

SouthWestern Flash

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Annual Western Farm Show

Feb. 26-28, 2005 - American Royal
Complex, Kansas City, Mo.



SouthWestern Association

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e-mail. Please register your e-mail
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SouthWestern Association Area Meetings in Texas Locations

The SouthWestern Association has set the following area meetings scheduled for locations in Texas:

Monday, Nov. 8	Harlingen, TX	11:30 - 3:00 p.m.
Tuesday, Nov. 9	San Antonio, TX	8:00 - 11:30 p.m.
	Houston, TX	5:30 - 9:00 p.m.
Wed., Nov. 10	Dallas, TX	11:30 - 3:00 p.m.
Thursday, Nov. 11	Lubbock, TX	8:00 - 11:30 a.m.
	Amarillo, TX	5:30 - 9:00 p.m.

Highlighting the agenda for the area meetings will be information on two new programs for SouthWestern Association members: Toolchex Tool Reimbursement Program and the OSU-Okmulgee Technician Education Program. A presentation of Jerkins Creative Consulting services and training opportunities will also be included on the agenda.

All morning meetings will include a continental breakfast. Meetings beginning at 11:30 a.m. will include a light lunch. Meetings beginning at 4:30 and 5:30 p.m. will include hors d'oeuvres. There is no cost to members to attend the area meetings.

Dealers with questions are asked to contact Donna Haughenberry at the Association office - 1-800-762-5616.

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)

Security Alert

Dealers Be Aware of Parts Ordering Credit Card Fraud

On Oct. 5, 2004, John Deere Worldwide Security received a call from Investigator Steve Hinton of the Palm Beach County Sheriff's Office in Belle Glade, Florida. He is investigating a credit card fraud incident for a Florida John Deere Farm Equipment dealer wherein the parties placed a parts order totaling approximately \$11,000 and used stolen credit card information for payment. The dealership was directed to ship the parts to an address in Miami, Florida. In his findings, Investigator Hinton has determined three additional dealerships in Alabama, New Mexico and Texas experienced the same fraudulent activity. Investigator Hinton has asked John Deere Worldwide Security to contact U.S. dealerships and inform them about this fraud.

If your dealership has experienced any individuals submitting parts orders in large amounts (\$10,000 - \$15,000), is directing the parts be shipped to an address in Miami and you receive information that the order was purchased with a stolen credit card, we ask that you please contact Investigator Hinton at 561-992-1054 immediately.

SouthWestern Association and NAEDA Annual Compensation and Benefits Survey

The annual Compensation and Benefits Survey is now available to equipment dealers throughout SouthWestern's territory. The survey is available to SouthWestern members at no charge. Non-members will be charged \$250 for the survey.

NAEDA and SouthWestern Association distributed the 2004 Compensation and Benefits Survey to dealers in August. Dealers who participated in the survey returned their responses by fax or via an electronic survey. By the end of August 1,280 dealers returned surveys for a response rate of 27 percent. From this data, a number of reports were prepared. This includes a composite report that summarizes information from demographic responses for all participating dealers and salary and benefit information for U.S. dealers only. The U.S. report includes total responses and segmentations by U.S. dealers for the following questions:

- number of dealership employees
- anticipated sales volume for 2004
- type of dealership
- projected staffing levels for 2005.

Dealers interested in receiving the Compensation and Benefits Survey should contact Olivia at SouthWestern Association - 1-800-762-5616 or oholcombe@swassn.com.

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It's Easy to Have Success Selling FAIL-SAFE

Protection Plans By Ron Reusch, President FAIL-SAFE

As I visit with power equipment dealers all around the U.S., I'm frequently asked, "What can we do to sell more FAIL-SAFE Protection Plans?" Many dealers see there are benefits for customers and profits for the dealership, but sell only a handful of Plans annually. The other comment I hear even more frequently is "I don't have time!" My response to this comment is simple: we make time for what we believe is important, or that we know will make us money!

My favorite story is about visiting a successful dealer in Michigan who had just declined becoming a FAIL-SAFE dealer because, "There wasn't time in his dealership to sell Extended Protection Plans." He excused himself to sell a walk mower, and while in the process of finishing the sale, spent over five minutes making an elaborate sales pitch on a \$5 bottle of locally produced Bar-B-Q sauce!

