

SouthWestern Flash

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Conference** - Jan. 23-24
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Feb. 21-23, Am. Royal Complex,
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Plan to Attend the Western Farm Show – Feb. 21-23 in Kansas City

In its 43rd year, the Western Farm, sponsored by the SouthWestern Association, features something for everyone involved in agriculture today. The Show is held each year at the American Royal Complex in Kansas City, Mo. It features a wide variety of equipment for large-scale agriculture producers, such as high-horsepower tractors and combines, all the way down in size to equipment designed for the weekend “lifestyle” farmers including compact tractors and mowers. In addition to farm machinery, the Show includes a large selection of livestock handling equipment, seed and fertilizer, outdoor power equipment and virtually everything else today’s farmers and ranchers need for agricultural production. Products new to the market will be highlighted throughout the Show by special signage.

In keeping with a long tradition, this year’s Show will include the popular Health and Safety Roundup Area and the Family Living Center. Both of these areas are popular attractions for the entire family. The Health and Safety Roundup area includes health screenings for guests and safety demonstrations presented by the Missouri State Highway Patrol. The Family Living Center offers a wide variety of products for the home including food items, paintings, kitchen equipment and clothing. Two seminars on popular topics will be held during the Show: Alternative Fuels and Wind Farming.

This year the Show will include a special dealer/member luncheon at the American Royal Complex – second floor in the American Royal offices. This luncheon will be held on Saturday, Feb. 21 from 11:30 a.m. – 1:00 p.m. All members are welcome to attend and bring one guest (total of two people per dealership) at no charge. Additional guests are welcome – cost is \$10 per person. The luncheon will feature a guest speaker talking about carbon sequestration and how you can profit from it. Jeff Flora, SouthWestern CEO, will give attending members a State-of-the-Association update.

SouthWestern Association has made special hotel arrangements and rates for members and dealers attending the Show. Our headquarters hotel for the Farm Show is the Sheraton Suites Hotel located at 770 W. 47th Street on the Country Club Plaza. The \$109.00 per night rate includes the hotel’s breakfast buffet served in the Gallery Restaurant. Members should call the hotel direct at 888-627-7043 to make reservations. Members should give the hotel reservation agent the meeting code of 7179.

Located in the historic stockyard area of Kansas City, the American Royal Complex is a bright, modern facility with all the latest conveniences including a restaurant and concession stands, an escalator and elevator to the second floor, a business center for exhibitors, and many other amenities. The Western Farm Show occupies all of the complex’s nearly 450,000 square feet of exhibit space.

The Show runs 9 a.m. - 5 p.m. Saturday, Feb. 21 and Sunday, Feb. 22 and 9 a.m. - 4 p.m. on Monday, Feb. 23.

Nominations Open for Young Retailer of the Year

The National Retail Hardware Association (NRHA) and Home Center Institute (HCI) have announced the opening of nominations for the eighth annual Young Retailer of the Year award program. The awards recognize the achievements of the next generation of hardware and home improvement retailers.

This year's program is sponsored by 3M Company, Cooper Tools, The Scotts Co. and the American Hardware Manufacturers Association's Young Executives Council, and is coordinated by NRHA.

Nominations will be accepted until April 16. Retailers age 35 and younger will be honored in three categories: retail outlets with annual sales under \$2 million, retail outlets with sales over \$2 million and multi-store companies. Owners, managers, supervisors, sales associates and other management personnel can be nominated for the award. Candidates are recognized for their career advancement, professional accomplishments, goals for the future, education and community involvement.

For more details about the program, call program director Tom Delph at 812-376-9299. A downloadable nomination form and information flier is available on the NRHA web site at www.nrha.org/yroy.html

Stopping Meth Production

For the second straight year, Missouri has led the nation in the number of meth lab raids. Last year, more than one out of every six meth labs in the country was found in Missouri, federal and state figures showed. That's roughly a 28 percent increase over 2001 numbers and widens the gap between Missouri and the rest of the nation.

