

SouthWestern Flash

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In This Issue

Federal Legislative News
Farmers Hit By High Fuel Costs
Regional Meeting Dates
Your Fiduciary Responsibilities
Dealers of Tomorrow - Austin, TX

Upcoming Seminars of Interest

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

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

Regional Meeting Dates - Listed on
page three

Mark your calendar and plan to attend.

SouthWestern Association

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from SouthWestern Association?*

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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

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

Targeted Solutions Workshop and Dealership Tour!

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.

"The atmosphere of younger dealership personnel along with a good message worked out very well." - 2003 Dealers of Tomorrow Participant

Dealership Tour

Dealership tours are an important part of the workshop in Wichita. The Davis-Moore dealership has generously agreed to open their doors so participants can tour their facilities. You'll come away with numerous ideas you can implement at your dealership.

The **Davis-Moore** dealership has a long history in the Wichita area. In 1955, Grant Davis accepted a position from his stepbrother, Bob Moore at Bob Moore Oldsmobile. From this association, Grant acquired other dealerships in the city and began fostering strong community ties. As a result of hard work, good customer service and a strong commitment to community, over the 45 years, Davis-Moore has become Kansas's largest auto group. As part of the program in

Continued on page 3

Federal Legislative News

Business Legislation in the House

In recent weeks the House has been busily passing bills and sending them on to the Senate. Here are a few examples.

Tax cuts – Four bills would extend or make permanent tax cuts that were enacted in 2001 and are scheduled to expire or revert to previous levels at the end of the year.

Three of the bills would make permanent the \$1,000 per child tax credit, the expanded 10 percent tax bracket and marriage penalty relief. The fourth bill would extend higher exemptions to the individual alternative minimum tax for another year.

Health care – One of three House-passed bills would allow the creation of association health plans in which small businesses could pool resources to negotiate favorable premium rates. This is the second time in this Congressional session the House has passed an association health plan bill.

The other bills would cap monetary damage awards in medical malpractice lawsuits and allow individuals with flexible spending accounts to roll unused funds into the next year or transfer them to health savings accounts.

Small business regulatory reform – Four bills involve the Occupational Safety & Health Administration (OSHA) and a fifth deals with further reductions in paperwork.

Three OSHA bills would relax penalties if small business inadvertently miss a deadline responding to an OSHA citation, clarify that OSHA Review Commission interprets the law independently of the agency enforcing the law and increase the commission's membership from three to five. The fourth bill would allow small businesses to receive attorney's fees and costs when they contest OSHA citations and win.

The paperwork reduction bill would require the Office of Management & Budget to increase efforts to find ways to reduce Internal Revenue Service paperwork requirements.

In each case, the related bills were combined into one and sent on to the Senate, where their fate is uncertain at best.

Gridlock in the Senate

At the same time, the Senate was deliberating on several pieces of legislation but acting on few. Aside from a bill to repeal an export tax break for multi-national companies, the Senate accomplished little.

The Senate has been working on a bill to establish a trust fund to compensate victims of exposure to asbestos. Republicans and Democrats strongly disagree over how much money should be put into the trust fund and how much workers should receive depending on the seriousness of asbestos-caused illnesses. They asked a retired federal judge to mediate, but the talks accomplished nothing.

A bill dealing with class action lawsuits was facing the same obstacles. Currently, most class action lawsuits are filed in state courts and attorneys tend to file them in states where they think they have the best chance of winning a large

settlement. This legislation would set rules under which class action lawsuits would be moved to federal courts, which tend to levy more modest settlements. Democrats threatened filibusters; Republicans filed cloture motions – more than once.

At this writing, the bill had been pulled from the floor once again because there weren't enough votes to stop a filibuster. Senate Majority Leader Bill Frist (R-TN) was continuing to say he would schedule a vote on the class action bill, and to get Democratic support, promised them they could offer an amendment to the bill – to raise the federal minimum wage to \$7 an hour.

Update: Overtime Rules

It has been reported that the Department of Labor's (DOL) new rules on white collar exemptions to overtime pay would go into effect Aug. 23, unless opponents in Congress managed to stop them.

Since then, the Senate approved two amendments to the bill repealing export tax breaks and then passed the bill. One, by Sen. Tom Harkin (D-IA), would keep DOL from enforcing portions of the rule that would take overtime eligibility away from employees who currently qualify. The second, by Sen. Judd Gregg (R-NH), would preserve overtime status for 55 occupations or job classifications that could be at risk as a result of DOL's revisions. Neither amendment affects the new \$23,660 annual salary minimum requirement for overtime.