(I discovered later that he made \$1.50 per bottle.) I'm sure he enjoyed selling the sauce, but it clearly illustrates how we "make" time to do what we want. Had he spent that much time, or way less, to sell a FAIL-SAFE Plan on the mower he sold, he could have made at least \$25!

A power equipment dealer doesn't "have" time to take a mower out of the shipping box or assemble it; doesn't "have" time to attach the mowing deck to a riding mower; doesn't "have" time to take the money or finance the equipment, or complete a registration card after the purchase, etc. But if he doesn't "make" time to do those things, he may end up out of business.

Installing the FAIL-SAFE Program for the first time is simple; it takes only an hour or so to hang a bunch of FAIL-SAFE Hang Tags on your mowers, riders, tractors, trimmers, chainsaws or any other equipment, set up a couple of point-of-purchase Brochure Holders and throw in some brochures, decide a "retail" percentage (say, 10%) to make it easy for everyone to sell. That's it! You're ready to go no inventory, no floor plan, no overhead; just pay for what you sell, after you sell it. It's less time than re-setting your sales floor after a busy weekend.

The 30-Second Sales Approach

It takes only 10 seconds to tell a customer, "It comes with the standard two-year mfg. warranty, or we can add up to three years with our special extended protection plan."

While completing the sale, take another 10 seconds and ask, "Would you like to protect your mower an additional three years?" If the customer's not interested, you'll have spent less than 20 seconds. If the customer wants to know more, the additional minute or two may be well worth it!

When a Plan is sold, it takes about another 10 seconds to add the FAIL-SAFE Plan to the invoice and collect the payment. (You can have the customer fill out the brief application while waiting to pay.) It only takes a couple of minutes or less to make a Protection Plan sale, and you'll have a more satisfied customer and additional profit for your dealership. Do that fifty times and it can be significant income. Given a chance, FAIL-SAFE may become one of those important things you

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Textron Financial's



Case IH

Rock'n Rollover

Program

Increase cash flow; maximize your Case IH volume bonus by participating

- ✓ 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 Case IH
- ✓ Program expires December 31, 2004

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Senator John Kerry's Proposed Health Plan

The SouthWestern Association has long supported market-oriented Association Health Plan (AHP) legislation as a vital policy change needed to make health coverage affordable for small and mid-sized businesses. The AHP legislation would allow bona fide trade and professional associations to operate health plans across state lines under one set of rules, very similar to how existing union and corporate health plans now operate, thus providing the benefits of greater market clout, pooling of risk, economies of scale and other efficiencies to small businesses and their workers. The AHP is part of President Bush's campaign platform. Several members have asked for more details on Senator Kerry's stand on health care coverage, so we are providing this information.

Senator John Kerry has opposed the AHP legislation during his tenure in Congress. At a February, 2003, hearing of the Senate Small Business Committee, Senator Kerry cited the same reasons used by the insurance industry and state insurance regulators as his basis for opposing the AHP legislation, namely that the AHP bill would only benefit healthy workers and would jeopardize coverage by preempting state benefit mandates and consumer protection laws. This is consistent with Kerry's record of favoring greater government involvement in health care, rather than market-oriented policies.

As part of his campaign for the Presidency, Senator Kerry has proposed an alternative health plan which expands existing government health care programs and also uses an array of economic incentives and subsidies to encourage people to purchase private health insurance. The basic components of the Kerry plan of greatest interest to small and mid-sized businesses are summarized as follows:

- The federal government would create a "premium rebate" pool that would reimburse private and public employer and group health insurance plans that meet certain qualifications for a portion of catastrophic costs (defined as annual claims for an individual exceeding a certain threshold). Employers would have to pay at least half the cost of coverage and abide by other mandates;
- Allow all Americans to buy into the Federal Employees Health Plan by adding a new pool for small and large businesses, individuals and families.
- Provide additional subsidies to low-income people who purchase private health insurance coverage.

While Kerry's plan would not mandate employer-provided coverage, it would use taxpayer dollars to encourage public and private institutions to purchase insurance. Roughly 90 percent of the funds would go to either state governments, employers or insurance companies.

According to Kerry health advisor and Emory University professor Ken Thorpe, Kerry's health plan would cost \$653 billion over 10 years and will provide coverage to nearly 27 million Americans who are now uninsured. Other credible studies have estimated the cost of the plan to be much higher. A study by former Medicare and Congressional Budget Office economist Joe Antos puts the cost at \$1.25 trillion, and a study by the Lewin Group indicates it will cost \$1.5 trillion (both estimates are over ten years).

