

SouthWestern Flash

February 2009, Vol.7, No. 2



In This Issue

- Accepting Credit Cards in Your Store
- Strategic HR Planning
- Reality for Equipment Dealers
- Enough is Enough - Or is it?
- New Form I-9
- Government Documents
- Seeking Certainty in an Uncertain World

Upcoming Events

Area Meetings

- Schedule at right

Dealers of Tomorrow -

- Aug. 4-5, Manhattan, Kan.
- Oct. 13-14, San Antonio, Texas

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

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

Plan to Attend

See You at a SouthWestern Association Area Meeting

SouthWestern Association has scheduled area meetings for members in 2009. The meetings will be held in a luncheon format starting at 11 a.m. to enable members to easily travel to the one nearest them. Please mark your calendar and watch for more information.

April 16 - Oklahoma City, Okla.

April 17 - Springfield, Mo.

April 21 - Columbia, Mo.

April 22 - Kansas City, Mo.

April 24 - Wichita, Kan.

April 28 - Colby, Kan.

April 29 - Great Bend, Kan.

Oct. 27 - Harlingen, Texas

Oct. 28 - Austin, Texas

Oct. 29 - Houston, Texas

Oct. 30 - Tyler, Texas

Nov. 3 - Dallas/Ft. Worth, Texas

Nov. 4 - Amarillo, Texas

Additional details on program, agenda and exact location will be sent as soon as complete information is available. We hope to see every SouthWestern member at an area meeting this year!

Mark Your Calendar

Dealers of Tomorrow Seminars Set

Mark your calendar now to attend the 2009 Dealers of Tomorrow Seminars scheduled for Aug. 4-5 in Manhattan, Kan., and Oct. 13-14 in San Antonio, Texas. David Spader, lead trainer and consultant for Spader Business Management, will be the seminar leader at both locations.

Improving Customer Service

This workshop, presented at both Manhattan and San Antonio, begins by assessing each person's ability to successfully resolve customer service issues. It then builds on the understanding through skill-building exercises and tools you can take back to your dealership.

- Assessing and Understanding Your Customer Service Skills
- Case Study Application
- Understanding Your Customers Better Than They Understand Themselves
- How Customer Service SHOULD Change Based on the Customer's Needs
- Customer-Smart Selling and Service Simulation
- Understanding Customer Satisfaction and Loyalty

Breaking Down Barriers: Improving Interdepartmental Relationships - Manhattan Only

One of the biggest challenges in managing dealerships is getting all of the departments working together smoothly. When not managed properly, turf wars and

Continued on page 11

Accepting Credit Cards in Your Store

Frequently Asked Questions

Q. Can a merchant limit the amount a customer puts on a credit card?

A. A merchant cannot set purchase limits. If a customer has a credit line of \$100,000 on a card but is told by a merchant there is a purchase limit of \$3,000, the cardholder will probably report the merchant... or just take his/her business elsewhere. Merchants that try to set purchase limits also run the risk of losing their processing privileges if incidents of this type are reported to MasterCard or Visa.

Q. The same question comes up when a customer wants to make a very large (several thousand dollars) purchase; can the merchant charge the customer a “handling fee” or some other kind of added fee that would cover the credit card charges the dealer has to pay?

A. The answer to adding a fee is “No.” Both MasterCard and VISA prohibit surcharges as part of their agreements with retailers (rules appear below). Regulators view the addition of a surcharge as penalizing customers because of the form of payment they choose. When surcharges are added, a merchant runs the risk of have its processing agreement terminated.

Q. Is there a state or federal law that prohibits this or is it the credit card companies and/or processing centers that prohibit it?

A. There are no state or federal guidelines, but many state attorneys general have held that adding a fee (or surcharge) changes an advertised price and this basically fits into a bait-and-switch scenario. Some merchants ignore the guidelines but they run the risk of losing their processing privileges and facing inquiries from state regulators who enforce consumer protection laws.

One More Thing...

We have had dealers call and complain they are being charged a handling fee if they use state or federal services to renew licenses, pay taxes, etc. They ask why they can't do that. No government agency is a processor; therefore, they have to contract with a third party to handle credit card transactions. The “handling fee” goes directly to the third party, not the governmental agency.

Q. A customer of a dealer accrues purchases to an open account throughout the month. Then, when the dealer sends the customer an invoice at the end of the month, the customer provides a credit card to pay the outstanding

balance. In this situation, can the dealer add a 3 percent or more “service fee” to the customer’s bill?

A. Where credit cards are concerned, a retailer cannot assess any fees that give the appearance of being a surcharge. To that end, we discourage dealers from accruing too many dollars in unsecured receivables. The promise of a customer to pay, whether with cash or credit card, doesn't offer much security. Dealers who do have open accounts might consider requesting weekly or monthly ACH payments from customers. This would require a dealership to work with its customers to set up automated payments. Another option for dealers to consider is to increase pricing on parts or service. Many dealers, for example, charge environmental fees for disposal of waste oil, batteries, tires, shop towels, etc. If sufficient margin is built into the latter, the fees may generate sufficient revenue to offset credit card transaction costs.

Operating Rules and Regulations Bankcard Surcharges

The merchant shall accept all valid MasterCard and/or Visa cards when properly presented as a payment from cardholders for transactions.

Merchants shall not establish minimum or maximum transaction amounts as a condition for honoring cards.

The merchant may not impose any surcharge on transactions. Any purchase price advertised or otherwise disclosed by a merchant must be the price associated with the use of valid MasterCard and/or Visa cards. The merchant may offer a discount for cash provided it is clearly disclosed to consumers as such and the cash price is presented as a discount from the standard price available for all others means of payment.

