

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

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?

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www.southwesternassn.com/register-email.htm

SouthWestern Association Leads Fight For Association Health Plans

The SouthWestern Association, working with the Association Healthcare Coalition (TAHC), is leading the fight to provide small businesses access to affordable, quality health care by lobbying to pass bipartisan Association Health Plan (AHP) legislation in the U.S. Congress.

- AHP's protect your company's ability to control health care insurance costs, stay in business and stay competitive.
- AHP's protect your employees by ensuring they have access to the best medical coverage to keep them safe.
- AHP's give small businesses the same quality of coverage that large corporations and unions already have - now is the time to stop large insurance companies from exploiting our small businesses for their profit.

This legislation was passed by the House of Representatives in June. President Bush wants to sign AHPs into law - the legislation's last hurdle is the United States Senate.

Take Action

Your Association is asking that dealers contact their U.S. Senators and urge them to support and pass Association Health Plan legislation this year.

Below is a list of Senators from SouthWestern's trade territory that members are asked to call:

Arkansas - Mark Pryor (D); Blanche Lincoln (D)
Kansas - Sam Brownback (R); Pat Roberts (R)
Louisiana - John Breaux (D); Mary Landrieu (D)
Missouri - James Talent (R); Christopher Bond (R)
Nebraska - Chuck Hagel (R); Ben Nelson (D)
New Mexico - Pete Domenici (R); Jeff Bingeman (D)
Oklahoma - James Inhofe (R); Don Nickles (R)
Texas - Kay Hutchison (R); John Cornyn (R)
The U.S. Capitol Switchboard: 1-202-224-3121

When calling your senators please ask to speak to the district director or someone handling legislative issues. Tell them how many people you employ, what percentage your premiums have increased over the past several years, and other relevant company information regarding health care costs. Ask them to vote for AHP legislation (S. 545). Thank them for their time and give them your address for follow-up.

Upcoming South Western Association Education Workshops

Your South Western Association has education workshops planned for this fall that will benefit many areas of equipment dealerships. These workshops are led by experienced trainers in all areas of dealership management including sales, parts counter development, and service department operations.

Aftermarket Strategic Planning

Wichita, Kan. - Nov. 4-5

Target Audience: Dealer Principals and Aftermarket Managers.

Counter Smarts: A Staff Development Program

Hays, Kan. - Nov. 21

Columbia, Mo. - Dec. 10

Presenter: Ron Willis

Target Audience: Dealer Principals and Management Personnel

Managing Iron Salespeople

Houston, Tx - Nov. 17

Ft. Worth, Tx - Nov. 19

Lubbock, Tx - Nov. 21

Kansas City, Mo. - Dec. 11

Oklahoma City, Ok - Dec. 12

Presenter: Frank Lee

Target Audience: Sales Managers

Understanding the Warranty Game

Hays, Kan. - Dec. 12

Presenter: Jim Carroll

Target Audience: John Deere Dealers Only

Dealers needing more information about any of the above workshops should contact Olivia Holcombe, South Western Association at 800-762-5616.

South Western Association Fall Area Meetings

<u>Date</u>	<u>Type of Meeting</u>	<u>Location</u>
10/20/03	Equip. Area Meeting (p.m.)	Harlingen, TX
10/21/03	Equip. Area Meeting (p.m.)	Corpus Christi, TX
10/22/03	Equip. Area Meeting (p.m.)	Houston, TX
10/23/03	Equip. Area Meeting (p.m.)	San Antonio, TX
10/27/03	Equip. Area Meeting (p.m.)	Tyler, TX
10/28/03	Equip. Area Meeting (a.m.)	Denton, TX
10/28/03	Equip. Area Meeting (p.m.)	Abilene, TX
10/29/03	Equip. Area Meeting (a.m.)	Lubbock, TX
10/29/03	Equip. Area Meeting (p.m.)	Amarillo, TX
10/30/03	Equip. Area Meeting (p.m.)	Oklahoma City, OK
10/31/03	Equip. Area Meeting (a.m.)	Tulsa, OK
11/3/03	Equip. Area Meeting (p.m.)	Springfield, MO
11/4/03	Equip. Area Meeting (a.m.)	Alma, MO
11/4/03	Equip. Area Meeting (p.m.)	Columbia, MO
11/5/03	Equip. Area Meeting (a.m.)	Kansas City, MO
11/6/03	Equip. Area Meeting (a.m.)	Great Bend, KS
11/6/03	Equip. Area Meeting (p.m.)	Dodge City, KS
11/7/03	Equip. Area Meeting (a.m.)	Colby, KS
11/10/03	OPE Meeting	Arlington, TX
11/11/03	OPE Meeting	Austin, TX
11/12/03	OPE Meeting	San Antonio, TX
11/13/03	OPE Meeting	Houston, TX
12/2/03	OPE Meeting	Oklahoma City, OK
12/3/03	OPE Meeting	Wichita, KS
12/4/03	OPE Meeting	Kansas City, MO

Dealers needing more information at this time should call the Association office at 816-561-5323 or 1-800-762-5616 and ask for Olivia Holcombe or e-mail Olivia at oholcombe@swassn.com.

Two Ways to Pay!

South Western Association has adopted a One Pay All Pass to allow all the employees at each retail location to attend educational seminars. The One Pay All Pass allows all the employees from each purchasing location to Pay One Price and attend all the Education 2003 seminars this year. That's right, all the employees from a single location can attend each one of the seminars at no additional fee. The only requirement for an attendee is to confirm attendance 30 days in advance by faxing it to 816-561-5323.