Kerry's health plan has been heavily criticized by some health policy experts that support market-oriented health care policies. The National Center for Policy Analysis, of Dallas, TX, warns that "as the public sector expands (under Kerry's expansion of government programs), the private sector will surely contract," thus greatly increasing the role and influence of the federal government in our health care system. NCPA says that Kerry's "managed competition" plan will further distort the U.S. health care system by implementing "community-rated premiums (that) bear no relation to the actual health care costs" they are supposed to be financing, and that the plan will cause "a new round of health care inflation." NCPA, which advocates moving in the direction of "consumer-driven" health care policies like Health Savings Accounts, says that the "major problem with the current system is that tax subsidies for health insurance are arbitrary and unfair. But rather than move to a fairer system that treats equals equally, Kerry would create a slew of new subsidies that would make the current system even more arbitrary."

The Kerry plan has also come under criticism from organizations representing small employers. A study by the Center for Regulatory Effectiveness in Washington, DC, which was funded by several small employer associations, found that the Kerry plan contains "at least 225 regulatory mandates" with which businesses would have to comply in order to participate. For example, the Kerry plan would require all participating employers to provide health coverage to part-time, seasonal, temporary and contract workers, as well as adopt new, complicated disease management programs. The CRE study concludes that the Kerry plan "fails to address the key reasons why smaller businesses are less able to offer their employees health insurance: the administrative burdens and costs associated with offering health insurance and "would likely increase the administrative and regulatory burden on many employers."

The Kerry plan also has implications for the overall health of the U.S. economy. It would take revenue from increased taxes and channel this funding into the U.S. health care system through expanded government programs and new subsidies for purchasing health insurance. Kerry says that his plan would be paid for solely by raising taxes on individuals making \$200,000 or more annually. Even if one assumes that Kerry can keep this pledge, it must be remembered that a

large percentage of these individuals who will receive the tax increase are small business owners. Since small businesses create the majority of new jobs in America, the tax increases needed to pay for the Kerry plan could have a substantial impact on job creation. The Kerry plan will certainly need to deliver on its claim to provide more affordable health insurance if it is to have an overall positive impact on small businesses and their workers.

There has been much debate as to whether or not the Kerry plan represents "government-run health care" similar to that proposed by President Clinton in 1993. What should be fairly clear is that the Kerry plan takes an approach quite different from the market-oriented AHP legislation and instead relies heavily on more government involvement in health care decisions in its attempt to reduce the cost of health insurance.

FAIL-SAFE Protection Plans

Continued from page 3

"make" time to make happen!

Remember: "FAIL-SAFE, The Safe Choice In Equipment Protection." Both you and your customers will be getting the oldest, most experienced extended protection plan provider in the equipment industry. If you have a question or just want to know more about the FAIL-SAFE Program, you are welcome to call our office, toll-free, at (800) 663-4505 - Extension 10 is customer/dealer support.

Economic Picture ...

According to Retail Sales Outlook, the performance of retail sales so far this year has corresponded to trends in the overall economy, which means that robust sales gains in the early months of 2004 have moderated. In addition, double-digit sales increases have given way to mid-single digit gains. Despite this moderation, year-to-date sales increases remain impressive.

The National Retail Federation (NRF) reports that several segments of retailing have experienced above-average sales gains, including sales at building material and garden equipment and supplies stores. NRF suggests that this is the result of a continuing strong housing market. Housing recorded an extraordinary 15.8 percent jump in the first eight months of 2004.

Source: *Home Center Institute, Oct. 27, 2004*

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 Susan for custom imprinted and Shirley for stock forms at the Association offices -

1-800-762-5616.

Competing With Big Box Stores - New Mueller Study for Hardware Retailers

Mueller Foundation Research presents *Winning Retail Strategies: How Hardware Retailers Successfully Co-Exist With Big Boxes* - a year-long study in which nearly 350 retailers in large metro areas and smaller rural locations told the Mueller Foundation researchers how they compete. The study contains a tremendous amount of information on how hardware retailers adapt merchandise mixes, select services to offer, develop customer relationships, train employees and respond to big-box competitors.

The study points to many tactics that retailers can weave into competitive strategies that fit their stores and markets. The study shines a spotlight on specific actions hardware stores take to compete.

The study is available for \$50 to hardware retailers. For more information or to order the study, call 800-772-4424.

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