

# SouthWestern Flash

November 17, 2004, Vol 2, No. 17



## *In This Issue*

Federal Legislative Update  
Everybody Needs Technicians  
SouthWestern Association Regional Meetings

## *Upcoming Events of Interest*

### **Annual Western Farm Show**

Feb. 26-28, 2005 - American 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](http://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](http://www.swassn.com/register-email.htm)

## **SouthWestern Association Announces New Service - Technician Training Program**

**A**sk any group of farm and industrial equipment dealers about the biggest challenges they face, and the lack of qualified service technicians is a frequent answer. Each year, as equipment becomes more technologically advanced, the need for skilled technicians grows. SouthWestern Association is addressing this problem with the new Industrial and Farm Equipment Technician Program at Oklahoma State University, Okmulgee campus.

The program trains dealership technicians who are:

- Trained on current industrial and farm equipment
- Trained in the latest diagnostic and servicing procedures
- Trained with a positive attitude about the job.

This program is a planned dealership personnel development program.

### **Program Structure**

Students that enroll in the two-year, six-semester program spend approximately one-half of their time in technical and academic education at Oklahoma State University – Okmulgee. The remaining time is allocated for on-the-job experience at the sponsoring member dealership. This means the student spends about 7.5 weeks on campus and the next 7.5 weeks back at the dealership. It is essential for the success of the program that the students' education at OSU-Okmulgee and dealership work experience be closely aligned for maximum student learning and retention.

*Students are required to have a sponsoring SouthWestern Association member dealership prior to enrollment in the program.* The internship allows students to apply, in a real world setting, what they have learned during the previous classroom/lab sessions. In addition, students become familiar with the dealership environment, its organizational structure and the competencies that are expected of a professional service technician.

### **What Dealers Should Do Now**

Interested association members should take action immediately to become part of the program:

- Agree to act as a sponsoring dealership
- Appoint an in-dealership coordinator
- Recruit, interview and select prospective students
- Provide dealership coordinated internship experience in

*Continued on page 5*

# Federal Legislative Update

**Coming up: Lame-Duck Session** - The election is over. The Congressional year is ending. George W. Bush has won a second term and Republicans have increased their majorities in both houses of Congress.

Congress is coming back for the lame-duck session. Finishing work on fiscal year 2005 appropriations bills is at the top of its agenda. In all likelihood, Congress will roll all the remaining appropriations bills into one, raise the debt limit, decide who will run the show next year and go home.

Whether Congress will take up anything else is open to question. Negotiators from both houses worked during the recess to come up with a bill enacting recommendations of the 9/11 Commission but ran into seemingly immovable obstacles. The most recent prognosis is that action during the post-election session might be "possible but difficult."

It is possible that several other bills could move, if they could be passed by unanimous consent, a procedural shortcut. They include codifying the established business relationship exemption to the ban on commercial faxes, establishing an asbestos trust fund to pay workers' health claims, reforming medical liability and class action lawsuits and allowing reimportation of pharmaceuticals. The chances of any of this legislation being enacted are slim.

Any legislation not passed by the time Congress adjourns must be reintroduced next year and the debates begun again.

**Small Business Tax Breaks** - Before recessing Congress passed the American Jobs Creation Act, which President Bush signed. The core purpose of this bill was to repeal tax breaks for multi-national companies that the World Trade Organization deemed illegal subsidies. It did that and replaced them with a reduction in taxes on revenues derived from domestic production.

The new law does many other things, too, including several tax breaks for small businesses. Three significant provisions:

- An extension of the \$100,000 limit on equipment expensing under Section 179 of the Internal Revenue Code and the accompanying \$400,000 phase-out threshold through 2007 but reducing the deduction for vehicles with gross weight of 14,000 pounds or less, primarily sports utility vehicles, to \$25,000.
- Reduction of the 39-year depreciation period for improvements to leased property to 15 years for changes made before Jan. 1, 2006.
- Revision of rules on S corporations to allow all family members to be treated as one shareholder

*Continued on page 5*

## Take Charge of Your Bottom Line

The NAEDA/NOVA Bankcard Program\* is the most widely used processing program in the equipment industry. With this program you can depend on:

### Complete Processing Solutions

Credit and debit cards\*\*, corporate cards, third-party (private label) cards as well as check verification services

### Reliable Processing

Ranked # 1 by MasterCard for reliability and speed

### Service and Support

Available to NAEDA-affiliated dealers around the clock

For additional information please call toll-free 800-546-1831 or email us at [associations@novainfo.com](mailto:associations@novainfo.com). Mention promotional code #82057 to receive your exclusive association discount rate.

## Helping Dealers Succeed

\* The program is not available in Canada.

\*\* Rates for American Express and Discover negotiated separately.