Source: Elavon (formerly Nova Information Systems/MasterCard and Visa)

An industry survey helps identify changes in human resource management related to agricultural businesses.

Top 10 Trends for Strategic HR Planning



By Melinda Mullenix, AgCareers.com

AgCareers.com has identified 10 trends that agribusiness employers should consider when developing strategic human resource plans. Nearly 50 agribusiness organizations completed the annual AGRIBUSINESS HR REPORT™, which provides insight, market knowledge and data on a range of human resources “best practices” specific to the industry. The HR best practices report is a survey containing over 50 questions ranging in topics from salary reviews, management performance schemes, benefits/salary packaging information, employer branding and recruitment best practices.

With report findings, information was consolidated for United States audiences in a variety of industry sectors, including: ag chem/seed (30.4% of participating companies), animal health and nutrition (10.9%), swine production and genetics (19.6%), commodity and cooperative organizations (19.6%), as well as meat processing, rural finance, equipment, cattle production and technology groups (for a combined 19.6%).

While a great deal of information was gathered and analyzed in the report, several common trends were evident among the responding companies.

1. Recruitment Through Referrals

The 2008 report shows that employee referral programs and networks rank at the top of the list to recruit employees. “If you have not considered an employee referral program previously, it is a fairly simple plan or program to implement within an organization depending upon the size and scope of the plan,” said Melinda Mullenix, Human Resource Services Manager for AgCareers.com.

2. Job Boards

When it comes to methods of attracting employees, online job boards rank second among agribusiness organizations. This trend is further validated by the fact that job postings have increased 50% from 2007 on the AgCareers.com website. While some employers have had to lay off workers, some agribusiness industries continue to advertise available openings.

3. & 4. Incentive Pay & Base Pay Increases

Another interesting trend related to salary information
Continued on next page

YOUR AD HERE
won't get as much exposure as it would on IRONsearch.com

When it comes to selling used farm equipment, it doesn't get any bigger than IRONsearch.com. Over 235,000 potential customers a month at any given click.

IRON SEARCH
Yeah, it's that big.

© Copyright 2008. IRON Solutions, Inc. All Rights Reserved. IS-005001 09/08

shared in the report includes the varying incentive schemes that agribusiness employers offer. More than 80% of the employers that participated in the agribusiness salary survey compensate individuals beyond base pay. In addition, more than 45% of responding companies have budgeted for a salary increase of 3.1% to 4%. Salary increases were allocated based on performance (48.8%), followed by market changes (22.2%).

5. Turnover/Attrition Rates

The final report found that 15% of participating employers identified their employee turnover rate to be between 8.1 and 10%. Twenty-six percent of participants found their attrition rate to be over 20.1%. Compared to the 2007 report, this year's report shows an increase of 4% in this category across agribusiness employers. Only 13% of companies reported employee turnover rates less than 2%.

The attrition data holds even greater importance to understand why employees are leaving organizations in the agriculture industry. Trends with a potential direct correlation to turnover rates for employers to consider include: exit interviews, employee satisfaction surveys, retiring employees and flexible staffing approaches.

6. Exit Interviews

Nearly 85% of agribusiness employers conduct exit interviews, and typically cover topics such as job satisfaction, work conditions, management, company culture, training, and salary expectations. Even though exit interviews take time to conduct, this trend illustrates that employers value the feedback from individuals leaving their organizations.

7. Measuring Employee Satisfaction

While employee satisfaction is often a question asked in exit interviews, only 43.5% of agribusiness companies measure employee satisfaction. While this number is up slightly from 2007's report, "Employers in our industry need to do a better job of being proactive and asking their employees for information about what makes their business successful," Mullenix said.

8. Flexible Staffing

It is no surprise that 56.5% of agribusiness employers have noticed a need for flexible staffing solutions. The most popular flexible staffing solutions noted were interns, temporaries or contractors (through employment agencies), and employment of part-time staff. This number is up relative to 2007's report, where in comparison only 44% of the companies surveyed utilized flexible staffing approaches.

9. Retirement Increases

As with most industries, more individuals will be exiting the workforce due to retirement in the next few years. The majority of employers contributing to the HR report estimate they will have one to five percent of employees retiring in the next four years.

10. Employer Branding

Employer branding is more important than ever to attract and retain individuals within their workforce. More than 55% of participating companies are implementing an employer branding strategy. "An employer branding strategy may include revamping the organization's web site, updating their intranet or employee newsletters, and having a consistent message at career fair events with relevant, compelling tradeshow materials. This strategy needs to be developed in conjunction with strong internship programs and maintaining solid relationships with colleges and universities," points out Mullenix.

Editor's Note: To get this HR best practices data for your organization, the 2008 AgCareers.com AGRIBUSINESS HR REPORT™, both US and Canadian versions, are available to purchase for \$99.95/each by referencing this article. To purchase, or for more information contact AgCareers.com by phone: 800-929-8975 or e-mail: compensation@agcareers.com.

Texas Recovery and Identification Program (TRIP)

In an effort to help curb rising commercial and farm grade equipment theft, the Texas Department of Public Safety has implemented a new voluntary program called the Texas Recovery and Identification Program (TRIP). This program is free of charge and is designed so that both companies and individual owners can register their equipment with the State of Texas. This registration information is then used to assist law enforcement officers in the recovery of stolen equipment.



