

# SouthWestern Flash

April 27, 2004, Vol 2, No. 7



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**Dealers of Tomorrow** - July 15-16 -  
Hyatt Regency, Wichita, Kan.

**Dealers of Tomorrow** - Oct. 7-8 -  
Crowne Plaza Hotel, Austin, Texas

Austin workshop description on page  
three. Mark your calendar and plan to  
attend.

### *SouthWestern Association*

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## **Dealers of Tomorrow Workshop July 15-16, Wichita, Kan.**

### **Targeted Solutions – A Planning Workshop**

As an equipment retailer, you need to develop a business plan on an annual basis. What’s the process? Get out last year’s plan and revise the figures a bit – then place it back on the shelf until the same time next year? How about energizing the process and producing a plan that you actually use – a plan that your management staff helps to develop? Wouldn’t you like to have buy-in from management staff so that you work the plan for improved performance and results? With the “Targeted Solutions” planning method, all this is possible. Targeted Solutions is the strategic planning system that you can use to:

- Identify obstacles and issues
- Determine priorities
- Develop a game plan that can be put into immediate use
- Discover resources
- Eliminate roadblocks

This program, presented by Liz Kearney and Floyd Jerkins, takes the guesswork out of planning and problem solving by teaching participants how to use the world’s most successful strategy system. In addition, the process itself encourages and helps build effective teamwork. This helps all levels of staff that are given responsibility for making decisions and taking action to correct problems or eliminate obstacles to success.

### **Workshop Schedule**

#### **Thursday, July 15**

- 1 p.m. Registration
- 1:30 p.m. Targeted Solutions - A planning workshop  
led by Liz Kearney and Floyd Jerkins
- 4:30 p.m. Buses depart for auto dealership tour
- 6:30 p.m. Return to hotel for dinner and networking

#### **Friday, July 16**

- 8:00 a.m. Continental Breakfast
- 8:30 a.m. Targeted Solutions (cont.)
- Noon End of Program

The workshop and dinner will be held at the Hyatt Regency, Wichita, Kan. A special room rate of \$99 single occupancy and \$124 double occupancy has been arranged for this meeting. Dealers will receive more information about this workshop and other Dealers of Tomorrow programs soon. For additional information contact Olivia at 816-561-5323.

# Federal Legislative News

## Spam Law Implications to Businesses

The “Can-Spam” Act that went into effect Jan. 1 primarily focused on stopping “mass junk emailers,” but it has three important applications to communications you may send your customers or prospective customers:

1. Commercial emails must include identification of the email as an advertisement or solicitation, and may not have misleading or deceptive subject headers.
2. The email must include the physical postal address of your company.
3. The email must include an “opt-out” mechanism.

There is an exemption for “transactional” and “relationship” emails - this allows you to send emails that don’t meet the above criteria when corresponding about a specific order, for example, about product safety information, or if the recipient has signed up to receive emails from you. The Federal Trade Commission (FTC) is expected to publish guidance on interpretation of the law and there may be some lessening of what constitutes “commercial” email, but that remains to be seen.

## Transportation Bill Faces Veto Threat

Congress returned April 19 and a conference committee attempted to merge House and Senate-passed versions of the six-year highway, transit, and transportation safety authorization bill. The Senate version, has a price tag of \$318 billion, while the House’s is a slim \$284 billion; however, both are above the White House’s \$256 billion proposal and both face a veto threat from the President. House Transportation Chairman Don Young’s (R-AK) proposal to increase the gasoline tax to add another \$100 million to the House bill was rejected by GOP leaders, but Young plans to continue his fight for more funding in conference.

## Long Road to Immigration Reform

The Bureau of Labor Statistics projects that by 2008 the US will have 161 million jobs, but only 154 million workers. Many of these unfilled jobs are expected to be in the building trades.

President Bush unveiled guidelines for immigration reform in January that were met with the usual backlash and charges of election year pandering. On February 12, the Senate Judiciary Immigration Subcommittee held a hearing on “Evaluating a Temporary Guest Worker Proposal,” and a second hearing on April 1 focused on the border security implications of the proposal. A member of the National Roofing Contractors Assn. testified about the growing shortage of workers in construction industries and the challenges of bringing in immigrants to fill those jobs. The issue is unlikely to get far in this Congress, but these are significant steps towards a long-term solution.

