SouthWestern Flash

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SOUTHWESTERN ASSOCIATION

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Upcoming Events

Sales Management Workshop

- July 14-15, Kansas City, Mo.

Dealers of Tomorrow -

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

Fall Area Meetings

- Oct. 27 - Austin, Texas
- Oct. 28 - Harlingen, Texas
- Oct. 29 - Houston, Texas
- Oct. 30 - Tyler, Texas
- Nov. 3 - Amarillo, Texas
- Nov. 4 - Dallas, Texas

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Dealers of Tomorrow

Business Management - Focus of Dealers of Tomorrow Seminars

Register 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 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 "mis-fit." 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

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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

The registration cut-off date for Manhattan is Monday, July 6. With space filling up fast, call the Association today at 800-762-5616.

SouthWestern Association Fall Area Meetings

SouthWestern Association has scheduled fall area meetings for members in 2009. The meetings will be held in a luncheon format to enable members to easily travel to the one nearest them.

Oct. 27 - Austin, Texas	*Oct. 28 - Harlingen, Texas*
Oct. 29 - Houston, Texas	*Oct. 30 - Tyler, Texas*
Nov. 3 - Amarillo, Texas	*Nov. 4 - Dallas, Texas*

Additional details on program, agenda and exact location will be sent as soon as complete information is available.

Remembrance

J.B. Glassco, 73, died Sunday, June 21 at Western Plains Medical Complex in Dodge City, Kan., after complications from back surgery. He was born on Sept. 17, 1935 on the family farm near Copeland, Kan., son of Jay Bird and Lucille Glassco. In 1956 he started working at Unruh-Foster, Inc. of Montezuma where he later became a partner. He retired from the dealership in 1996. He was also part owner of Harry's Machine Shop in Dodge City and Prairieland Partners of Kansas.

Memorials can be made to United Methodist Church of Montezuma in care of Swaim Funeral Home, 1901 Sixth Ave. Dodge City, KS 67801.

Limited Space Still Available

Plan to Attend Sales Management Workshop

What Would You Classify as a Good Deal? How About a Bad Deal?

According to John Spader of Spader Business Management, most sales managers and sales people do not know what margin they must average on a piece of equipment for the dealership to pay all of its bills at a reasonable sales level. "These are the people making the deals, often frustrating their owners in the process," explained Spader. "However, if the owners don't know themselves what makes a good deal or a bad deal, they shouldn't expect their employees to know whether or not it's a good deal."

Sales Management Workshop Series

Spader Business Management, in conjunction with the SouthWestern Association (SWA), has developed a series of Sales Management Workshops for Association members. The first session, "Sales Management, Profit Planning and Inventory Management," will set the groundwork for the future workshops. This 1½-day workshop, held July 14-15 in Kansas City, Mo., is geared toward both multi-store and single operation dealerships.

"Over the past decade, dealers have received a considerable amount of training from manufacturers and consultants about improving the profitability of their service and parts departments in those areas," said Jeff Flora, SWA CEO. "There also have been many opportunities for salesmen to receive product and salesmanship training to improve overall sales volume, with most of the training coming from the manufacturer. What has been lacking, however, is training to improve the profitability of the sales department. These workshops will help fill this void."

"There is definitely a need for sales management training like this in the farm equipment industry," said Dan Westegaard of Spader Business Management. "Many dealers do not manage their sales department professionally. Instead, they allow their salespeople to go out and work as independent agents with very little direction, supervision or control. There is plenty of room for improvement in this area."

He added, "With the growing trend of multi-store operations and larger volume single store operations, it's becoming more and more evident how important it is to focus on sales management processes to try and create a clearer sense of direction. Dealers can't continue to fly by the seats of their pants."

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Sales Management, Profit Planning, and Inventory Management Workshop

Many farm equipment dealerships lack a sales management system that identifies what areas can be improved and why they need improvement. In our experience, we have found that most business managers hire and train salespeople first and many never get around to establishing a proper sales management system – the kind that is necessary to direct sales managers and sales personnel for peak performance. This workshop will be a beginning of several phases. It will focus primarily on the systems and processes needed to develop a peak performing sales department. This outline will give you an idea of the topics we have included in this workshop.