TRIP works upon the premise that concerned companies and individual owners would like a way for law enforcement to be able to identify and recover stolen equipment. Enrollment in TRIP begins with a company or individual owner registering their contact information through a web interface and then adding their equipment into the system. After entering this information into the system, DPS will mail out program information and TRIP program stickers, which should be placed on each piece of registered equipment.

Dealers can go to this web page: <https://records.txdps.state.tx.us/mvt/default.cfm> to access the TRIP system and register their equipment free of charge.

Reality for Equipment Dealers

By John Walker, President of After Market Services Consulting Co., Inc.

Over the past 20-30 years we have written numerous articles that have dealt with the issue of reality within the equipment industry. Near the beginning of a new year we would like to offer our readers what we will refer to as a reality check.

Reality as described by Webster is, "The quality or state of being actual or true."

Reality: Strong equipment sales will eventually return. Whether it is in six months, 12 months, 18 months or in three years is anybody's guess. I am a complete optimist.

Reality: Some dealers will survive, others will not.

Reality: Manufacturers will continue to seek new ways to increase their market share and their dealers' market share.

Reality: Equipment dealers should concern themselves with profitability.

Reality: When equipment dealers fail to provide a service in the chain of distribution they will either be replaced, dropped by the manufacturer or we will witness a dealer-less society.

Reality: Change is inevitable! Be optimistic, do what you have to do to survive.

Reality: Big is not always better! Dealers need to ask themselves how big their operation should be and how many

branches they can afford and need to cover their territory. It is not always easy to grow sales by buying someone out. Look to survival by profitably covering a territory and getting all the business possible out of that current territory.

There are several realities for the equipment dealer that we would like to point out now. 1) Manufacturers need the equipment dealer to make equipment ready to sell. 2) Manufacturers need the equipment dealer to provide warranty services and to make necessary changes and modifications in the equipment following the sale. 3) Manufacturers also need the dealer to provide service on an ongoing basis after the sale. This is a key factor in the customer's decision to purchase from one dealer versus another.

Reality: Equipment manufacturers cannot survive in the market without a financially strong dealer organization. Equipment is not only becoming more expensive to purchase it is also becoming more complicated to service. Simple repairs are no longer the norm and technicians today need far more education and training than required in the past.

Reality: Hiring, training, compensating and maintaining a competent staff of service technicians must
Continued on next page

Save Money with credit card solutions that reduce costs



Elavon, the endorsed payment processor of NAEDA, invites NAEDA-affiliated dealers to take advantage of the [lowest program rates in years](#). Even if you're using another payment processor, call us for a **FREE** rate comparison. You have nothing to lose but higher fees.

For information, please call 800/546-1831, or fax your business and contact information to 800/799-3984.
[Please mention source code 82093.](#)



Helping Dealers Succeed

Elavon

Membership Benefits Include:

- ✓ Competitive Rates
- ✓ NO Application Fee
- ✓ NO Annual Fee
- ✓ NO Equipment Reprogramming Fee

New Value-Added Features:

- ✓ Electronic Check Service
- ✓ Gift Card Program

Elavon Offers:

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

become a top priority for equipment dealers in the next five to 10 years.

While equipment prices are increasing dramatically, dealer margins on that same equipment are stagnant. Successful dealers have recognized this problem and have begun to focus upon those areas of their dealership that too many dealers have neglected. Reality is that opportunities exist within their aftermarket.

Successful equipment dealers also realize that their greatest margin opportunities lay within their shop (60 percent to 65 percent gross profit) and that they have a service that, if marketed well, can provide the dealership some tremendously profitable opportunities.

Reality: Dealers must recognize that all their customers have a choice as to where they buy their parts and service. Customers in a “free market” can go wherever they want to make their purchases. Reality: Dealers must market their aftermarket with the same dedication they put forth in the marketing of complete goods.

Several months ago, we were working with an equipment dealer whose service gross profit exceeded the industry guidelines. He had an excellent billing efficiency and high technician productivity. His service contribution to total sales was a shade over 23 percent. Reality: He will be a survivor! Despite his overall success in service, he knew he required more technicians, but was having difficulty acquiring these technicians. He was receptive to anything that would provide his dealership another four to five technicians.

Reality: Technicians are difficult to find even in what some call a “downturn” economy. There is certainly no surplus of qualified technicians and those who are qualified are monetarily satisfied and unwilling to make a change. Those who are currently available are often unqualified. Reality: If you are going to hire, train, compensate and maintain a core of qualified, hard-working, performance-orientated technicians, with a strong work ethic, the equipment dealers and service managers are going to have to remove their blinders and begin to think outside the box.

Think about this: For years equipment dealers have paid sales personnel “big bucks,” plus incentives, car or car allowances for selling equipment that returns an average gross profit of 5 percent to 8 percent. Perhaps the same dealer pays a typical technician \$15 to \$18 an hour, (in some cases we are being generous) when that same technician produces a gross profit of 60 percent to 65 percent.

Reality: The dealer’s service department is not only a profit center, it is an opportunity center. Too many dealers seem to believe that many technicians are unreasonable in their pay requests. Equipment dealers need to recognize the fact that technicians’ wages are going to increase dramatically in the coming years. It is a typical “supply vs. demand” scenario.

Technician’s Wages

How would you as an equipment dealer or as a service manager answer this question? What if you seriously needed a “top-notch” technician, a technician qualified to work on the type of equipment your dealership sells and one that could handle any job you gave the technician to accomplish? What if an applicant came along who fit every single requirement you were looking for? What if a check of this applicant’s references indicated the technician was even better and more qualified than he/she said they were? What if the technician truly wanted to come to work at your dealership? What if the applicant stated that a salary requirement of \$27 an hour would be necessary to make a change in employment? Could or would you hire this applicant?

