his/her account must be considered at the time of account opening and when providing credit limit increases.

Most retailers have or should have received new credit applications for private-label cards or inserts with new information

and requirements. Dealers who promote private-label cards but have not received new credit applications or inserts with procedures are encouraged to contact representatives of those companies, whether it's Deere, Case New Holland, etc., for details. However, the dealers with whom I've visited have the materials they need.

In summary, the Credit Card Act of 2009 is designed to curb or eliminate questionable credit card practices as well as determine the ability of credit applicants to pay their bills.

Following are two sources that offer more details about the Credit Card Act of 2009.

GE Capital: http://www.gemoney.com/en_business/2010FAQ2.html

CreditCards.com: <http://www.creditcards.com/credit-card-news/credit-card-law-interactive-1282.php>

Source: *North American Equipment Dealers Association*

AgCareers.com

Outsourcing Recruitment and In-House Recruitment

Finding the right applicant for a job is not an easy task. It often requires extensive search and many interviews. This raises the question of outsourcing recruitment so that employers may focus their attention on their business. Some are in favor of this approach, while others prefer to do their own recruitment as they have their own methods and procedures that are efficient and successful.

Continued on page 8



Save the Date!
April 14-15, 2010
State Plaza Hotel
2117 E Street, NW
Washington, D.C. 20037

 **7th Annual NAEDA Legislative Fly-In**

Those "Little Basics"

By John Walker, President After Market Services Consulting Company

In many of our articles written over a period of 32 years, we mention the word basics: "A Return to the Basics," "Following the Basics," "Focusing on the Basics," etc. We have discovered that in so many equipment dealerships all basics are too often taken for granted. Basics have been talked about and mentioned for so long, that we believe everybody follows and understands them. We are often told that basics are a part of the job description; it is basic. We find that what we refer to as being basic is so common that we all assume that the basic is being followed. There are what could be termed: "Big Basics" and "Little Basics," and the size of the basic all depends on how much dealers and managers believe these particular basics affect the overall operation of the dealership.

As an example, for the past five or six months we have been focusing upon many basics that we all should be aware of in the product support or parts and service areas of an equipment dealership. For years I had assumed that dealers pondered over and studied their financial statements and recognized that their service department was generally the most profitable department within the dealership. It was also a basic that service generally provided the least amount of sales contribution to the dealership. That is a "big basic"!

A Big Basic

What I had once thought was a "little basic" has now proven to be a "big basic." I once believed that all dealers and yes, all manufacturers, realized that the guaranteed way to increase parts sales was to go after their customer's service business. Did I ever find out how wrong that assumption could be! You can discuss it with people involved in the marketing of parts at both the level of the dealership and at the level of the manufacturer. They will all nod their heads in agreement, call it a basic assumption and forget to do anything about it, assuming it is a basic and that somebody is paying attention and will cover the little basic before it becomes a big basic.

We believe that all basics start out as a little basic, and if not looked into, worked at and corrected, will eventually turn into a big basic. I have a friend whom I consider an excellent operations manager in a large equipment dealership. This gentleman is a "stickler" for the basics and makes sure that his personnel accept nothing as being basic and he constantly works at making sure basics are never assumed by always monitoring the basics. I am taking one of his many office memos and passing it along to our readers. It is his complete analysis of what many may consider a "little basic."

"When we say focus on the basics some may wonder how basic do we want to be? We are at times overwhelmed by

issues which are caused by us not doing the basic jobs. An example is service billing, which should be a very basic and simple job. Our billing people have to be geniuses to figure out what and how they are supposed to bill something as basic as a work order. If all of the information required is not on the work order or is not legible they have to hunt for it instead of doing their job of billing. They are frustrated because they are delayed because someone else did not do the basic function of completing the work order as required. Why does this happen?

Manager's Job

This happens because we allow it to happen! The manager is not managing his/her personnel. This is an example of something that happens in every location every working day. Why don't we take the time and make the effort to eliminate this basic problem forever? Taking the time now to repair this basic problem will save many times the amount of time and cost it took to fix it. In this instance we are not making the people accountable for not doing their job, causing the burden to be put on someone else. Establish a process, train the people to do it, and hold them accountable when it is not done. When the billing person gets the work order, it should be ready to bill.