# U.S. Department of Labor Publishes Final Rule for “White Collar” Overtime Regulation Changes

The U.S. DOL has published a final rule in the Federal Register modifying the Fair Labor Standards Act of 1938 (FLSA) by defining and delimiting the exemptions from overtime pay requirements for Executive, Administrative, Professional, Outside Sales and Computer Employees. The new regulations establish the criteria used to determine which employees fall within the white collar exemptions and bring badly needed modernization to a regulation that had not been revised since the 1950’s. The complexity and subsequent confusion of applying the old rule to modern jobs led to a dramatic increase in litigation concerning overtime wages brought by trial lawyers looking to capitalize on an arcane system.

The new rule will become effective on August 23, 2004. The rule is over 100 pages long plus analysis, but in general the rule does the following:

- Guarantees overtime pay for employees making less than \$22,100 per year or \$425 per week regardless of job duties
- Makes it easier for employers to determine which white collar employees are exempt from the overtime requirements
- Will reduce the ability for trial lawyers to exploit the FLSA to the detriment of employers and legitimate claimants
- The new rule will not deny overtime to anyone based strictly on salary
- It will not affect the right to overtime for “blue collar” workers, police, fire fighters, paramedics and other first responders
- The rule will not change the rights of unionized employees to bargain for overtime pay, regardless of salary or job duties

There are still efforts in Congress to stop the implementation of the new rule including a bill by Senator Harkin (D-IA) that if passed would retroactively prohibit implementation. SouthWestern Association will continue to monitor activities in Congress and provide its members with any significant updates.

For the full text of the new rule go to the link below- Federal Register: April 23, 2004 (Volume 69, Number 79):<http://a257.g.akamaitech.net/7/257/2422/14mar20010800/edocket.access.gpo.gov/2004/04-9016.htm>.

*Source: National Lumber and Building Material Dealers Association, April 23, 2004*

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## Employee Benefits Are a Good Investment

Findings released from the Principal Financial Group's Principal Well-Being Index show that American workers are optimistic regarding the economic outlook. However, workers are also showing uneasiness about their current personal financial well-being. The index documents the growing importance of workplace benefits such as healthcare and defined contribution plans, with more workers stating that good benefits encourage them to work harder at their jobs.

According to the index, 44 percent of American workers feel either completely or somewhat insecure about their financial well-being in today's economy. Yet, workers were much more optimistic about the rest of the year, with nearly half of respondents saying they were very or somewhat optimistic about their financial outlook.

## The Future of Consumer Spending

Growth in consumer spending will likely continue in the summer, followed by a slowdown in the fall, according to Deloitte Research's Leading Index of Consumer Spending. The expected decline in growth signifies the first deceleration in consumer spending since the spring of 2003, and is largely a result of fewer tax reductions, the company says.

Deloitte analysts say that consumers will continue to spend tax refunds over the next few months on high-priced goods and services, such as consumer electronics and home improvements. But they also caution that in four to six months, the stimulating effects created by the tax cuts will reach a peak, resulting in a smaller amount of disposable cash and causing consumer spending to grow at a slower rate.

*Source:* Home Center Institute, April 14, 2004

### **SouthWestern Association Hotline - 800-762-5616**

The SouthWestern Association Hotline is your source for solutions to many day-to-day problems and issues that confront retailers. Look to your Association for answers to: legal issues, dealer/manufacturer issues, dealership financial-operations issues, accounting/tax questions, marketing, advertising and promotion questions, employee benefit, retirement program, and insurance questions.

*October 7-8 – Austin, Texas*

## Dealing With the Future - What Every Dealer of Tomorrow Needs to Know

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, mid-level managers and department managers, as well as those new to the equipment industry, and will teach participants how a dealership's operating and financial parameters can affect the dealership on a day-to-day basis.

The workshop is for owners, mid-level managers and department managers, as well as those new to the equipment industry, and will teach participants how a dealership's operating and financial parameters can affect the dealership on a day-to-day basis.