The answer we too often hear is “no.” It is no because: 1) “No one in our shop is paid that amount of money.” 2) “If we did hire that applicant, everyone would expect a similar increase in hourly wages.”

Reality: Most of you will see technicians’ wages approaching this level in two to three years. Some of you are already experiencing this level of hourly wage rates. Therefore, equipment dealers and service managers are going to be hard pressed to focus upon solutions to solve this particular problem. What if an incentive pay plan based upon performance was developed for your shop? A program based upon profitable performance would allow your service department to compensate at a level of \$25 or \$27 an hour for the services of your qualified technicians. What if your service department developed pay for performance programs based upon productivity of technicians using flat rate billing?

Flat-Rate Billing

Many dealers and service managers are too quick to comment that flat rate won’t work in their dealerships. Most dealers and service managers don’t recognize that in many areas flat rates are already being used: planned maintenance programs, lease with maintenance programs, customer quotes, and, of course, manufacturer warranty programs and set-up or make-ready programs. Unfortunately, many of these same dealers are not using these flat rates as a measure of performance or as an incentive compensation programs for technicians. If they were they would have the start of an answer for paying a technician \$27 an hour.

Reality: Most equipment dealerships fail to establish realistic labor rates. Your shop is generally labor intensive and contributes to some of the largest expense dollars within the dealership. Every year your expenses increase and your technicians’ wages go up. Unfortunately, over the years, your shop labor rates have not kept pace with your shop and payroll expenses. If you are not reviewing your labor rates at least twice a year and making the necessary changes, then you are falling behind. **Continued on page 9**

Enough is Enough ... Or Is It?

By Peter Flora, Tax Favored Benefits

So you are among the more than 70% of U.S. households that have some type of qualified retirement account. Not only that, but you are also among the slightly smaller majority of Americans that actively contribute to it each year.* And yet, you are still worried whether it will be enough to afford you the quality of life in retirement that you will have earned after years of hard work. While it may not be possible to completely erase this uncertainty, developing a detailed, long-term plan designed to meet a specific end-goal can help you save more effectively and remove some of the unknowns the future holds.

The improved nutritional and medical knowledge and technology that allows Americans to live longer and healthier lives than ever before, also brings the daunting reality that retirement could last 25 years or more. Though never intended to be the sole source of income for retired Americans, Social Security's uncertain future only places further doubt on whether one will be able to support themselves once they no longer work full-time. Already, many 'retirees' find it necessary to work part-time in order to make ends meet. This article will examine some of the key variables and assumptions that must be considered, as well as some general formulas that can be used to help determine what your own retirement landscape may look like.

Needed Funds

Most experts believe you should expect to need around 80% of your current income once you are retired. This is a simple enough calculation. To this, one should factor in their projected Social Security benefit, the age at which they plan to retire, the number of years that retirement will last, and any other sources of income that will be available. For example, Cindy, a 45-year old woman, currently makes \$65,000/year. She wants to retire at age 66 with a projected Social Security benefit of \$1,800/month (or \$21,600/year). Based on her current health and family history, she believes that she could have at least 25 years of retirement to fund and does not want to have to work to support herself if she so chooses. Based on an assumption of 80% of current income, Cindy will need \$52,000/year on which to live. Subtracting her Social Security benefits, leaves an additional \$30,400/year that she will have to provide to meet her goals. How much does Cindy need to save?

There are three basic assumptions that must be made in order to make this calculation: (1) the average annual rate

*West, Sandra and Victoria Leonard-Chambers, "The Role of IRAs in Americans' Retirement Preparedness," *Research Fundamentals*, vol.15, no.1 (January 2006), pg. 2.

of inflation before retirement, (2) the average annual rate of inflation after retirement, and (3) the average interest rate on investments after retirement. Inflation has averaged about 3% per year for the last 25 years. In order to be on the safe side, Cindy assumes an annual inflation rate of 3.5% for both her pre - and post - retirement years. She also assumes her retirement savings will remain invested and earn, on average, about 8% each year.

Retirement Savings Formula

In order to find Cindy's 'magic number', she must first adjust the \$30,400/year gap for the 21 years of pre-retirement inflation. This raises that number to around \$62,600/year. Secondly, she must adjust her post-retirement annual growth rate of 8% for the 3.5% post-retirement inflation rate. The formula to determine an inflation-adjusted interest rate is:

$$[(1 + \text{investment interest rate}) \div (1 + \text{inflation rate})] - 1 \times 100$$

In Cindy's case this would be:

$$[(1 + 0.08) \div (1 + 0.035)] - 1 \times 100 = 4.35\%$$

This adjusted rate of 4.35% growth can now be used to determine the lump sum needed to generate \$62,600 of income per year in retirement. Using a financial calculator, this amount comes to nearly \$1 million.

Cindy still worries about the possibility of outliving her savings and wants to determine a lump sum amount that will ensure her post-retirement income no matter how long she lives. The formula to find this factor is:

$$(1 + \text{investment interest rate}) \div (\text{investment interest rate} - \text{inflation rate})$$

For Cindy this would be:

$$(1 + 0.08) \div (0.08 - 0.035) \\ 1.08 \div 0.045 = 24$$

Multiplying this factor by the annual inflation-adjusted goal of \$62,600, brings her lump sum amount to more than \$1.5 million.

