

Thursday, August 26, 2010

Helping Dealers Succeed!

## Agricultural, Heavy Equipment & More...

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#### Industry & Manufacturing News

#### U.S. companies step up spending on equipment and software

U.S. companies are increasing purchases of equipment and software at the fastest pace since the late 1990s. Much of the spending involves replacing older equipment after recession-related postponements or to improve efficiency—not to raise production or boost hiring. After one of the sharpest declines in spending on equipment and software, companies in the U.S. boosted their spending on such products at a 21.9 percent inflation-adjusted annual rate in the second quarter, after the first quarter's 20.4% increase, the U.S. Commerce Department said.

The second-quarter jump was the biggest since 1998, when enthusiasm for technology was running hot. It was a much stronger increase than what was seen after the previous two recessions.

Companies may keep increasing spending on equipment, computers and software even if they don't add capacity. Nomura Securities economist David Resler calculates that businesses didn't spend enough in 2009 on new equipment to offset the wear and tear on their existing equipment. As a result, the capital stock—the inflation-adjusted value of all business equipment and software in place in the U.S.—dropped 0.9 percent from 2008-its first decline since World War II.

Mr. Resler estimates that even with the recent sharp increases in capital spending, the total capital stock is still \$100 billion less than it was two years ago. That suggests that capital spending could continue to grow strongly the rest of the year.

The rebound in capital spending and strong demand from overseas markets such as China have boosted companies that make equipment and software. Revenue at technology companies in the S&P 500 index was up an estimated 21 percent in the second quarter versus a year earlier, according to Thomson Reuters, and profit rose by 65 percent. Capital equipment makers such as Caterpillar Inc., Rockwell Automation Inc. and Illinois Tool Works Inc. reported large second-quarter sales and profits gains.

In general, manufacturers, which are benefiting from the global economic upswing, are boosting capital spending more than services companies are.

In a survey conducted by KPMG International in June, 35 percent of U.S. manufacturing executives said they expected to increase capital spending over the next year, while just 7 percent said they expected such spending to decline. In comparison, 27 percent of service company executives expected to increase spending, with about 9 percent expecting to spend less.

Ariens Co. of Brillion, Wis., which employs about 1,000 workers making lawn mowers and snow blowers, has been buying capital equipment steadily over the past two years, taking advantage of the flood of inexpensive machinery that came on the market as other companies pulled back. Those purchases were aimed not at increasing Ariens' manufacturing capacity, but rather to bring in house work that it used to have outside suppliers perform.

Last year the company bought a pulley-making machine from a former General Motors Co. supplier for \$1 million—a new one would have cost \$4 million, said CEO Dan Ariens—and began making pulleys it used to buy. "It kept about 15 of our people busy," he said, helping the company avoid layoffs.

Mr. Ariens reckons he will keep buying equipment, but that he will be getting less bang for his buck in the year ahead than he has in the past year.

"I'm pretty confident that the cost of hardware and software is going to go up as the recession abates," he said.

Source: The Wall Street Journal

#### Geringhoff unleashes world's only 24 row folding corn head

Coming in at 40', and folding to 20' within minutes, the new Geringhoff 2420 Northstar corn head features

According to Sales Manager Derek Monar, the unit was recently sold to a farmer in Indiana. Stop by the Geringhoff booth at lot 129 at the Farm Progress Show in Boone, Iowa, Aug. 31-Sept. 2, to meet the farmer who will begin using the corn head in his field soon after the show. For more information, visit www.geringhoff.

## GIE+EXPO's High-Performance Parts & Accessories Department will help you improve

Learn how to improve the profitability of one of the most valuable segments of your business - parts and service - at GIE+EXPO's High-Performance Parts & Accessories Department. The popular feature, which is

#### **Events**

August 27, 2010 OMEDA Area Meeting

Hamilton, Ohio

**Bobcat Enterprises Training Facility** 9627 Princeton-Glendale Rd, Hamilton, Ohio (SR 727m 2.5 mi, N of I-275)

For more information, contact: Kim Rominger or Bill Garling Ohio-Michigan Equipment Dealers Association 800/606-6332, or email: krominger@amgllcusa.com

#### August 31 - September 2, 2010

Farm Progress Show Boone, Iowa

Click here for more information.

## September 6, 2010

Labor Day Holiday

NAEDA offices will be closed on Monday, September 6 in observance of the Labor Day Holiday. Offices will reopen at 8:00 am (CDST) on Tuesday, September 7.