Spader Total Business Plan (The Four Quadrant Model)

- Where are your business strengths and where are your opportunities for further development?
- What does your business (department) need to look like to survive, thrive or maximize?
- This workshop will focus primarily on the financial strength and profitability of the Sales Department.

Beliefs and Principles

- How to get everyone on the same page
- How to get everyone to know the true score
- The key items and beliefs needed to get good margins
- How to get sales people to think like owners and sales managers
- How to get owners to think like sales managers.

Scorekeeping

- Introduce the Spader One-Dollar Concept, our system of key expense ratios
- Importance of accurate and timely financial information in an easy-to-understand format (examples of the format are included)
- How to set goals, total company down to the individual salesperson

Profit Planning

- Sales Department profit planning process
- Determine Costline® Gross Margins by product type
- Key sales department expense ratios
- Expense allocation to departments (include corporate expenses for multi-store)
- Expense management – where are you spending too much or too little
- Breakdown of annual sales goals to monthly goals by seasonal trend percentages
- Deviation reporting system for actual results
- Forward forecasting year-end results
- Creating sales department and salesperson scoreboards

Inventory Management

- Understanding key inventory formulas
- Create an inventory plan for total department, key inventory groups, or by individual product type
- Controlling set-up and reconditioning costs
- Action timelines to help manage aged inventory
- Inventory write-downs

Trade Process

- Define a detailed trade process
- Think margin on every deal
- Trade-in evaluation process

Learn this and more at the SWA Sales Management Workshop, Tuesday-Wednesday, July 14-15, in Kansas City, Mo. Call SWA at 800-762-5616 for registration materials or for more information.

June 30 - Deadline

2008 Cost of Doing Business Report

It is that time of year again - time for the SouthWestern Association Cost of Doing Business Survey (CODB) compilation.

- Participants can compare their financial performance to that of all dealers (regardless of lines or manufacturers represented).
- Dealers/Members need this information to assist in the valuation process of their businesses for estate planning, buy/sell agreements; sales, mergers/consolidation purposes;
- The CODB Report will include benchmarks in the survey so that dealership goals and budgets can be established for future years;
- A trade association should establish the tradition of generating this type of survey so that trends in business can be established and information can be gleaned that will help dealers improve financial performance in future years.

Financial Statements Returned Later Than June 30, 2009 will NOT Be Included in the 2008 Report! If you have questions regarding the Survey please contact Curt, Bob or Lonnie at the Association office - 800-762-5616.

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.

Technician Training Program

SouthWestern Association has partnered with the OSU Institute of Technology in Okmulgee to establish a 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 Institute of Technology Dept. Chairman - 918-293-5392 or Jeff Flora, CEO, SouthWestern Association, 800-762-5616.

Reporting – Key to Profitability

By Iron Solutions

Knowledge, goes the old saying, is power. But, for today's equipment dealer, it's also profit. Of the three major profit centers for your dealership – Wholegoods (New and Used), Parts and Service – used equipment sales have the greatest potential for improving profits, but also the hardest to manage.

Customers may have vastly different opinions of the value of a piece of equipment, giving weights to age, hours used, included options and so on. Add to that a customer's challenge to match the price on a piece of equipment listed on a web site from a seller 1,000 miles away, and profitability challenges multiply.

Fair, accurate pricing of used equipment is the only way to ensure profitability, and the only way to ensure accurate pricing is with sold transaction data, the kind found in the *Official Guides*.

Unlike advertised prices, sold transactions offer true insight into actual market conditions. They reflect equipment age, condition and outfitting, geographic variations, seasonal pricing fluctuations and other factors. Financing agencies, insurance companies and the government rely on verified pricing information as the final determinant of equipment's true value.

However, the system relies on the cooperation of dealers to be effective. Every sale reported strengthens the database; every transaction not reported weakens it.

Modern information systems seamlessly integrate reporting with inventory management. AGCO and John Deere are among the manufacturers who combine report capabilities and their inventory and sales systems. Independent programs include IRON Search, Quote Pro, Inventory Manager, DISnet and others. Each of those programs is linked with the Official Guides to maintain the equipment industry's largest, most comprehensive database.

