

South Western Flash

August 2007, Vol.5, No. 8



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Upcoming Events of Interest

Dealers of Tomorrow Workshop
Oct. 17-18 - Austin, Tx.

2008 Western Farm Show -
New Dates!
Feb. 22-24, 2008
Kansas City, Mo.



South Western Association

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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

Register Today

Sign Up Now for Dealers of Tomorrow Workshop - Austin

This workshop is for owners, mid-level managers, department managers, and key dealership personnel, and will teach participants how to manage staff to peak performance as a team and how to put together a strategic marketing plan to sell all aspects of your dealership – whole goods, parts and service.

Dealers of Tomorrow Workshop
Austin, Tx. - Oct. 17-18
Hilton Garden Inn
Austin Downtown

Day 1

The workshop will begin with registration at 12:30 p.m. The business session, “**Performance Coaching**,” presented by Rich Kizer, will begin at 1 p.m. and conclude at 5:30 p.m.

Program Content

The objective of this presentation is to develop and reinforce strong leadership skills, with the primary focus being on coaching and mentoring. This program offers strategies, tactics, tips and techniques from real life businesses – no textbook theories here.



Day 2

The second day of the workshop will begin with a continental breakfast at 7:30 a.m. The business session “**Draining the Swamp - How to Develop a Strategic Marketing Plan**,” by Rob Grede will begin at 8 a.m. and adjourn at noon.

Program Content

While everyone else is wrestling with alligators, this program will show you how to drain the swamp. A hands-on approach to designing and implementing marketing and promotion strategies for a prosperous future.

- The five critical parts that every Strategic Plan must have
- Make the Four P's of marketing work for you
- Use creativity to solve analytical problems
- Set priorities among a diverse product mix (Cash Cows vs. Dogs)



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Dealers of Tomorrow

Continued from page 1

- Define your image and establishing your product niche
- Set long-range and short-range objectives
- The Five “Kick-Ass” Strategies for building your business
- Inexpensive marketing tactics that work
- Set your promotion budget: How much is enough?

For more information contact Olivia Holcombe at SouthWestern Association - 816.561.5323.

Web Map Lists Equipment Industry Sales Tax Exemptions

An interactive map of sales tax exemptions in Kansas, Missouri, New Mexico, Oklahoma and Texas has been added to the SouthWestern Association web site at www.swassn.com. A map of the exemptions for the U.S. and Canada is also located at the North American Equipment Dealers Association website at www.naeda.com.

State and provincial sales tax information related to the purchase of new and used agricultural equipment is the primary focus of the maps; however, additional tax information, where applicable, is available for construction and outdoor power equipment. Exemptions for parts, service and warranty labor, and other equipment-related purchases also are included.

Developed primarily as a resource for NAEDA-affiliated equipment dealers, the map can also be used by end users who might need general information about their eligibility to claim tax exemptions when equipment is purchased and used for specific purposes. NAEDA, its Government Relations Committee and SouthWestern Association developed the maps to provide dealers with a single-source summary of exemptions by state and province.

SouthWestern Association members are advised to contact the Association offices, 800-762-5616, with sales tax questions or for additional information.

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Membership Plaque Presented



Steve Rowe, owner, is shown at left with the 75 year SouthWestern Association membership plaque presented at his store, Hamel and Rowe, in DeSoto, Mo.

Helping dealers turn iron into **GOLD.**

Reported sales are received on a daily basis from the equipment dealers, auctioneers and industry sources, which represent the most current and accurate equipment values. For every reported equipment transaction, our team of editors adjusts the report for options, hours and condition to normalize the net value, providing the industry with an accurate resale and wholesale value for each machine.

- Dallas Blome, Vice President, Guides

Our Official Guides Provide:

- Values based on actual sales reports from across North America - not just advertised prices
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Doosan To Acquire Bobcat

Ingersoll Rand has agreed to sell its Bobcat Utility Equipment and Attachments business units to Doosan Infracore for approximately \$4.9 billion. The sale is subject to customary closing conditions and is targeted to close early in the 2007 fourth quarter.

The combined businesses manufacture and sell compact equipment, including skid-steer loaders, compact track loaders, mini-excavators and telescopic tool handlers; portable air compressors, generators, and light towers; general-purpose light construction equipment; and attachments. For full-year 2006 these businesses collectively generated approximately \$2.6 billion in revenues.