A La Carte

All programs will be offered to members on an a la carte basis, too. Some programs do have limited seating available. Fees vary for each program. Save \$50 per person by signing up at least 30 days before the seminar. Contact Olivia at South Western Association for more information at 800-762-5616.

Smooth Sailing Now, But Rough Waters Ahead

By Scott Franklin, First Generation Consulting

U.S. consumers have been playing the role of the mythical Atlas, shouldering the weight of the economy on their collective shoulders while American business retrenched, resized, and resisted contributing much to the recovery. Beginning in the second quarter of 2003, the gloomy mood in manufacturing, retailing, and other sectors began to change and spending started to inch toward pre-recession levels. Economic growth, as measured by real gross domestic product (GDP), grew at a 3.1% rate, higher than the 2.4% originally estimated.

In the past, there have also been encouraging signs of a vibrant recovery, but substantive growth failed to materialize. This time, economic indicators are broader and more consistent. There actually seems to be evidence of momentum. Corporate profits are higher, primarily because of cost-cutting, but higher revenue growth also made a contribution. Outlays for new equipment rose 8.2% in the second quarter and shipments of capital goods grew 2.9% in June and July. Retail reported healthy sales, and new housing starts set a record in July. Even the yawning trade gap diminished slightly in the second quarter due to growth in exports.

In August, sales of new cars and light trucks recorded its strongest month in nearly two years, despite the tightening of rebates and low interest rate financing that lured consumers in the door and cut industry profits. Prices of used cars rose, and used car inventory fell, both welcome signs for an industry that sacrificed margin to maintain volume and market share.

Consumer activity remains brisk, with real household spending jumping 0.6% in July. Lower tax withholding rates, child tax credit rebates, and low inflation have all combined to increase household purchasing power. Mortgage refinancing has provided families with more discretionary income through

either lower monthly payments or lump sum “cash-outs.” Consumer confidence is rising, although households still express concern about job security.

GDP growth estimates among many economists are being revised upward, and a consensus is developing that at least through the end of the year, the economy will experience brisk growth. Looking at 2004 and beyond, this optimistic forecast becomes a bit murky. There are some troubling trends that could puncture the recovery.

Budget deficit projections by both the Bush administration and the Congressional Budget Office exceed \$400 billion for fiscal year 2003, and \$450 billion for fiscal year 2004. Given the circumstances, increased deficits are unavoidable. The war on terrorism and the increased costs of homeland security and rebuilding efforts in Afghanistan and Iraq have inflated the mounting deficits. If further attacks on this nation can be minimized or prevented, increased spending associated with homeland security is easily justified economically, as well as politically.

The recent stimulus package consisting of tax cuts and increased government spending also spawned deficit growth. Even deficit hawks would begrudgingly approve expansionary fiscal policy given the morbid economy. The problem with the projected deficits is that they aren't cyclical (caused by a temporary economic downturn) but are structural deficits that will remain even if the economy reaches full employment.

Structural deficits have implications for interest rates and the growth of the economy. Record low interest rates this year have prompted consumers to take on more debt. The debt burden of U.S. households is 111% of disposable income compared to only 102% just two years ago. Since the start of the recession, mortgage debt has risen

25%, and mortgage delinquency is climbing.

As interest rates rise, households will be reluctant to assume greater debt, acting as a drag on future spending. Higher interest rates are particularly devastating to families with variable rate debt, such as adjustable rate mortgages and credit card debt. A jump in interest rates could potentially choke this budding recovery.

The recently passed fiscal stimulus package is a one-time jolt, intended to re-ignite the economy. The bulk of the tax provisions are not permanent. Peering at record deficits, policy makers may hesitate to provide further tax cuts or augment government spending if the economic engine begins to sputter.

Unemployment continues to hover at around 6%, and would be higher if discouraged workers had not dropped out of the labor force. Since 2001, the private sector has shed 3.3 million jobs. Thus far, increased productivity has allowed businesses to increase output without adding jobs. At some point the scales will tip and more hiring will be necessary to meet increased demand. But with more companies outsourcing different aspects of their operations overseas, there is no assurance that those jobs will be generated within the United States.

The recovery will continue but the question of its duration and vibrancy beyond 2003 would make even Atlas shrug.

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 firstgen@compuserve.com or by phone at 913-642-6951.

EDCO Today

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To inquire about the EDCO Programs, the manufacturer programs, or to obtain a dealer credit application, please call John Clark at the Textron Financial office in St. Louis, MO at 314-290-3119 or visit our website at <http://www.textronfinancial.com/edco/>

Federal Legislative News

- Bills working their way through the House and Senate would offer protection to small businesses from hefty product liability damages. The Small Business Liability Reform Act (HR 2813 and S 1546) would protect retailers with fewer than 25 employees from being sued over defective products manufactured by another company. The legislation would also cap punitive damages at \$250,000 and abolish joint liability.
- President Bush sent a formal request to Congress for an additional \$87 billion for fiscal year 2004 - \$65.6 billion for military operations in Iraq and Afghanistan and \$20.3 billion for reconstruction. In response, Sen. Joseph Biden (D-DE) said he would file a bill to raise income tax rates for one year on wealthy taxpayers by enough to produce \$87 billion. In the meantime, Congress missed the deadline for passing FY 2004 appropriations bills. With only three bills on their way to the President, Congress passed a short-term spending bill for the rest of the government until Oct. 31.

Source: National Retail Hardware Association

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NAEDA Financial, Ltd.
Agricultural Retail Division
1401 E 71st Parkway, Suite 205
Creola, MO 64134-9206
1-888-922-4NFL (4635)
Industrial Retail Division
625 Maryville Centre Drive, Suite 100
St. Louis, MO 63141
1-888-765-6772
www.NAEDAFinancial.com