Report All Sales

In addition to making reporting easier, the system also assures confidential information remains confidential. Sales data are aggregated by equipment type, rather than by dealer or customer name. Data links are secured and standardized strengthening both the validity and anonymity of the reports.

We at SouthWestern Association wholeheartedly endorse reporting all sales transactions as the best way to improve our member's profitability while enhancing their reputation for honesty and fair pricing. That's why we Continued on next page

***Official Guides* - cont.**

endorse the new IRON Solutions Official *Guides Dealer* Reporting Program.

We're also pleased to note that the Dealer Reporting Program encourages thorough reporting by offering you discounts on your next *Official Guides* purchase. The size of the discount varies with the number of transactions reported, including power equipment, accessories, garden equipment, all-terrain equipment and more. The *Guides* will use the additional sales data to weigh sales transactions according to dealer volume.

Your used equipment is one of your largest capital investments. Managing your pricing and profit margin depends on your having the best information available. Information depends on data. Good data not only determines equipment values, but also helps establish your wholesale and retail financing programs. The next quarterly reporting period ends July 30. For a better, stronger, more profitable industry, be sure to report your sales information.

For more information, contact Mark Miesner, Account Manager, at 636-349-6258 or miesnerm@ironsolutions.com.

Federal Legislative News

Congress Begins Health Care Debate

The debate over health care reform went public when the Senate Health, Education, Labor & Pensions (HELP) Committee released a draft of the American Health Choices Act that was followed closely by a bill from the Senate Finance Committee. In the House, three committees – Ways & Means, Energy & Commerce and Education & Labor – released a "framework" for a health care bill which they plan to finalize sometime in July.

The idea is for bills to be passed in both houses before the August recess, reconciled in September and a final version delivered to President Obama in October.

The Senate HELP bill would require employers to provide insurance coverage or pay into an insurance pool; there would be aid for small employers but the details are uncertain. It would require individuals to purchase health insurance, levying tax penalties on those who don't and providing federal help to those who can't afford the cost. It would establish a health insurance exchange, including a government-run public health plan, where individuals and small businesses could purchase insurance. It contains significant changes in the regulation of private health insurance plans. General provisions in the House framework are similar.

Neither the HELP draft nor the House framework address ways to pay the $1.2 trillion cost. The Senate Finance bill will find the money; the House committees said they would add funding provisions later. There are many ideas under consideration. The favorite phrase in Washington is "Nothing is off the table" – except a single-payer system.

The most controversial funding proposal is capping the tax exclusion for employer-provided health insurance. Other possibilities include using revenue from higher taxes on wealthier individuals, raising the threshold for the itemized deduction for medical expenses, limiting contributions to flexible spending accounts, raising penalties on non-medical withdrawals from health savings accounts, eliminating the payroll tax exemption for college students in work-study programs, raising taxes on alcohol, imposing an excise tax on sugar-sweetened beverages and repealing tax loopholes.

Businesses Losing Card Protections?

There is some misinformation about the credit card law circulating, primarily on the Internet. The key phrase is "Small business loses protection under the new credit card bill." Not exactly.

Small business credit cards, which have been marketed to entrepreneurs in recent years, still have the protections that existed before the new law; it is the new rules on credit cards that do not apply to these cards. However, if small business owners use their personal credit cards for business expenses, they benefit from the new rules.

Interchange Fee Bills Introduced

Now that the credit card bill has been enacted, Congressional attention is turning to interchange fees. The Credit Card Fair Fee Act has been introduced in both the House and the Senate. It would require Visa and MasterCard banks to negotiate with merchants on interchange fees and other terms and conditions currently imposed on merchants.

The credit card law requires the Government Accountability Office to conduct a study on interchange fees including how interchange fees drive up retail prices, why the credit card industry refuses to disclose fees to consumers and how card companies keep retailers from offering cash discounts.

New SBA Loans Available

The Small Business Administration (SBA) is increasing efforts to help small businesses meet business expenses. Beginning June 15, the SBA is offering new temporary America's Recovery Capital (ARC) loans of up to $35,000 to make payments of principal and interest on existing qualifying small business loans. ARC loans will be disbursed over a six-month period and repayment will be deferred for 12 months after the last loan disbursement.