Another basic function is the completion of time cards accurately, legibly and seeing that they are turned in on time. If this is done properly every day, the person responsible for turning it in can complete his/her job quickly and efficiently. How many times does the administrator who is responsible for turning in the time have to correct the time cards or hunt down the employee because he or she did not turn it in? Why did this happen? It happened because the manager did not manage! When the person who is responsible for entering the time gets the time card, the task should be a nothing more than a data entry job.

The operations manager closes his memo with the following important statement: "Identify these basic problems and address them and you will find every one's life will become more manageable."

Years ago we developed a sales training course for technicians encouraging them to help the customer and their dealership through the techniques of "up-selling." Marketing the program from the start was a bit difficult because every one of my clients wanted me to know that this was just basic and that all their technicians were doing it anyway. Dealers and service managers believed that it was just basic common sense for

Continued on page 7

Tax Laws: Advantages for 2009 and New Laws for 2010

By Curt Kleoppel, CPA, CVA, President, SWA Financial Consulting, PC

When filing your 2009 tax return, consider these laws that offer certain advantages:

Bonus Depreciation – The 50 percent first-year depreciation bonus deduction rate is effective for the 2009 tax return. The bonus depreciation applies to new purchases only and the property must be placed in service before Jan. 1, 2010.

Section 179 Expensing – The \$250,000 deduction for depreciable assets is in effect for the 2009 tax year. The qualified property can be new or used equipment. Once a company buys more than \$850,000 in purchases for the year, then the Section 179 deduction is limited.

Net Operating Loss Carryback – As in 2008, businesses can carry back a net operating loss from 2009 to the previous three, four or five years, instead of the usual two years.

Capital Gains – The capital gains tax rate is still in effect for 2009 for gains on property held for more than one year and also for qualified dividends paid to taxpayers for the 2009 year.

Vehicle Sales Tax Holiday – State sales taxes paid on any new vehicles purchased between Feb. 16, 2009 and Jan. 1, 2010 are fully tax deductible on the first \$49,500 in cost.

Work Opportunity Tax Credit – Tax credits worth up to \$2,400 per hired worker are awarded to businesses that hire certain unemployed veterans and those under 25 who've been out of school for six months or more.

COBRA Premium Assistance Credit – If your business laid off workers in 2009 that are now paying into the COBRA

Continued on next page

Save Money with credit card solutions that reduce costs



Elavon, the endorsed payment processor of NAEDA, invites NAEDA-affiliated dealers to take advantage of the [lowest program rates in years](#). Even if you're using another payment processor, call us for a **FREE** rate comparison. You have nothing to lose but higher fees.

For information, please call 800/546-1831, or fax your business and contact information to 800/799-3984. Please mention source code 82093.

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program to continue their health care coverage, your business could be in line to receive a rebate from the federal government for the 65 percent of premiums not being paid by the individual. The reimbursements, however, are available for only nine months. Employers are also required to send a notice to qualified employees to inform them of the credit.

Changes for 2010

Bonus Depreciation – No more first-year 50 percent bonus depreciation allowed for 2010.

Section 179 Expense – The old amount of \$250,000 has been reduced to \$134,000 for 2010.

Mileage Rate – The allowable reimbursement rate for 2010 is 50 cents per mile for business use, down five cents per mile from 2009.

Please contact your tax advisor with any questions. Curt can be reached at the SouthWestern Association offices - 800-762-5616.

Technician Training Program

SouthWestern Association has partnered with the OSU Institute of Technology in Okmulgee to establish a training program for equipment dealership technicians. Students enrolled in the program are sponsored by equipment dealers in the SouthWestern Association territory. For more information on the program contact:



- **Tag Webb**, SouthWestern Association Regional Manager, 918-232-2830
- **Steve Doede**, OSU Institute of Technology Dept. Chairman, 918-293-5392 or
- **Jeff Flora**, CEO, SouthWestern Association, 800-762-5616.