While these numbers may produce some initial "sticker shock" and seem unattainable, they do provide Cindy with a specific and reasoned goal for which to save. Furthermore, they allow her to determine if this is even a realistic goal for her, and whether she should adjust her savings now in order to better meet it. In fact, it may not be as out of reach as it seems at first glance. Consider that Cindy has been saving

Continued on next page

Remembrance

\$300/month (\$3,600 annually) in her company's 401(k) plan for the past 10 years. Over that time, she has been a fairly aggressive investor and has averaged an annual rate of return of 10%, for a current retirement balance of around \$57,000. At this current contribution rate (and assuming a 10% annual rate of return until she retires), she is on pace to have about \$655,000, at retirement; about half of what she estimates is needed. In order to reach her retirement goal of \$1 million or more, Cindy would need to increase her annual contributions to at least \$10,000 (about \$833/month). Though this is more than she can currently afford to contribute, she also considers using a more aggressive allocation for her investments with the hope of achieving greater returns. Understanding the additional risk she would take on, if Cindy is able to average an annual rate of return of 12%, she would only need to increase her annual contributions to about \$6,200 (about \$516/month) to achieve her goal.

Though Cindy's situation may not exactly mirror your own, it should highlight the importance of putting more detailed thought into just how much you will need for retirement.

The sooner you can determine whether you are on pace to achieve your goals, the sooner you can make what may be relatively small adjustments now that could pay great dividends in the future. Having a specific dollar amount in mind can also help you to make informed decisions about how best to save your current income and prioritize these savings with other short and long-term goals and desires.

Finally, these calculations should also be adjusted as your life changes and new expenses arise or old ones fade away. Though it may not be the most pleasant of exercises, taking a sober and hard look at whether you are on pace to meet your goals now is infinitely better than not realizing it until it is too late.

Tax Favored Benefits is the endorsed provider of retirement plan services for SouthWestern Association members. They can be reached at 800-683-3440.

Gary Vermeer, founder and Chairman Emeritus of Vermeer Corporation, died Feb. 2. He passed away at 90 years of age and is survived by his wife, Matilda, three children and their spouses, Stan and Alma, Bob and Lois, and Mary and Dale, eight grandchildren and nine great grandchildren.

Gary Vermeer and a cousin started the business in 1948, after inventing a wagon hoist five years earlier, which made it easier to unload corn. Demand for the labor-saving device from his neighbors prompted him to open Vermeer Manufacturing Company. From that small operation, the company has grown over the past 60 years to an international organization that manufactures agricultural, construction, environmental and industrial equipment. The corporation today has industrial dealerships in over 60 countries.



It's time to enjoy the fruits of your labor.

There's no denying that you've worked hard and sacrificed a lot for your business.

Now it's time to get your life back and take control so you can run your business, instead of your business running you.

Spader Business Management offers innovative solutions like Total Management 1 and 2 workshops, 20 Groups, and consulting programs that can take your company to new levels of performance and improve life-work balance for you and your employees. Which ultimately allows you to work on your business instead of in your business.

For more information and to see what Spader can do for you, visit spader.com, or call 800.772.3377. You and your family will be glad you did.



PO Box 2820 / Sioux Falls, SD 57101-2820 / spader.com / info@spader.com
800.772.3377 / 605.339.3616 / fax 605.339.4229

First Ever SWA HR Round-Table

Whether your dealership has a designated human-resources (HR) manager or someone at your company takes care of those responsibilities as part of other management duties, that person needs to attend the SWA HR Round-Table.

We're bringing together experts on HR-related topics to assist in the day-to-day, often difficult task of managing these varied responsibilities.

More details will be available in the next few weeks. In the meantime, block these dates and plan to participate.

When: Monday-Tuesday, May 11-12, 2009
Begins with reception, dinner and speaker on May 11 and concludes at 3 p.m. on Tuesday, May 12.

Where: Hampton Inn & Suites County Club Plaza
Kansas City, Mo. (www.hamptoninnkc.com)

Call Olivia at SouthWestern Association for more information at 800-762-5616.

If technicians' hourly rates are going up and if we agree that they will continue to go up based upon the shortage of qualified technicians, then a continued review of your shop labor rate is certainly called for.

Pegging your hourly labor rate to what your local competition is charging is foolish. Set your labor rate to develop a profit for your dealership. If your competitors want to go broke - let them. You are a survivor and you are going to market the value-added service your dealership provides. You've got to sell your services for what they are worth and at a profit to the dealership. Using ridiculous internal rates dramatically draws your absorption rate as well as your aftermarket profitability.

As an example, we were working with a dealer in the northeast whose labor rate is \$116.95 an hour. This dealer told his customers that his labor rate was "the highest" in the metropolitan area, but that in return his customers got "the best" value for their dollar when they had their service work performed at his dealership. This was value-added salesmanship. He had "top-notch" technicians whom he paid well and technicians who worked on a pay-for-performance plan that permitted them to earn, in many instances, above the \$27 an hour wage.

A Good Exit Strategy Requires Making Smart Moves Early in the Game

You worked hard to create your business. How you plan for potential exit strategies will ultimately help determine your financial success. Many professional advisors suggest putting a succession plan in place at least five years before you intend to retire...10 years may be even better. In fact, some recommend that an exit strategy be built into an initial business plan.

Exit strategies should consider:

- Retirement income
- Leaving a stable, profitable business
- Death and disability of the owner
- Departure of a business partner

Avoid a future stalemate and make the first move now. To help assure financial security for you, your family, and your business, contact your local Federated representative or your association office for information on Federated's Financial Protection Services.

It's our business to protect yours®



New Government Documents: Do You Have Them In Place?