Existing loans that would qualify for ARC loans include business credit card obligations, capital leases, payments to vendors and suppliers, SBA 504 first lien loans, loans made without an SBA guaranty and loans made by or with an SBA guaranty on or after Feb. 17, 2009.

Source: North American Retail Hardware Association

APPI Update

APPI Energy Market Update

OPEC made the decision recently to keep oil production levels unchanged. The demand for natural gas remains weak and inventories are still at record high levels, which should keep prices from moving upward too quickly. This is a good time for commercial and industrial users of natural gas and electricity to lock in a low rate while the market is down at five-year lows. The summer heat season and hurricane episodes in the Gulf of Mexico could push prices up sharply.

APPI assists energy consumers by providing education and information regarding energy matters, and by providing specific solutions that reduce and manage energy costs. As your unbiased and fully independent energy consultant, APPI works for you, never the suppliers or product vendors. Contact us at (800) 520-6685 or info@appienergy.com.

401(k) Rollover Mistakes

By Barry Villaverde, Tax Favored Benefits

Job transition – we've all experienced it. With it comes mandatory changes in structure, routine, income, identity, family life, etc. This is an important time calling for wise financial decisions that will positively affect your immediate and long-term future. One of those decisions concerns what to do with your 401(k) in your previous employer's plan. After all, you didn't have to save through a 401(k) but you prudently made the decision to do so. Now is not the time to make a mistake with this valuable investment. Here are some of the more common mistakes with 401(k) rollovers (you can remember them by the associated song title):

Take the Money and Run

To be more accurate, this is really not a "rollover mistake" - rather, it's a "not rollover" mistake. It is tempting to grab hold of and spend your retirement savings once it is in your reach. Although there may be legitimate reasons to do so, simply exercising this option during job transition merely because you have the opportunity is not often the best alternative! According to IRS rules, if you take a non-qualified distribution on any before-tax contributions and investment earnings, having separated from service prior to age 55, you will have to pay a 10% penalty along with the ordinary income tax on this money. In addition, when cashing out, you nullify the power of compounding (earning interest on interest). Instead, consider rolling your money into an IRA where you may continue to earn returns on funds that would have otherwise been paid in taxes, allowing your funds the opportunity to grow faster and accumulate to a greater amount.

As a hypothetical example, take a 30-year old in the 25% tax bracket with a $10,000 401(k) balance in a qualified plan. Cashing out would yield a net amount of $6,500 ($10,000 less the 25% ordinary income tax and the 10% early-withdrawal penalty).[1] However, by rolling-over that 401(k) balance into an IRA (assuming 8 percent annualized earnings and no additional contributions to that IRA), you could end up with well over $147,000 for retirement if it remains invested until age 65.

Take the Long Way Home

There are basically two ways to move money from one 401(k) to another or to an IRA: directly or indirectly. Through a direct rollover, your money moves without your touching it and you do not have to worry about any tax consequences with your transfer. Or, using the indirect method, you can choose to have your distribution sent to you and then roll it over. This might sound like an attractive option but it includes a number of unappealing features that go along with it.

You have 60 days from the date received to roll it over. After that, it becomes a taxable distribution and an additional 10% early-withdrawal penalty may also apply. This distribution is subject to a mandatory withholding of 20% (a prepayment on income taxes). This means you have 60 days to come up with that 20% for the rollover. (Note: you should be reimbursed after you file your federal income taxes.)
There is the temptation of simply cashing the check and spending it once it is in your hand. We've already discussed the disadvantages associated with the "take the money and run" plan (see above). If your previous employer's plan allows for it, choose the direct rollover method.

Sign Your Name

A mistake that hinders a smooth rollover is to return paperwork that is incomplete or incorrectly filled out. Isn't it frustrating to have paperwork sent back because of a missed signature or to experience phone tag while your financial professional tries to gather necessary information that wasn't originally supplied? Although most companies will patiently work with you, it is the participant's responsibility to read the papers and fill them out completely. Sometimes, there are additional forms and materials that do not need to be filled out, causing some confusion. A good practice is to call your financial professional to review your paperwork and answer any questions you may have, prior to sending the paperwork in.