Everyday items can be used to make the illegal drug methamphetamine. Law enforcement officials are trying to educate retailers and the public about what to watch for. Among items that can be used in the process of making the drug are:

- Anhydrous ammonia
- Acetone
- Aluminum foil
- Brake cleaner
- Camping fuel
- Coffee filters
- Denatured alcohol
- Drain cleaner
- Engine starter fluid
- Sodium hydroxide
- Ephedrine or pseudoephedrine - ingredients in cold medications
- Funnels
- Gas additives
- Iodine
- Lithium batteries
- Lye
- Matches
- Paint thinner
- Propane tanks
- Rubbing alcohol
- Table or rock salt

March Area Meetings

SouthWestern Association members and others should mark their calendars to attend one of the upcoming March area meetings. The meetings will be held in the following locations:

- Tuesday, March 9 - Austin, TX
- Wednesday, March 10 - Lubbock, TX
- Thursday, March 11 - Oklahoma City, OK
- Wednesday, March 17 - Salina, KS
- Thursday, March 18 - Columbia, MO

The meetings will focus on SouthWestern Association's consolidation services, education and training for existing multi-location dealers. Topics to be discussed include Certified Business Valuations, Jerkins Creative Consulting services and other programs primarily designed for multi-location dealers.

All meetings will begin at 4:30 p.m. and conclude by 9:30 p.m. The meetings include a reception and dinner.

Meeting Agenda:

- 4:30 p.m. - Introductions, welcome
- 4:35 p.m. - Tool Reimbursement Program Discussion
- 5:00 p.m. - Insurance Discussion
- 5:30 p.m. - Reception
- 6:00 p.m. - Dinner
- 6:30 p.m. - Industry Consolidation Review Discussion
- 9:30 p.m. - Adjournment

More information about the upcoming meetings will be included in future issues of the *Flash*.

Genstar Capital Acquires Woods Equipment Company

Woods Equipment Company and Genstar Capital Partners III have signed a letter of intent for Genstar to acquire all the stock of Woods. Genstar is a private equity investment firm based in San Francisco, California. The final deal is subject to approval of Woods' board of directors, Genstar's investment committee, the signing of a definitive agreement, and receipt of the necessary government clearances.

The acquisition of Woods will strengthen the Ag and Turf holdings for Genstar. Genstar intends to build its turf equipment and parts business and Woods will be a cornerstone for that expansion.

Missouri Legislative Update

The Missouri Legislature is basically treading water until Governor Bob Holden delivers his legislative and budget address January 21.

Once that happens, the legislature will begin rolling into high gear. Committees will begin meeting in earnest to consider the hundreds of bills filed in both chambers. And the appropriation committees will begin going through the governor's proposed state budget.

The Senate Agriculture and Natural Resources Committee held a public hearing this past week on legislation (SB 739) that would radically change how the Missouri Department of Natural Resources writes and develops its environmental rules and regulations.

Currently, there is no requirement that Missouri environmental rules be based on scientific information. That will change if Senate Bill 739 becomes law. Some agricultural and business interests claim state environmental rules all too often are based more on hearsay and subjective information than fact and scientific evidence.

The Senate legislation also requires the burden of proof on the Department of Natural Resources to show any proposed environmental rule or regulation is needed for the public health, welfare or safety.

And the legislation will require an economic impact statement to determine the risks/benefits of the proposed rule and how it may affect business or agriculture.

Sen. David Klindt, the sponsor of the legislation, testified the bill simply is "legislating common sense" into the environmental rule-making process. The director of the Department of Natural Resources said his agency already is working toward implementing most of the provisions in the bill.

This legislation is one of the priorities of the Association in the 2004 legislative session. The Association will be working to pass Senate Bill 739 into law in Missouri.

Leroy Davenport

Former SouthWestern Association employee and Frankfort Kansas lumber dealer, Leroy Davenport, died Sunday, Jan. 11 at his home in Frankfort. A service was held Wednesday, Jan. 14 at the Annunciation Catholic Church in Frankfort. Burial was in Mt. Calvary Cemetery, Frankfort.

Leroy was a member of Annunciation Church and the Frankfort Rotary Club, where he received the Paul Harris Fellowship Award. He was also a member of the Frankfort Jaycees, the Frankfort Community Care Home Board and the FHS Powell Committee. He was a volunteer with the Frankfort Ambulance Service and a member of the Kansas Lumbermen's Association and the Mid-America Lumbermen's Association.