The New Year brings the need for you to update important government required documents. For companies without a full-time Human Resources Director, it can be difficult to keep up with the ever-changing world of government documents. Here we are discussing three important documents/posters that must be implemented immediately at your place of business.

FMLA (Family and Medical Leave Act)

“FMLA applies to all public agencies, including state, local and federal employers, local education agencies (schools), and private-sector employers who employed 50 or more employees in 20 or more workweeks in the current or preceding calendar year, including joint employers and successors of covered employers.” As an employer, there are two requirements regarding this document. Per the U.S. Wage and Hour Division, “The poster must be displayed in a conspicuous place where employees and applicants for employment can see it. A poster must be displayed at all locations even if there are no eligible employees.

“Additionally, employers must either include this general notice in employee handbooks or other written guidance to employees concerning benefits, or must distribute a copy of the notice to each employee upon hiring.” For additional information and/or a downloadable copy of the poster, visit the Wage and Hour Division website at <http://www.wagehour.dol.gov>.

2009 W-4 Form

Please replace all 2008 forms with the newly updated 2009 W-4 form in your new hire packages. For additional information and/or a downloadable copy of the form, visit the Internal Revenue Service Website at <http://www.irs.gov>.

USERRA (Uniformed Services Employment and Reemployment Rights Act)

“Employers are required to provide to persons entitled to the rights and benefits under the Uniformed Services Employment and Reemployment Rights Act (USERRA), a notice of the rights, benefits and obligations of such persons and such employers under USERRA. Employers may provide the notice, *Your Rights Under USERRA*, by posting it where employee notices are customarily placed. However, employers are free to provide the notice to employees in other ways that will minimize costs while ensuring that the full text of the notice is provided (e.g., by handing or mailing out the notice,

or distributing the notice via electronic mail).” For additional information and/or a downloadable copy of the poster, visit the Department of Labor Website at <http://www.dol.gov>.

Important 2009 I-9 Form Update - Employee Eligibility Verification Form

The federal government released a new I-9 Form in the middle of January 2009 that all businesses were to implement beginning on February 2, 2009. The weekend before the implementation date they decided to postpone the use of the new form and released the following statement. “The Department of Homeland Security (DHS) has postponed the February 2, 2009, effective date of the new Form I-9 rule to April 3, 2009. “The announcement was released late Friday, the weekend before the new Form I-9 was to take effect.

“Until April 3, 2009, employers should continue to use the previous version of the Form I-9 with the annotation ‘Form I-9 (Rev. 06/05/07) N’ in the bottom-right hand corner and the expiration date of June 30, 2009. Employees may continue to present any document listed on this Form I-9’s List of Acceptable Documents.”

It will be very important for you to check back with the government periodically to ensure that the April 3, 2009 date will continue to be the date of implementation of the revised I-9 Form. The revised form should be available for download on the USCIS website at least two weeks before the implementation date. For additional information, visit the U.S. Citizenship and Immigration Service website at <http://www.uscis.gov>.

All of these forms are also available for download in the “Resources” section of our website at www.essentialcorporatesolutions.com.

As safety and HR professionals, Essential Corporate Solutions, Inc. strives to keep our customers compliant with always changing government regulations. Dispute Solutions, Inc. ADR plans help to protect your company from costly litigation.

SouthWestern Association recommends Essential Corporate Solutions and Dispute Solutions, Inc. for your human resources, safety and ADR services. You can contact Kelly Dykes at 800-880-1722 or 972-485-5135. Website address is www.essentialcorporatesolutions.com and www.dsi-adr.com.

departmental “silos” begin to develop and erode the company’s performance. This session will provide you with several ideas and tools to begin improving the working relationships between departments. Topics include:

- How to Resolve Conflicts Between Departments
- Developing Goals Everyone Can Buy Into
- Creating a Shared Purpose
- Case Study Activities

Understanding My Leadership Motivations: Why Do I Do What I Do? - San Antonio Only

One of the least understood aspects of effective leadership is learning how to motivate different people. As current and future leaders, it is essential that we first understand what our own motivators are. This workshop will help you identify the three primary motivators that determine both your “fit” and “satisfaction” in various jobs. Equally important, you will learn the types of environments where you are likely to be a “misfit.” To accomplish this, you will complete, print and bring three online leadership assessments with you to the workshop. At the end of this session, you will better understand your own leadership motivations and also how to work with others who have different motivations. We will conclude with an action plan that will help you leverage your current motivational strengths while also putting together a game plan in the areas that aren’t a perfect fit. Topics include:

- Why People Do What They Do (and How to Manage Them)
- Three Types of Leadership Motivators
- Work Interests: What Types of Work am I Most Passionate About? How do These Passions Fit With My Current and Future Roles?
- Work Values: what Beliefs Guide My Decision-Making and What Roles Fit Best with My Values?
- Work Style: How Can I Leverage My Personal Preferences and Habits to Become More Successful?
- Action Planning: Developing an Action Plan to Improve Your Performance

More information on the Dealers of Tomorrow Seminars is available by contacting Olivia at the Association offices - 800-762-5616. Registration forms will be available in April.

Seeking Certainty in an Uncertain World - Choosing Wisely is More Important Than Ever

By Paul Kindinger, CEO - NAEDA

To say we are witnessing uncertain economic times is an understatement. The equipment industry is not immune to the growing concerns faced by other industries. Risk is present everywhere in our industry – in some ways at unprecedented levels. As I noted in my January column, the incomparable greed of a few may reside in the consciousness of many for years to come.

However, there are some risks we can manage – the insurable risks. As dealers, you should make an informed decision about your insurer and choose wisely.