Bobcat, along with Ingersoll Rand's utility and attachments businesses have an established network of over 2,700 dealers in the U.S. and Europe and operate 16 manufacturing plants in six countries around the globe. In 2006, the three businesses generated approximately \$2.6 billion in sales and \$370 million in operating profits.

The primary objective of the acquisition is to enhance Doosan's overall product portfolio by adding compact construction equipment to its existing medium and large-scale

construction equipment product lines and to help expand and strengthen the company's global manufacturing and sales network.

"The businesses we are acquiring have outstanding management personnel and engineers, which we consider to be the most important criteria of our acquisition strategy," said Yong Maan Park, the vice chairman of Doosan Infracore. "We therefore plan to maintain the current management to best utilize their expertise and skills in an effort to evolve Doosan Infracore into truly a global company."

Upon completion of this transaction, Doosan Infracore will have a combined network of over 3,700 dealers worldwide and 20 manufacturing plants in countries such as the U.S., China, Belgium, France, and the Czech Republic. Pro forma for the transaction, Doosan Infracore's sales will be approximately \$7.4 billion, which will improve the company's worldwide ranking from 19th to 7th in the construction equipment sector.

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- ✓ NO Application Fee
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- ✓ NO Equipment Reprogramming Fee

New Value-Added Features:

- ✓ Electronic Check Service
- ✓ Gift Card Program

The NOVA Network Offers:

- ✓ Processing of all major credit cards
- ✓ PC, Internet and terminal applications
- ✓ Online reporting
- ✓ 24/7 customer support

Homeland Security Issues New Rules to Tighten Employers' Liability For Employment Verification

The Department of Homeland Security (DHS) announced new rules designed to strengthen enforcement of existing federal law on hiring of illegal immigrants. Of immediate interest to retailers are new rules on what employers must do if they receive an Employer Correction Request (no-match) letter from the Social Security Administration (SSA). A few key points:

- The current no-match rule does not change. SSA will continue to check annual batches of W-2 forms and send no-match letters when it cannot match Social Security numbers to individual accounts. SSA guidance, which accompanies these letters, on how to correct the errors does not change. However, the no-match letters for tax year 2006 will be accompanied by a letter from the U.S. Immigration & Customs Enforcement (ICE) telling employers how to respond to the no-match notice.
- What is new is how DHS will use the no-match letters. SSA considers no-match letters simply a matter of information for employers. DHS will now consider no-match letters as evidence, for enforcement purposes, that the employer had “constructive knowledge” that an employee could be in the U.S. illegally. SSA is prohibited by law from sharing no-match information with DHS, so Homeland Security will not be able to take action based on it.
- DHS has set up a safe harbor to protect employers from enforcement action, which could include civil and criminal penalties. The safe harbor consists of several actions an employer can take to resolve the mis-match. These include immediately checking the accuracy of employment records and asking the employee to confirm the accuracy of employment information or resolve the discrepancy with SSA. Employers should be sure to follow SSA guidance and ICE information that comes with the no-match letter and verify the employee's information through the Social Security Number Verification Service. Finally, employees may be asked to complete new I-9 forms and present a photo identification document.

DHS indicated it will in the future issue rules requiring federal government contractors and vendors to use the Basic Pilot electronic verification program, now renamed E-Verify, and to reduce the number of documents that will be acceptable to confirm the work eligibility of employees.

In summary, retailers who do not receive no-match letters from SSA after submitting W-2 forms should have little need for concern. However, those who do receive no-match letters would be well-advised to resolve the matter immediately. A DHS fact sheet is available at www.dhs.gov/xnews/releases.

Source: North American Retail Hardware Association

Federal Legislative Update

Possible Business Tax Hikes – The individual alternative minimum tax (AMT) is too expensive to repeal but there are proposals to provide relief. One, coming from the House Ways & Means Committee, would exempt incomes of less than \$250,000 from the AMT and raise tax rates or impose a surcharge on incomes above \$500,000. Such a change could have a significant impact on shareholders of Subchapter S corporations and other pass-through business structures that pay taxes at individual rates.

Sub S shareholders could face a renewed focus on “reasonable compensation.” Congress has been considering whether to make two significant changes in the tax structure. One would require publicly traded partnerships to pay taxes the same as corporations. The second would require income that equity managers receive from managing an equity fund be taxed as ordinary income rather than as capital gains.