What happens now is far from certain. The House is not likely to approve the Senate bill and Senate Minority Leader Tom Daschle (D-SD) was threatening to block a conference on the bill. Observers believe the House bill will not include overtime provisions and that those in the Senate bill will be removed if the bill goes to conference.

Association Services - We've Got The Answers

Look to your SouthWestern Association for answers to all your business issues. SouthWestern has assembled a team of industry experts to answer your questions on many different business issues including:

Accounting Services

Mergers & Acquisitions

Legal Services

Advertising & Marketing

Benefits & Retirement

Regulatory Advice

Education & Training

Computer & Web Services

Certified Valuations

Insurance Information

Contact SouthWestern Association at 1-800-762-5616 for more information on any of these services.

Farmers Hit By Higher Fuel Costs, As Well

Farmers are feeling the cost of higher fuel prices, not only by higher prices for diesel to run tractors and machinery, but farmers are hit with increased costs for fertilizer and utilities to irrigate fields.

Nationwide, the increased energy costs means it will take \$800 million more to bring in this year's crop than it did in 2003, according to projections from the American Farm Bureau. The 2003 tally was \$2.6 billion higher than the cost to harvest the 2002 crop, again because of higher energy prices, said Troy Bredenkamp, who monitors fuel and energy for the Washington, D.C.-based organization.

A gallon of diesel for farm use costs about \$1.39, up from about 90 cents a year ago. Farmers don't pay road tax for their diesel so prices are still below those at commercial pumps, where a gallon is close to \$1.80 in West Texas. The price of fertilizer and the energy for irrigation are up, and by as much as 40 percent, said Jay Yates, an economist with the Texas Cooperative Extension in Lubbock.

Ninety percent of the cost of nitrogen fertilizer is based on the price of natural gas. The continuing energy increases this year come just as farmers were feeling optimistic. They were anticipating good returns because of stronger commodity prices across the board, Bredenkamp said.

Source: Farm Equipment Manufacturers Association, June 16, 2004

May Housing Starts Virtually Unchanged From Upwardly Revised April Numbers

The nation's housing market continues to fire on all cylinders, according to May housing starts figures reported by the U.S. Commerce Department. Although overall starts were essentially flat, both single-family starts and building permits chalked up significant gains in May.

Overall housing starts hit a seasonally adjusted annual pace of 1.97 million units in May, which was down less than one percent from April's upwardly revised 1.98 million-unit pace. The decline was entirely on the multifamily side, where a nearly 10 percent dip was recorded to a 327,000-unit rate, but strong permit issuance in that sector indicates an impending bounce-back. Single-family housing starts rose 1.4 percent in the month to an historically healthy, seasonally adjusted annual rate of 1.64 million units.

Building permits, which can be an indicator of future starts activity, were up 3.5 percent overall to a 30-year high of 2.08 million units in May, with single-family permits rising 3.0 percent to their highest rate on record – 1.59 million units.

Dealers of Tomorrow Workshop

Continued from page 1

Wichita, participants will visit one of their state-of-the-art dealerships to pick up ideas about how auto dealerships operate. We'll have an opportunity to discuss what we learn during dinner.

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

E-Learning Follow Up

To support the initial training program, SouthWestern provides a custom-designed, 90-minute E-learning module. This will be introduced in October as a refresher course just prior to the average planning schedule where most dealerships conduct their year-end reviews and develop next year's goals and objectives. The price of the E-learning follow up is included in the workshop fees.

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.* Complete information has been mailed to all members. If you need another copy, just call Olivia at SouthWestern Association - 816-561-5323 or 800-762-5616. Or visit our web site at www.swassn.com.

Regional Meeting Dates Announced

In 2005, the SouthWestern Association will offer five regional meetings for members in place of one large annual meeting. The dates and locations for these meetings are:

January 24 - San Antonio, Texas

January 25 - Dallas, Texas

January 26 - Oklahoma City, Oklahoma

January 27 - Amarillo, Texas

February 25 - Kansas City, Mo. (in conjunction with the Western Farm Show)

Watch for additional information as it becomes available in late summer or early fall.

NFIB Members Meet With Missouri Senators During 2004 NFIB Small Business Summit in Washington, D.C.

U.S. Senators Kit Bond and Jim Talent discussed key issues affecting small business in Missouri with the 15-member NFIB/Missouri delegation recently during the 2004 NFIB Small Business Summit in Washington, D.C.

The delegation met in the senators' offices recently to express their views on important issues such as Small-Business Health Plans, also known as Association Health Plans, regulations and the transportation bill.