As a business owner in today’s challenging economic environment, it’s vital to choose an insurance partner whose service extends beyond the usual and whose programs can provide specialized coverage tailored for our industry. Peace of mind does not come without a price and without extra due diligence on your part in choosing an insurer.

What to Look for in an Insurance Partner

Don’t compromise when looking for an insurance partner. Ask yourself the following before making a decision:

How is the insurer rated by the insurance industry’s top rating organizations, like A.M. Best Company and the Ward Group?

An A+ (superior) Best rating and a Ward’s 50 designation place an insurer among the most financially secure in the industry.

How long has the company been in business? How long has it served our industry?

Much can be said about an insurance company by how long it has been in business and the knowledge and experience of its leadership. Has it been a stable, reliable partner to equipment dealers or has its interest followed the whims of management changes?

How does the company represent itself to its customers?

There is a lot of debate about how an insurance company can most effectively represent itself, either through a network of independent agents or directly through its own representatives. A strong case can be made that there is greater consistency and value with companies that focus on specific industries and that develop specialized products and services delivered by field, claims, and loss control representatives employed directly by the company. **Continued on next page**

What is the company's structure? Is it a mutual or a stock company?

Well-run and well-capitalized insurance companies can be either mutual or stock companies. In contrast to stock companies, mutual companies do not cater to the investment expectations of shareholders nor do they create an atmosphere where executives could be distracted by the enticement of stock options. Because mutual companies are not required to report to shareholders on a quarterly basis, they are likely to be in a better position to entertain and implement long-range initiatives for the benefit of their policyholders.

What do others say about the company?

The most reliable evidence to the worthiness of an insurance company comes from its policyholders. Also, consider the recommendations of industry trade associations. Quite often, trade associations go to extra lengths to assess the ability of insurers to meet the expectations of their members before deciding to recommend a company.

Does the company offer risk management programs to help make a positive influence on the loss side?

Risk management programs designed specifically for equipment dealers are unique. An action plan customized for your individual business can have a positive, long-term effect on insurance costs. There can be significant differences depending on whether these services are outsourced or delivered by direct employees of the insurance company.

The critical choice

It is critical that you, as a successful business owner, carefully choose your insurance company. This decision should include a clear understanding of the company's financial strength and its perceived ability to fulfill its promises – and this is why NAEDA and so many of its affiliated associations endorse and recommend Federated Insurance Companies in Owatonna, Minn.



Federated Insurance doesn't take unnecessary risks and is financially sound. Its leadership is stable and has been for more than a century. Its programs are developed from its knowledge of the clients and industries it serves. Moreover, it is determined to work with dealers to reduce risks and control losses.

Whether it's insurance or some other business decision, I encourage you to choose wisely because far too much uncertainty exists in today's economy for you to do anything less.

Energy Market Update

The primary focus continues to be on the weak economy and limited credit. Many electricity and natural gas suppliers are beginning to limit their product offerings and length of contract terms due to concerns over counterparty default.

Despite falling rig count and a cold January, the natural gas market is still oversupplied. Industrial demand seems to be lower than originally estimated by many analysts. The NYMEX 12-month strip is at a 5-year low. Further downside opportunity seems limited making this a good time for end-users to fix pricing for 2-3 years.

Now more than ever, businesses need the guidance of an experienced consultant in planning their energy strategy. APPI's solutions effectively lower your energy costs, decrease/eliminate operating risks, and create budget certainty with no upfront costs. APPI's 12-year proven track record of due diligence of energy suppliers, review and recommendation of supply contract terms and conditions, and a competitive bidding process combine to give you the competitive edge you need to function most effectively in the dynamic and volatile energy markets. Contact APPI today at 800-520-6685 or info@appienergy.com.

Group Health Benefits

Stimulus Act Revises COBRA Rules

The Consolidated Omnibus Budget Reconciliation Act (COBRA) gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plan for limited periods of time under certain circumstances such as voluntary or involuntary job loss, reduction in the hours worked, transition between jobs, death, divorce, and other life events. Qualified individuals may be required to pay the entire premium for coverage up to 102 percent of the cost of the plan.

COBRA generally requires that group health plans sponsored by employers with 20 or more employees in the prior year offer employees and their families the opportunity for a temporary extension of health coverage (called continuation coverage) in certain instances where coverage under the plan would otherwise end.

The recently passed Stimulus Act included revisions to the COBRA rules. Federated Insurance has provided a two-page flier explaining the changes. That flier appears on pages 14-15 of this newsletter. If you are a Federated Insurance client, more information is available via this link: <http://www.federatedinsurance.com/ws/fi/index.htm>

SouthWestern Association Online Campus

SouthWestern Association has introduced a new program, The SouthWestern Association Online Campus. This program makes it possible for dealers to train their entire staff quickly and efficiently without ever leaving the dealership.

Programs can be used for training, coaching, refreshing learning, performance support, promotion paths and meetings. These courses are available on your computer 24 hours a day, seven days a week. Members purchase a subscription to the SouthWestern Association Online Campus. (Pricing is based on the number of employees at all your locations.) Then, all your employees will have access to the campus materials. We'll issue a unique password to each staff member. SouthWestern Association will help you set up a curriculum for new hires or specific positions.

Proven Results

Real companies similar to yours have shown outstanding results by using online campus technology. One company with 175 employees got these results over an 18-month period:

- Increased sales and profits
- Reduced product returns by 10%
- Improved customer and employee satisfaction
- Reduced employee turnover by 33%
- Reduced training costs
- Compliance with state and federal law

For more information about the Online Campus and other workforce development opportunities through SouthWestern Association contact Nikki Bloemendaal, Director of Education at 1-800-762-5616 or e-mail nicole@swassn.com.