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technicians to point out to customers items that could become a problem and if not taken care of could cause serious problems at a point sometime later in the operation of the equipment. Unfortunately, we discovered it was what we refer to as a “little basic,” not being done because the technicians did not believe: 1) it was part of their job and 2) the customer might just believe the dealership or the technician is “gouging” the customer. All parties failed to recognize that if a potential problem is not brought to the attention of the customer, and if this potential problem develops into downtime for the customer, the customer is going to be very upset with both the dealership and the technician. The customer at that point may well consider someone else to service their equipment.

Basics for Sales Personnel

Over the years we have discovered that even our friends in sales have a dramatic tendency to forget what they probably refer to as “little basics.” It has been assumed for years that equipment sales people make every effort possible to convince the customer to use the dealership as a provider of the customer’s product support. We would estimate that this happens less than once in every hundred equipment sales and then only as a token effort, lacking any amount of professionalism. Therefore when someone mentions assigning this responsibility to a “parallel sales force” the dealer will say that is the responsibility of the equipment sales force. Sure it is, and that is why the typical equipment dealer finds a 4% to 8% service contribution for his most profitable profit center.

Sales personnel are also charged with the “little basic” of explaining completely and thoroughly the warranty on the equipment they have sold to their customers. In most cases, they are also charged with obtaining the customer’s signature that the warranty has been read and completely understood. Unfortunately an assumption is made at both the dealer level and at the manufacturer’s level. Unfortunately, this omission of a “little basic” comes back to bite the service manager. He/she writes up the warranty and since a charge not covered by the manufacturer under warranty is incurred, the service manager bills the customer. Since at the time the warranty was explained to the customer, this was not explained, we have a problem! We have an unhappy customer, all because a “little basic” was overlooked. It develops into a situation where somebody is going to have to give in to the customer and you can be darned sure that it is not going to be your manufacturer or the sales person!

We could go on and simply write a book about all those “little basics” and the effect that ignoring them can have on the profitability of any equipment dealership. I’ll not do that at this time but will close with what I refer to as a “pretty big basic.”

Throughout this past year we have quite probably held

more seminars on this topic, written more articles about this topic, talked with more individual equipment dealers about this topic than anything involving product support.

Gross Profit Dollars

Dealers always appear more interested in absorption rate during a down-turn economy than at any other time. Most all recognize its ability to provide profitability, cash flow and, most important, survival for the equipment dealership. So let us tell you how basic this formula really is. The “little basic” that is key to the whole formula is gross profit dollars produced by the dealership’s parts, service and rental departments and the guideline is 100%+, not 85%, not 90% but 100% plus! Basically (first time use of that word), if your goal is 100%+ then you had best look to how you are going to increase your service contribution to total sales. You will not do it with a service contribution of 5%, 6%, or even 8%.

Fortunately, you all have a great opportunity to do this and if you question this opportunity, refer back to our article entitled, “Focused Opportunities.” Stop assuming that all those “little basics” are being taken care of and start managing by the basics! You won’t be sorry you did.

Online Campus Benefits Western Equipment

Feature: New Online Campus Subscriber

Dealership: Western Equipment

Brand: John Deere

Location: Eight locations in Oklahoma with 200+ employees

Human Resources Director: Eva Hise

In a recent conversation concerning the SouthWestern Association Online Campus, Eva Hise, Human Resources Director for Western Equipment, commented, “Employees at the dealership can easily gain the extra training necessary to stay at the forefront of their occupations. Unlike most training, the Online Campus allows students to complete the training at their own pace, while maintaining their usual workload.”

She added that the Campus is making a difference in their organization because it give employees the proper tools to deal with the day-to-day operations, regardless of their position with the dealership. She also stated, “The Association is very helpful with all aspects of the Online training. In addition, the Online Campus site is extremely user friendly.”

Contact Cory at SouthWestern Association to learn about valuable training opportunities geared for the specific needs of equipment dealerships. He can be reached at 800-762-5616.



When operating a specialized industry, like agriculture, where jobs often require a specific skill set, it can be beneficial for some companies to use a recruitment agency to find them a suitable person for the job. Not all companies operate on this principle, but some find it is the best way to find the right person for their job role.