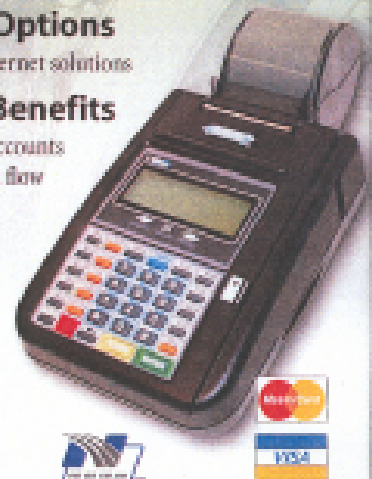
The Bankcard Program is cosponsored by the SouthWestern Association and the North American Equipment Dealers Association.

### Processing Options

Terminal, PC and Internet solutions

### Additional Benefits

- Eliminate house accounts
- Improve your cash flow
- Reduce your risk
- Faster settlements



# Everybody Needs Technicians!

By John Walker, President - After Market Services Consulting Company

Over the past two years I have not been into one equipment dealership (farm, construction, outdoor power, industrial or lift truck) that hasn't had a sign posted on the parts counter, a banner across the front window or a sign in the yard expressing the need for technicians.

Sounding like "chicken-little claiming the sky is falling," manufacturers, associations and dealers have a serious problem. Today, there is a shortage of more than 80,000 off road technicians. As reported, the average age of technicians has increased to 56 and that number alone should indicate just how serious the problem will be eight to 10 years from now.

It is a political year and both candidates were pushing education - higher education in particular for everybody. No one seemed interested in touching or commenting on the community and technical training facilities to solve this problem. As I said in an article years ago, this only means that someday we will end up with a "whole bunch" of out of work history professors and political science graduates, while all of the sophisticated equipment manufactured by dealers' suppliers sits idle for lack of technicians to work on that equipment.

Manufacturers (there are some exceptions) seem to pay little attention to the problem. Too many manufacturers view the dealer's service department as a manufacturer's expense and not as a profit center. There is a tendency to forget that if dealers don't have a sufficient staff of qualified, well-trained technicians, down the road there will be a problem satisfying the manufacturer's warranty problems. In the long run this will erode the dealers' and the manufacturers' market share dramatically.

Manufacturers must recognize that past the warranty period, if the dealers do not have these qualified technicians, their service sales will erode, their profits from their major profit center will erode and customers will be dissatisfied. Also, customer satisfaction with the equipment, the dealer and the manufacturer will drop-off significantly. This is what we refer to as a reverse "self-feeding-profit spiral."

## Technician Training

Manufacturers today are building better products - high-tech products that take special tooling. Qualified, certified and highly skilled technicians are required for the job of maintaining this equipment.

In part, these high tech products are manufactured to protect the dealership's aftermarket business. We believe that this makes good sense. The manufacturer, in most cases, offers excellent service training to their dealers and service personnel on how to work on this sophisticated equipment.

Two of the problems however are that the dealer:

- does not have a sufficient number of trained technicians to send to the manufacturer's training facilities

- is "penny-wise and pound-foolish" about paying to send technicians for training.

Electronic learning, CDs and in-house training certainly can be effective in this area. However, too many times we see these education tools sitting in the dealership gathering dust.

Equipment dealerships are certainly not without fault. It is hard to count the number of times we have heard a dealer say, "You don't know how difficult it is to hire technicians!" Believe me, we do. We also recognize that a typical equipment dealer's greatest opportunity for increased profitability lies within the dealership's service department. The dealer's service department can and should have five times the positive financial impact upon the dealership versus the impact of new equipment sales. Therefore, rather than frustrating yourself over how difficult it is to find technicians, focus upon the profitable opportunity the dealership has and put some effort into hiring, training and maintaining quality technicians. Quality technicians can be the most important hires the dealership will make.

A sign on the parts counter, a banner on the outside of your facility, a small, inexpensive ad in your local paper will bring you little more than your competitor's technicians who are looking for another 25 cents to 50 cents an hour and who will leave you the next time someone offers them another small raise.

## Think Outside the Box

Put some imagination into your hiring and think "outside the box" Money is not normally the number one motivator for qualified personnel changing jobs. We know a dealer in a major metropolitan area who has no problem hiring and maintaining a qualified staff of technicians. This dealer pays a slightly higher hourly wage than his competitors, has a superior benefit program, and offers technicians all the additional training they can handle. He is also proud of the fact that he has the highest labor rate in the area, because he supplies the best service in the market.

Think outside the box. Advertise the features, advantages and benefits of working for your company. Look at the living advantages in your location. Advertise outside your territory. Just maybe you will find a quality technician who lives in the cold and frigid north that would really like to move south. Technicians generally like hunting and fishing. If you are in an area where great hunting and fishing abounds, let your prospective applicants know that is a benefit you have to offer. As an example, promise them days off during deer season or the first two days of the trout season. Spend as much time and effort hiring technicians as you would to hire a top-notch sales person. If you know the numbers, you also know that your return on your investment will be greater with the technician.

No, it is not easy. If you want quality personnel and technicians in particular you must work at it.