Presenter Bill Bohmer will provide a financial review that will cover the most common operating indicators that nearly all dealerships should review on a monthly basis to develop sound financial returns. We will illustrate departmental expense categories to illustrate the interdependency between all departments and how these affect the dealership as a whole. Examples will be provided to show the participants what characteristics are essential for developing a financially and operationally sound dealership. Some of the topics we will cover include:

- Understanding the basic operating parameters of an equipment dealership
  - ROI and ROA
  - Working Capital Turns
  - Equipment and Parts Turns
  - Sales Mix
  - Gross Margins
  - Expenses
  - Absorption Rate

Many other topics important to successful equipment dealerships will be covered during this workshop. Dealers will be receiving detailed information about this workshop soon. For more information, contact Olivia Holcombe at SouthWestern Association - 1-800-762-5616.

## **NRHA National Convention - July 12-14 Resort Semiahmoo - Blaine, Washington**

Register before May 31st to receive a 10 percent early-bird discount - \$285 per person. After May 31st - \$325 per person. Contact SouthWestern Association for registration material and hotel information.

# A Retirement Preview

If you could preview your retirement on DVD, would it show you living comfortably or struggling to make ends meet? Which picture actually plays out some day will depend on your retirement income. And the planning decisions you make now can greatly affect your results.

## Make Your Own Projection

You may not intend to retire for years, but now is a good time to plan. The sooner you take a hard look at your financial situation, the more time you'll have to make adjustments if they're needed. To see a rough cut of what your future retirement might look like, just compare the retirement income you anticipate against your likely cost of living during retirement.

## Your Future Income – From Where and How Much?

You may have several sources of retirement income:

- **Social Security.** It's safe to assume Social Security won't disappear, although changes in the amount, timing and taxation of benefits are possible. If you're aged 25 or older, Social Security sends you an estimate of benefits once a year. You can also request one at Social Security Online ([www.ssa.gov/mystatement](http://www.ssa.gov/mystatement)). Or call to get a request form (1-800-772-1213) and mail it to Social Security.
- **Your retirement plan account.** You can use a calculator or other tool to project the balance of your retirement plan account at the age you expect to retire and to estimate the annual income you'll be able to draw from your assets.
- **Any other pension benefits** you may be entitled to. If you participate in another plan, ask the administrator of that plan for information about future benefits.
- **Individual retirement account (IRA) or other investments** you may have.

## Your Future Income Needs

To look at your retirement income needs, you need an idea of how much you'll be earning – and spending – at the end of your career. Yes, your living costs may be lower after you retire because of saving on work-related expenses. But inflation after retirement may

increase your income needs; and some costs, like medical care, will probably increase, too. Unless you plan to change your lifestyle, you may not want a significant drop in your retirement cost of living. To estimate your pre-retirement earnings, multiply your current pay by a growth factor. Many planners say the average retiree needs 70-80 percent of pre-retirement income to live comfortably.

## Should You Do Some Editing?

Comparing your estimated future income with your estimated income needs will give you a rough cut of your financial future. If the income looks like it will be too low, think about the editing possibilities you have now and read the suggestions below:

- Learn more about your plan's investment options.
- Adjust how your retirement account is invested to increase the potential for growth (keeping in mind that increased growth potential also carries increased potential for risk).
- Make sure that your current investment mix still reflects your time frame and risk tolerance.
- Check your account's progress regularly and rebalance your investments when needed if you want to restore your original asset allocation
- Find ways to invest more money toward retirement.

So, take a sneak preview of that DVD of your retirement. With some editing, reshooting and redirecting, you can help make sure it gets good reviews. *Source: Tax Favored Benefits.*

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# NAEDA and OPE Dealer Council Send Letter Concerning Internet Sales

The North American Equipment Dealers Association and the Outdoor Power Equipment Dealer Council have sent a letter to over 60 of the leading OPE manufacturers with recommendations on the use of the Internet by manufacturers and dealers. The letter specifically outlined the issue of selling wholegoods, used equipment and parts over the Internet. The letter outlined how using the Internet has long-term detrimental effects on traditional dealer networks. The letter also recommended that if manufacturers used the Internet for sales, then dealers in the affected territory should receive "credit" for the sales.