Recruiters also take care of the often tedious but important steps of hiring. They sift through resumes to find those most suitable and notify those who do not make the interview stage.

Recruiters can do the hard work for you; this includes activities such as background checks and reference follow ups. By the time the candidate is presented to an employer, they just need to be interviewed.

Recruiters often have their own in-house database of candidates as well as knowing where to find the right talent.

Recruiters can continue to source candidates and work towards a role even when the employer is away or on holidays, the process does not have to stop.

Recruiters often have a fixed fee structure so employers know what to budget up front.

Recruiters can also offer their insights on other topics such as psychometric testing, salary reviews, quality of candidates and interviewing techniques.

However, that is not to say that using recruiters is the answer to all your employment needs. Companies often prefer to do their own in-house recruitment. They fear a loss of control over the process or wish to promote their own company brand

by advertising under their own logo.

In-house recruitment can be advantageous as the company brand name can play a huge part in attracting a candidate, whereas some applicants may not apply to an ad for the same company under a recruiter's logo.

Another aspect of in-house recruiters as opposed to recruitment agencies is that it gives the company control and allows them to see all the resumes of all applicants applying. While a candidate may not meet a job description, they may possess other skills or attributes that may be suitable for the job or another area of the company.

There are advantages to both approaches and one cannot be deemed better than the other. Companies often mix and match their approaches, using recruiters for top-end positions but their own in-house recruitment for other positions. It is up to the company to decide which is the best method to follow. Many feel that recruiting under their own brand name has the most benefits while others will appreciate the workload being removed by recruiters.

For more information, please contact AgCareers.com at agcareers@agcareers.com. Agcareers.com is the leading online job board and supplier of human resource services for agriculture, food, natural resources and biotechnology.

Association members can post their job opportunities on AgCareers.com by going to the SouthWestern Association web site at www.swassn.com. Members can also post jobs directly by clicking on this link: <http://www.southwesternassn.com/products/recruitment/ListAJob.html>.

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FEDERATED INSURANCE

**SouthWestern Association Area Meetings
April 13-30, 2010**

SCHEDULE & REPLY FORM

Please complete this form to let us know *how many* from your store and *who* is attending – and *where!* Lunch is included for everyone who attends. It is important that we know your plans as we must guarantee a count to the hotel for food, room set-up and other arrangements.

All programs being at 10:30 a.m. and will conclude no later than 2:30 p.m. Thank you for your attendance!

- | | | | |
|--------------------------|---|--|---------------------|
| <input type="checkbox"/> | Tuesday, April 13
Oklahoma City, Okla. | Best Western Saddleback Inn
4300 SW Third St. | 405-947-7000 |
| <input type="checkbox"/> | Wednesday, April 14
Springfield, Mo. | Comfort Inn
3370 East Battlefield | 417-520-6200 |
| <input type="checkbox"/> | Thursday, April 15
Columbia, Mo. | Holiday Inn Select
2200 I-70 Dr. SW | 573-446-3941 |
| <input type="checkbox"/> | Friday, April 16
Kansas City, Mo. | Four Points by Sheraton – KCI
11832 NW Plaza Circle | 816-464-2345 |
| <input type="checkbox"/> | Monday, April 26
Wichita, Kan. | Courtyard by Marriott
2041 N. Bradley Fair Pkwy. | 316-363-4600 |
| <input type="checkbox"/> | Thursday, April 29
Great Bend, Kan. | Highland Hotel & Conv. Center
3017 W. 10th St. | 316-792-2431 |
| <input type="checkbox"/> | Friday, April 30
Colby, Kan. | Comfort Inn
2227 S. Range | 785-460-0131 |

Please list name(s) of attendees: _____

Dealership/Store name: _____

Address: _____

City, State & Zip: _____

If you need directions or additional address information, please call your association office at 816-561-5323.
PLEASE RETURN THIS FORM TO: FAX: 816-561-1249

**SOUTHWESTERN ASSOCIATION
P.O. BOX 419264
KANSAS CITY, MO 64141-6264**

PLEASE REPLY TODAY OR NO LATER THAN APRIL 7!