If you have a Tech or Vocational School within your area, or a Community College visit them to see what they have to offer. Get involved and get your manufacturers involved in the process of finding quality candidates to be technicians. We had the opportunity this past week to visit Oklahoma State University at their Okmulgee Extension. We were introduced to Steve Doede who spoke with us and gave us a tour of one of the finest Technical Training Campuses we have ever seen. It was impressive to say the very least. Even more impressive was the fact that all of the students had jobs when they graduated. Some of the key manufacturers in the equipment industry, as well as the car industry, had programs going on to provide their dealers with qualified and professional technicians. Did the dealers have a financial interest in the students? Sure they did, but it was minimal in most cases. As Steve indicated, they preferred students who were dedicated enough to handle their own tuition. For further information, contact Steve Doede at: doede@osu-okmulgee.edu or SouthWestern Association at 800-762-5616.

Another area of consideration for finding potential candidates might be the State Prison Authority. Keep an open mind to this idea. Many State Prisons are developing technical training programs for their inmates. Upon parole these people are looking for jobs. While the reader may believe that this would be hiring an unknown, think again. The fact is that before hiring a parolee you will know more about that one individual than you could ever know about the people you interviewed through a blind advertisement.

Now, how about local, regional and national trade associations? Many industry associations have recognized this as a North American problem and are planning to gear up to assist their members. The SouthWestern Association is working diligently to put together a comprehensive package for their dealers that will cover several lines of equipment. Indications are that the membership is solidly behind the program.

The problem is not going to go away anytime soon. Manufacturers, dealers and associations need to work together to alleviate the problem. If manufacturers don't then they may have the best product on the market with nobody to service it. Dealers, if you don't focus upon the problem, you will see a decline in sales and profitability. Associations, your survival is dependent upon the survival and strength of your membership.

## Mark Your Calendar For SouthWestern Association Regional Meetings

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)*

**Textron Financial's**



**New Holland**

**Rock'n Rollover**

**Program**

**Earn up to 6.5 percent New Holland  
volume discount for qualifying units**

- ✓ Pay no curtailments on new equipment for nine months from transaction date
- ✓ Eligible equipment is less than 18 months old
- ✓ Advance 100 percent of invoice
- ✓ Special dealer rate available
- ✓ No fees on requests greater than \$150,000
- ✓ Payoffs sent directly to New Holland
- ✓ Program expires December 31, 2004

**TEXTRON FINANCIAL**

**Agriculture Finance**

7711 Bonhomme, Suite 600, St. Louis, MO 63105, Phone: 888/222-3836

## Technician Training Program

Continued from page 1

- accordance with the program schedule for the duration of the curriculum
- Provide related work/learning experience that supplements the students' most recent on-campus education
- Agree to pay the student during periods of dealership internships

All tuition, fees, textbooks, travel expenses and housing costs are the responsibility of the student.

### How to Recruit

Dealers frequently ask where to find technician candidates. The best place to recruit is in your hometown. Participate in career days at the local high school or community college and find young people interested in pursuing a career in your hometown. You might also check with your employees, friends and customers to see if they know someone who would be a good candidate. As you know, service technicians are highly skilled employees that are important to the growth of your dealership. Recruits need to understand this is a position of importance and display a willingness to make the investment of time and resources to develop into this career.

### Program Timeline

- January 2005 – March 2005 – Recruit Students
- April 2005 - June 2005 – Complete Student Selection Process
- September 2005 – Classes Begin (20 students needed for first class)

Interested SouthWestern members are invited to contact Jeff Flora or Tag Webb at the SouthWestern Association for more information at 800-762-5616.

**SouthWestern Association  
Endorses:**



## Federal Legislative Update

Continued from page 2

and increasing the maximum number of shareholders to 100.

And for consumers, the law allows taxpayers who itemize deductions to take a deduction for state and local sales taxes in place of the existing deduction for state income taxes in 2004 and 2005.

### Overtime Rules Still in Limbo

Efforts to overturn portions of the Department of Labor's (DOL) new rules on white collar exemptions to overtime pay continue. Sen. Tom Harkin (D-IA) threatened a filibuster of the American Jobs Creation Act when his amendment on overtime rules was dropped from the final version of the bill.

To break the filibuster, the Senate passed a stand-alone bill to block implementation of federal overtime rules and sent it to the House. It would rescind portions of the overtime rule that would deny overtime pay to workers eligible for overtime under the old rule. The House was not likely to act on the bill, but amendments to DOL's appropriations bill would rescind those portions of the rule.

Source: National Retail Hardware Association

**TOOLCHEX.**

**NAEDA knows about a tool  
that can impact your bottom line.**

It can also have an impact on your employees who own and use their own tools on the job by allowing them to take home more pay each month. The tool is Toolchex, the only tool reimbursement program that NAEDA endorses. If you want to learn more about this program, contact Toolchex today.

**800.498.2256 or visit [www.toolchex.com](http://www.toolchex.com)**