Indeed, transitioning from one job to another can be a very difficult process. But it is also a time to make wise decisions with your 401(k) account and avoid costly mistakes that may derail your retirement plans. By avoiding these common mistakes you can look toward a financial future singing, "Don't Worry, Be Happy."

[1] - No state and local taxes or additional penalties are included in this hypothetical example for simplicity's sake

Tax Favored Benefits - with over 30 years of experience, Tax Favored Benefits, Inc., is a closely held financial services firm tht specializes in retirement plans, group benefits and financial planning for individuals and closely held businesses. With clients in over 20 states, they are committed to long-term advisory relationships with clients.

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

Eight Employment Laws You Must Follow

By AllBusiness.com

Have you taken a look around your office recently to see whom you've hired? If you haven't, you should. Both federal and state governments care about who you hire – and more importantly, whom you don't hire.

To discourage discrimination, there are a variety of federal and state laws governing hiring practices. The eight laws below give you a good overview:

1. **Title VII of the Civil Rights Act of 1964.** Prohibits discrimination on the basis of race, color, religion, national origin, and sex. It also prohibits sex discrimination on the basis of pregnancy and sexual harassment.

2. **The Equal Pay Act of 1963.** Prohibits employers from paying different wages to men and women who perform essentially the same work under similar working conditions.

3. **The Civil Rights Act of 1966**. Prohibits discrimination based on race or ethnic origin.

4. **The Immigration Reform and Control Act of 1986.** Prohibits discrimination on the basis of national origin or citizenship of persons who are authorized to work in the United States.

5. **The Americans with Disabilities Act**. Prohibits discrimination against persons with disabilities.

6. **The Bankruptcy Act**. Prohibits discrimination against anyone who has declared bankruptcy.

7. **Equal Employment Opportunity Act**. Prohibits discrimination against minorities based on poor credit ratings.

8. **The Age Discrimination in Employment Act (ADEA).** Prohibits discrimination against individuals who are age 40 or above.

Depending on the size of your company, it may be exempt from some discrimination laws. For example, the Age Discrimination in Employment Act only applies to employers with 20 or more employees.

No matter what the size of your firm is, it's important to always watch your hiring practices. Signing on 10 white males in a row is never a good practice. Remember that any size employer can be sued based on employment patterns and for not employing enough minorities and women.

Retailing News

For the third year in a row, Ace Hardware beat out all other home improvement retailers and was named the best for customer satisfaction, according to the J.D. Power and Associates *2009 Home Improvement Retail Store Study*. The study measured customer satisfaction with home improvement retail stores based on performance in merchandise, price, sales staff, sales and promotions, and store facility. On a 1,000-point scale, Ace Hardware scored a 792, followed by Lowe's (779), Menards (774), True Value (774) and Home Depot (753).

"Many home improvement store chains have had to reduce the size of their sales staff to remain competitive in this tough economy, so those chains with a sufficient, well-trained and helpful sales staff have a competitive advantage," says Dale Haines, senior director of the real estate and construction practice at J.D. Power and Associates. "When shoppers have fewer resources to turn to for assistance, they are likely to rely more on well-organized store layouts and clear signage to find the products they're searching for, which presents another opportunity for improvement."

Economic News

Retail sales rose in May, ending a two-month slump of declines. The gains, primarily fueled by auto purchases and higher gas prices, rose 0.5 percent, compared to a revised decline of 0.2 percent in April. However, the reported level may not be as reassuring as it looks. When looking beneath the surface and taking out auto and gasoline sales, core retail sales only showed a marginal growth of 0.1 percent in May. And while electronics, furniture and department store sales were down, sales in building and garden materials proved to buck the downtrend with building and gardening gaining 1.3 percent in sales. Although the rise in sales may be short, according to Michael Niemira, chief economist with the International Council of Shopping Centers (ICSC), favorable weather may have contributed to the boost in building and gardening sales.

Source: Home Center Institute, June 11, 2009