The issues outlined in the letter were recommendations by NAEDA and the OPE Dealer Council and manufacturers were asked to adopt these recommendations. The letter was sent to the following manufacturers:

American Honda Motor Company  
Ariens Company  
Briggs & Stratton Corporation  
Deere & Company  
Dixon Industries  
Echo Incorporated  
Exmark Manufacturing Company  
Homelite Consumer Products, Inc.  
Husqvarna Forest & Garden  
Kohler Company  
Kubota Tractor Company  
MTD Products Inc  
Murray, Inc  
Redmax  
Scag Power Equipment, Inc  
Shindaiwa, Inc.  
Simplicity Manufacturing, Inc.  
Solo Incorporated  
Southland Mower Corporation  
STIHL, Incorporated  
Tanaka Power Equipment  
Tecumseh Products Company  
The Toro Company  
Walker Manufacturing Company  
Outdoor Power Equipment Institute  
Ace Products Inc.  
Auburn Consolidated Industries  
Bemis Manufacturing Company

Black & Decker (U.S.), Inc.  
Blount, Inc.  
Brinly-Hardy Company, Inc.  
Bush Hog, LLC  
Capro, Inc.  
Carlisle Tire & Wheel Company  
New Holland  
Carlton Company  
Delta Systems, Inc.  
Duramatic Products  
Electrolux Home Products  
Excel Industries, Inc.  
Fisher Barton, Inc.  
Frederick Manufacturing Corp.  
Hoffco Inc.  
Jacobsen, A Textron Company  
Kawasaki Motors Corp., USA  
King Kutter, Inc  
Kelch Corp., A Bemis Manufacturing Company  
MAHLE  
Makita USA, Inc.  
Metal Power Products  
Minuteman Parker  
New Hampshire Industries  
RE Phelon Company, Inc.  
Robin America, Inc.  
Sauer-Danfoss, Inc.  
Southern Mills, Inc.  
Tuff Torq Corporation  
USA Zama, Inc.  
Walbro Engine Management  
Warner Electric Inc.  
Wescon Products Company  
Whirltronics, Inc.  
Wolf-Garten of North America LP  
Woods Equipment Company  
Yamaha Motor Corporation, USA

## Planned Soybean Acreage to Set Record

U.S. State Department recently released its first look at farmers' planting intentions for the 2004 season. Soybean growers intend to plant about 75.4 million acres, up 3 percent from last year. If realized, this would be the largest planted area on record and a rebound from a three year decline.

Corn acreage wasn't as high as traders had predicted going into the report.

## Member News

### Edmund "Ed" Meinhardt

Edmund "Ed" Meinhardt, 85, a lifetime resident of Paxico, Kansas died Saturday, April 17 at a Topeka hospital.

Meinhardt served in the Army during World War II stationed in the Southwest Pacific. After returning home from his military service, he opened a gasoline and service station in Paxico, which he owned and operated for more than 50 years. During that time, he also operated a farm and agricultural implement business, farmed, ranched and kept involved in many other activities in Paxico. He was mayor of Paxico from 1949 through 1959 and also served on the school board for several terms. He was married to Rita Kathryn Weixelman. She died July 28, 1993.

Jim Meinhardt, co-owner of KanEquip, Inc., and member of the SouthWestern Board of Directors, is one of four surviving sons and four surviving daughters. Ed has three surviving brothers; 16 grandchildren and seven great-grandchildren.

## Legislative Watch

**Link to Missouri Legislative Update**  
[www.swassn.com/molegislat.htm](http://www.swassn.com/molegislat.htm)

**Link to Kansas Legislative Update**  
[www.swassn.com/kslegislat.htm](http://www.swassn.com/kslegislat.htm)

**Link to Texas Legislative Update**  
[www.swassn.com/txlegislat.htm](http://www.swassn.com/txlegislat.htm)

**Link to Oklahoma Legislative Update**  
[www.southwesternassn.com/oklegislat.htm](http://www.southwesternassn.com/oklegislat.htm)

**Link to Arkansas Legislative Update**  
[www.swassn.com/arlegislat.htm](http://www.swassn.com/arlegislat.htm)

**Link to New Mexico Legislative Update**  
[www.swaassn.com/nmlegislat.htm](http://www.swaassn.com/nmlegislat.htm)

Access the latest state legislative updates by visiting the web-sites listed above.