"Senators Bond and Talent gave us an optimistic briefing on the future of Small-Business Health Plans," said Scott George, general manager of Mid-America Dental & Hearing Center in Mt. Vernon, Mo. "Although it won't pass this year, next year we think it could take a few more steps toward being signed by the President."

Sen. Talent told the delegation of his efforts to improve the pace at which legislation goes through the senate – hoping to resolve bottlenecks – and he's determined to remove road blocks that get in the way of key pieces of legislation. Talent want to see Small-Business Health Plans get through the process quickly members of the delegation said recently.

Sen. Bond told the delegation that he is optimistic that the transportation bill, which will benefit Missouri small business by improving the way goods and services are transported, will make it through if not this session, then next year, George said.

"Senator Bond (who heads the Transportation Committee) understands how important the transportation bill is to Missouri small-business owners and his commitment to see that legislation through the process is very appreciated," George said.

Need Business Forms?

Look to your SouthWestern Association for all your business forms needs. SouthWestern sells a wide variety of business forms for nearly every computer system. Both custom imprinted and stock business forms are available through SouthWestern at very competitive prices. Contact Pam for custom imprinted and Shirley for stock forms at the Association offices - 1-800-762-5616.

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.

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 discuss departmental expense categories to illustrate the interdependency between all departments and how these affect the dealership as a whole.

For more information just call Olivia at SouthWestern Association - 816-561-5323 or 800-762-5616.

U.S. Labor Department Launches Campaign "Getting It Right – Know Your Fiduciary Responsibilities"

Secretary of Labor Elaine L. Chao recently launched a nationwide campaign to improve workers' health and retirement security by educating employers and service providers about their fiduciary responsibilities under the Employee Retirement Income Security Act (ERISA). This is the latest in a series of compliance assistance initiatives by the department's Employee Benefits Security Administration (EBSA).

"Strong fiduciary oversight and protecting workers' benefits is our highest priority said Secretary Chao. 'Getting it Right,' however, can be challenging. This is particularly true for small and medium-sized employers who have limited time, resources and access to professional help with benefit programs. We are announcing a series of educational seminars to help plan sponsors understand rules and meet their responsibilities to workers and retirees, thereby improving their financial security." Seminars are scheduled to begin in June. The program will emphasize the obligation of plan sponsors and other fiduciaries to:

- Understand the terms of their plans;
- Select and monitor service providers carefully;
- Make timely contributions to fund benefits;
- Avoid prohibited transactions; and
- Make timely disclosures to workers and their beneficiaries and reports to the government.

Continued on next page

Plan sponsors and other fiduciaries have a solemn responsibility to protect the interests of the workers and retirees in their benefit plans. The department's program – 'Getting It Right – Know Your Fiduciary Responsibilities' – will provide employers and plan officials with an understanding of the law and their responsibilities and will focus on steps for avoiding the most common problems encountered in enforcement activities."

The campaign also includes educational materials on topics such as understanding fees and selecting an auditor. These materials and more will be featured on a dedicated Web page for fiduciary education. The publications and information on the upcoming seminars is available electronically at www.dol.gov/ebsa or by calling toll-free 1-866-444-EBSA (3272). Other free publications concerning federal employee benefits law also are available on EBSA's Web site or by calling the toll-free number.

TrueServ and Ace Hardware Announce First Quarter Results

TruServ Corporation reported revenue of \$499.4 million for the quarter ended April 3, 2004, an increase of 10.4 percent or \$47.3 million from \$452.1 million for the same period a year ago. Net margin for the quarter was \$2.1 million, versus a net loss of \$3.9 million a year ago.

Approximately half of the sales increase resulted from same store sales improvement, the other half primarily from additional ship days in the quarter. Lower interest expense as a result of the company's August 2003 refinancing at a 4 percent rate compared to its previous average 13 percent rate was the principal reason for the net margin improvement.

Ace Hardware Corp. reported that first quarter 2004 wholesale hardline sales increased 9.2 percent over first quarter 2003 driven by increased domestic sales of 8.7 percent and increased international sales of 27.6 percent. Net sales were \$789.1 million for the quarter ended April 3, 2004, compared to \$722.4 million in the quarter ended March 29, 2003.

Ace also continued its upward trend in net earnings with net income increasing 17 percent for the quarter. Net income for the quarter ended April 3, 2004 was \$16.7 million compared to \$14.3 million in the quarter ended March 29, 2003.

NRHA 105th Annual National Convention

Semiahmoo Resort
Blaine, WA
July 12 - 14, 2004

Contact Diane Allen at NRHA for more information -
800-772-4424

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