Neither would affect Sub S corporations, but consideration of how businesses are taxed could lead lawmakers to look at the way Sub S shareholders structure compensation between salary and distributions, with an eye to forcing more into compensation.

Business Taxation Reform – The Treasury Department has embarked on an evaluation of the business tax system. During a conference on business taxation and global competitiveness, government officials, economists and representatives from the business community discussed pros and cons of the current business taxation system. NRHA's Washington legislative counsel John Satagaj, who is president of the Small Business Legislative Council (of which NRHA is a member) participated in a discussion on elements of tax law that cause companies to make decisions for tax reasons rather than for business reasons.

Participants agreed that the U.S. needs to broaden its business tax base and lower business tax rates. They couldn't decide how to do it.

Source: North American Retail Hardware Association



SOME SEE 33 BALES OF HAY. WE SEE A FORAGE HARVESTER,
A HAY RAKE, A TRACTOR, A BALE WAGON AND A BALER.

No pun intended, but finding a way to make inventory financing available and attractive to farm equipment dealers has been our bailiwick for over 40 years. Today, we have inventory financing relationships with over 1,300 manufacturers, distributors, and dealers who rely on our:

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Federated Announces New HAZMAT Training Program

Many types of businesses, including equipment dealers, are involved in shipping and receiving of hazardous materials in the course of their operations, either between their own locations or with other companies. The ability to safely transport hazardous materials can affect the stability of a business. Manufacturers and distributors are reluctant to provide materials identified as hazardous unless the people shipping and receiving these materials are adequately trained according to Department of Transportation rules.

- Where can you find information for training employees about transporting hazardous materials?
- What does a business need to do before shipping hazardous materials?
- How do you develop a hazardous materials transportation security plan?

Although many resources are available, gathering specific information is often time-consuming. Federated Mutual Insurance Company has now consolidated information from many different areas into one risk management tool – an information-packed multi-media HAZMAT Training CD-ROM. The CD includes group presentations, interactive individual modules, and tests with records of training completion. A companion booklet outlining all of the training requirements is also provided along with the CD.

Members insured with Federated can order the CD through their local Federated marketers. Policyholders can also log in at www.federatedinsurance.com to request the CD, or call the Federated Insurance Field Services Department at 1-800-838-1760.

Technician Training Program

SouthWestern Association has partnered with OSU-Okmulgee to establish a technician training program for equipment dealership technicians. Students enrolled in the program are sponsored by equipment dealers in the SouthWestern Association territory.

For more information on the program contact: Tag Webb, SouthWestern Association Regional Manager - 918-232-2830; Steve Doede, OSU-Okmulgee Dept. Chairman - 918-293-5392 or Jeff Flora, CEO, SouthWestern Association, 800-762-5616.




***Who's next in line for the big chair at your dealership?
More importantly, how can you be sure it will be a perfect fit?***



Dealer Candidate® Course

Will you invest in your legacy?

An aging dealer population, downward pressures on dealers by main-line manufacturers, as well as market changes are forcing dealers to consider their future leaders.

Dealers are looking for ways to pass progressive operational, financial and personnel management techniques on to their replacements, branch managers and other key leaders. But for most dealers, there is simply not enough time in a day to take on such initiatives. Many dealers themselves are struggling to stay abreast of industry changes.

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The Million Dollar Decision You Never Made

By Jeff Fetters, Federated Insurance

As a business owner, you make important decisions affecting your business every day. Many decisions might be considered routine and not likely to have a major impact on your bottom line. In fact, some decisions such as whether or not to hire a particular applicant to work at your company is likely made by the department manager or supervisor of that new employee. Fairly routine, wouldn't you agree?

But, if driving will be part of that new employee's job responsibility, and you fail to check the person's driving record (motor vehicle report), it may be the *most costly hiring decision you never made!* Why? Consider this scenario*:

A 24-year-old salesperson is hired and provided a company pickup on the first day of work. The sales manager did not run an MVR or background check before giving the employee the keys. The MVR would have shown multiple traffic citations over a three-year period including driving under the influence of intoxicating substances, and the background check would have shown a drug-related criminal conviction.

The weekend after he was hired, the employee crashed the truck into a tree at a high speed. The driver had minor injuries, but a passenger suffered a spinal injury and was paralyzed. The driver was cited for driving under the influence of drugs.