NAEDA 6th Annual Legislative Fly-In

The 6th Annual NAEDA Legislative Fly-In is set for March 31 - April 1 in Washington, D.C. This annual event includes briefing sessions and time for visits with legislators on the "Hill." This year's schedule has an abbreviated briefing period to allow more time to be spent on Capitol Hill talking with legislators. NAEDA has reserved blocks of rooms in two Washington hotels - the Army-Navy Club and the Park Plaza Hotel. The rooms at the Park Plaza will only be used once the room block is filled at the Army-Navy Club. It is recommended that members attending the Fly-In arrive at the Army-Navy Club before 1:30 p.m. on Tuesday, March 31 and plan on departing late afternoon or early evening on Wednesday, April 1. SouthWestern Association members interested in attending the Fly-In should contact the Association office at 800-762-5616 for a registration form and agenda.



Paycor is partnering with the SouthWestern Association.

Extending you a limited promotional offer for payroll and tax filing.

\$75 per payroll processing.
Promotion applies to any SWA member between 20-49 employees. The cost includes Payroll, Direct Deposit, and Payroll tax filing. Call to discuss special pricing for members with less than 20 or more than 50 employees.

Tax filing service.
Local, State, and Federal Tax Filing service is included.

Price guarantee.
When signing up for this offer you receive a 2-year price guarantee.

Contact Dan Christians to discuss.
toll free 1. 800. 243. 2538 ext. 157
direct 913. 236. 0157
email dchristians@paycor.com

Find out why 2,600 companies switched to Paycor in 2008.

Visit us online
www.paycor.com



Stimulus Act Changes to COBRA Coverage

Summary

Congress recently approved an economic stimulus package that was signed by the President on February 17, 2009. The American Recovery and Reinvestment Act (ARRA) makes a number of changes affecting employee benefits, most notably the expansion of COBRA, including any state continuation laws applicable to employers with fewer than 20 employees. The new COBRA rules create a 9-month, 65% federal subsidy of COBRA premiums for certain covered employees who were or will be involuntarily terminated during the period of September 1, 2008 to December 31, 2009.

The Subsidy – How it Works

An employer can only require an eligible individual to pay 35% of the COBRA premium. The federal government will reimburse employers for the remaining 65% by allowing the employer to take a refundable credit toward payroll taxes. The subsidy will apply with the premium payment for the first period of coverage beginning March 1, 2009, and will last for up to nine months of coverage.

Eligible Individuals

To be eligible for the subsidy, an employee must be terminated, or have been terminated, during the period starting September 1, 2008 and ending December 31, 2009. Employees must have been terminated involuntarily and not for reasons of gross misconduct. Qualifying dependents may also be eligible. An individual will not be eligible for the subsidy once s/he becomes eligible for coverage under another group health plan or Medicare or otherwise is no longer eligible for COBRA. Individuals must notify the employer when they become eligible for other health benefits or face penalties for failing to do so. Certain highly compensated individuals will not be entitled to the subsidy.

New Election Period

Employers must offer an additional COBRA election period to any person who was involuntarily terminated on or after September 1, 2008 and were entitled to COBRA coverage, whether that person originally declined COBRA or elected but subsequently terminated COBRA. The new election period begins on March 1, 2009, and ends 60 days after the date the employer provides the required notice. Coverage is **not** retroactive to the date the individual originally lost coverage.

Continued

What Employers Should Do Next

Individuals affected by the new law must be notified, among other things, of the availability of the subsidy and a description of the extended election period.

1. Identify employees eligible for COBRA who were involuntarily terminated on or after September 1, 2008 and their eligible dependents.
2. Revise and update COBRA communications materials to provide the new information regarding the subsidy. You may choose to revise your current notice or include the new information as a separate document.
3. Notify eligible individuals who became eligible for COBRA prior to February 17, 2009 of their new COBRA election period and the availability of the subsidy. These notices must be sent out by April 16, 2009.

IMPORTANT NOTE: The government is required to issue a model notice for employers to provide to employees by March 19, 2009. Therefore, plans may have time to wait for the model notice and still meet the deadlines required by the law. However, the subsidy will apply beginning with the first premium payment period after enactment, i.e. March 1, 2009. During the transition period, the law allows employers to continue to require beneficiaries to pay the full COBRA premium for the first two months (March and April). The employer may decide either to reimburse the beneficiary for the overpayment or credit the overpayment toward future premium payments.

4. Coordinate with payroll and systems staff to make necessary changes to ensure that the employer is paying the government's 65% share of the premium.
5. Take steps and keep all records necessary to ensure reimbursement or credit. Employers will be able to recover the balance paid by reducing their employment tax deposits (i.e., for federal income taxes, Social Security and Medicare) and reporting these offsets on a revised Form 941, which the IRS is currently revising. If the amount of the employer subsidy is greater than the payroll tax liability for that period, the additional amount due will be treated as a refund or a credit. Other reporting requirements will be identified by the Treasury Department in the near future.

Where May I Obtain Additional Information?

Once the government produces the model notice, we will put a link to it on our Web site:

<http://www.federatedinsurance.com/ws/fi/index.htm>

You may also find information on the government Web site:

<http://www.dol.gov/dol/topic/health-plans/cobra.htm>

This information is provided by Federated Mutual Insurance Company for general informational purposes only. It is not and should not be relied upon as legal or tax advice. If you have any questions regarding your welfare benefits plan you should consult your own legal or tax advisor.