He was born Dec. 29, 1948, in Emporia, Kansas. He was raised on a farm east of Osage City and graduated from Osage City High School in 1967. He attended Southwestern College in Winfield, Kan., where he lettered in basketball and football and received a bachelor of science degree in business administration in 1971.

Leroy and his wife, Joyce, owned and operated Davenport Lumber from 1980 - 2002. He had been regional manager for SouthWestern Association until earlier this year.

He is survived by his wife, Joyce of the home; two sons, Travis Davenport, Austin, Texas and Mitchell Davenport, Lenexa; a daughter, Elise Davenport, Manhattan; a brother, Robert Davenport, Emporia; and three sisters, Donna Spicer, Wakarusa, DeeAnn Woodson, Overbrook, and Linda Spielman, Manhattan.

A fund has been established at SouthWestern Association for the Davenport family. Individuals interested in donating to this fund are asked to send checks to SouthWestern Association payable to SouthWestern Association with "Davenport Family Fund" on the memo line. Donations to the fund will be accepted for the next six weeks. Individual donations to the fund will be noted on the correspondence accompanying the check presented to the family.

Federal Legislative News - Small Business Bills

Congress will convene for its second session on Jan. 20. Although lawmakers worked late into 2003, they left Washington with much yet to be done. Business legislation is awaiting action too. Bills have been introduced in both houses to allow states to collect sales taxes on sales by online, telephone and catalog retailers. The House passed a permanent repeal of the estate tax and is waiting for action by the Senate. Several pieces of legislation aimed at making health insurance more affordable include association health plans, a means by which small businesses could pool resources to offer health insurance to employees.

Another bill would let sole proprietors, partners and S corporation shareholders deduct the cost of health insurance premiums before calculating the amount of their self-employment tax. The House is still waiting for the Senate to approve a consumer bankruptcy reform bill and a wide range of bills would make changes to the way product liability litigation is handled. In addition, bills have been introduced to allow banks to pay interest on business checking accounts and to shorten the depreciation period for some retail space improvements to 10 years.

Source: National Retail Hardware Association

Deteriorating Customer Loyalty

American Demographics magazine reports that consumers are on a mission – one that may not bode well for the lackadaisical retailer. The magazine reports that shoppers want to locate a product as quickly as possible, evaluate it, pay for it and get out of the store. Even then, most consumers say that they still haven't got what they want.

Citing a report by Walker Information, an Indianapolis-based market research firm that specializes in customer loyalty issues, *American Demographics* reports that 55 percent of consumers are not loyal to the stores they frequent. Retail customers are not thrilled about where they shop, but believe that no better choices exist. Research indicates that customers stick with a retailer out of habit or convenience while remaining indifferent to the store itself. Another 12 percent are flight risks who may have already contemplated not returning to a store for

yet another unsatisfactory shopping encounter.

Walker's survey found that consumers are starved for help and that 41 percent of respondents said they would be willing to pay more for qualified sales assistance. In addition, they consider checkout times too long and products hard to locate.

In the case of home improvement stores, 57 percent of customers expressed satisfaction with checkout times. Fifty-one percent were happy with the ease of locating products, while 77 percent were satisfied with product assortment. Seventy-two percent were pleased with the helpfulness of sales personnel.

This information appears to support the conventional wisdom that if retailers want to stop customers from fleeing to the competition, it pays to overwhelm them with a great shopping experience.

Source: Home Center Institute, Jan. 7, 2004

Legislative Watch

Link to Missouri Legislative Update
www.swassn.com/molegislat.htm

Link to Kansas Legislative Update
www.swassn.com/kslegislat.htm

Link to Texas Legislative Update
www.swassn.com/txlegislat.htm

Link to Oklahoma Legislative Update
www.southwesternassn.com/oklegislat.htm

Link to Arkansas Legislative Update
www.swassn.com/arlegislat.htm

Link to New Mexico Legislative Update
www.swaassn.com/nmlegislat.htm

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

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