Potential Damage – \$1,000,000 or higher

* Note: This example represents the type of situations that occur and the potential high cost commonly associated with this type of claim.

Had the owner known the history of this employee, the person never would have been hired.

Even though this business owner normally checked the driving records of new sales people, this time the sales manager was busy preparing to leave on a business trip and skipped both the MVR check and the background check. The company's hiring procedures also included giving new salespeople a copy of the company's Driving Policy and reviewing the Vehicle Usage Policy during the first day orientation. But, this time the sales manager was gone and nobody followed through.

Could Something Like This Happen at Your Business?

You might say, No, because we don't provide vehicles to salespeople. Think again ... the driving exposure still exists

in nearly all facets of your operation. Perhaps you furnish vehicles to key managers. You may have service employees that drive to customer locations, employees who drive on errands, or even family members that drive company vehicles. What would their driving records reveal?

Even if you checked an employee's driving record at the time of hire, how long has it been since you updated your records?

In 2003, your association's recommended insurance partner, Federated Insurance, introduced a new driver evaluation program nationwide called "Making the Tough Call." It is an organized effort to ensure that every driver of insured vehicles is adequately screened and regularly evaluated.

The program goal will be accomplished by:

- Ensuring that a Motor Vehicle Record (MVR) is regularly checked for all insured drivers.
- Educating business owners on the importance of regularly obtaining MVRs on their drivers.
- Informing them of Federated's driver insurability standards.
- Advising them to use Federated's Driver Insurability Service.
- Encouraging them to establish and maintain their own driver evaluation program.

All business owners insured by Federated should check all prospective new drivers of insured vehicles *before* they are hired or assigned to drive. Call Federated's driver insurability service at 1-800-335-4MVR (4687). Business owners will also need to provide a list of drivers on an annual basis. Finally, policyholders are responsible to continuously implement standards for all drivers that are at least as stringent as Federated's.

How will Federated assist association members? Over the course of this year, Federated marketing representatives will meet with each insured member to:

- Present and discuss the video, "Making the Tough Call," with each insured member.
- Share a copy of Federated's driver insurability standards.
- Encourage business owners to implement MVR programs of their own.
- Obtain a signed acknowledgement stating that the business owner has watched the video and understands the requirement.

Allowing unqualified employees to drive for your business can have catastrophic consequences for your employees and

Continued on next page

APPI Savings Solutions – Market Update

Lower Utility Costs

SouthWestern Association members can lower operating expenses through APPI's Utility Audit Service. The audit includes a thorough analysis of energy (electricity and natural gas), water, waste removal/recycling, freight and telecommunications (voice and data) services. APPI analyzes all fees, tariff rates and service plans to find savings. There are savings found in one or more of these areas for most companies, with savings ranging from 10 to 25 percent. Fax last month's utility bills to (410) 749-8769 and APPI will take care of the rest.

Texas Members - Electricity Savings

If you have business locations in Texas you may be able to decrease electricity costs. APPI can remove the threat of future electricity price increases while finding current savings for your business. Contact APPI to learn more about current opportunities for savings.

Contact APPI:

(800) 520-6685 - phone

(410) 749-8769 - fax

info@appienergy.com

Insurance Corner Continued from page 7

their families, your company and society in general. Everyone loses when an unsuitable driver gets behind the wheel and destroys lives.

Your business can be impacted by the adverse publicity that often accompanies accidents involving a company vehicle. Equally significant is the liability that can be imposed upon the business owner who allows an unfit employee to drive. The "doctrine of vicarious liability" can apply when a business owner fails to practice due diligence in screening employee drivers.

SouthWestern Association and Federated recognize that this driver evaluation program is an aggressive response to the problem of unacceptable drivers. However, it is a necessary step to help business owners make certain they never overlook a million-dollar decision!

Insured Members May Call Federated's Driver Insurability Service: 1-800-335-4MVR



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It's like this: Your association is made up of people like you. They share the same problems. But, they also share the solutions.

And, that's the key. Your association is a communication of ideas. You contribute. You benefit. And, in the long run, you profit.

One benefit, of course, is the special consideration you get through association contacts.

We work with many types of businesses. Some of the most successful business people we know are association members. People working together to help each other. That's your association. That's also Federated.

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