### **CEO** Blog

#### 'The game changer" July/August 2010

Years ago, when biotechnology or "biotech" was emerging from a few laboratories across the world, the potential of this new science fascinated me. Later my work with the fertilizer, crop protection and biotech seed industry provided me with an up-close look at the enormous possibilities of biotechnology. Recently, Mike Williams of our staff attended a symposium sponsored by the Federal Reserve Bank. One of the speakers discussed the future of agriculture and referred to biotech as "the game changer" for the ag industry and the world.

The speaker said population experts believe that by 2050, another 3 billion people will inhabit the earth for a total of 9.1 billion people. He also said there will be tremendous growth in gross domestic product (GDP) in many countries. This combination of population growth and GDP will mean there will be a huge increase in demand for food, feed, fiber, and fuel. Or, in other words, agricultural output will need to almost double from the 2005 level of 7 billion tons, to nearly 14 billion tons.

That's where the potential of biotech becomes essential. It will likely be the tool which will allow us to feed all these extra people and meet the increased demand. However it will not come without other changes that may have serious implications for the way we do business with the rest of the world. For instance, biotech will change the location of some crop production. One small example is how today in North Dakota, soybeans have displaced small

presented in part by NAEDA, will include back-to-back sponsor presentations, panel discussions and guided tours. GIE+EXPO will take place Oct. 28-30 at the Kentucky Exposition Center in Louisville, Ky.

The 5,000-square-foot High-Performance Parts & Accessories Department will present a model parts department including new counter display and shelving ideas along with the latest in parts management tools and technology.

Bob Clements International will provide training and tours of the pavilion. Sessions will be Thursday and Friday afternoons as well as Saturday morning. Training will cover:

- Marketing ideas that increase parts sales
- Improving the parts department layout and planning for expansion
- Improving parts margins and fill rates while reducing inventory
- . Understanding the three key financial measures of the parts department
- Managing your people and your department

The High-Performance Parts & Accessories Department is presented by the North American Equipment Dealers Association (NAEDA) and the Outdoor Power Equipment Institute (OPEI).

NAEDA will also co-host "The Dealer Experience" educational conferences at GIE+EXPO. View the <u>complete</u> schedule and then register for GIE+EXPO and The Dealer Experience!

#### AG CONNECT Expo 2011 will feature "Safety Zone" exhibit

Farm and ranch safety is critical to success in agriculture today and safety will be the focus of a special exhibit pavilion at AG CONNECT Expo 2011. AG CONNECT Expo is slated for Jan. 8-10, 2011 (Preview Day Jan. 7 by special admission) at the Georgia World Congress Center, Atlanta, Ga. Dealers: Use the NAEDA promotion code AG11NA to register you and your top customers for the show and you'll receive FREE admission to Preview Day – a \$50 value!

The Safety Zone at AG CONNECT Expo 2011 will be coordinated by the Progressive Agriculture Safety Day® program and will be an interactive space with activities and educational demonstrations.

The Progressive Agriculture Safety Day program provides local communities with training and resources to conduct one-day hands-on events that help teach children how to stay safe on a farm or ranch. It is an initiative of the Progressive Agriculture Foundation (PAF), and each year the program reaches more than 90.000 children and adults across the U.S.

The Safety Zone at AG CONNECT Expo 2011 will spotlight the latest safety education practices being developed by education groups, not-for-profit organizations and others. Exhibitors who want to participate in the Safety Zone please click here.

"Safety is a top priority, and AG CONNECT Expo and AEM are pleased to again host the Safety Zone coordinated by Progressive Agriculture Safety Day; attendees at our inaugural show, AG CONNECT 2010, said it was a critical part of the show experience," said Sara Mooney, director of AG CONNECT Expo. "The tremendous safety awareness work done by the Progressive Agriculture Foundation and the other participants in the Safety Zone can save lives and prevent injuries."

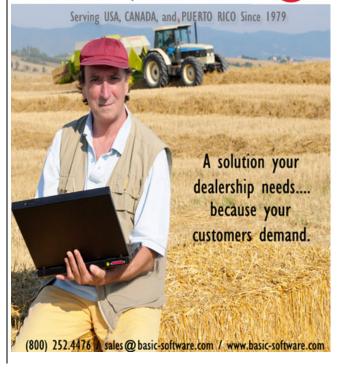
Learn more about AG CONNECT Expo 2011. For more information about fun in Atlanta, click here.

Dealers, please remember to use the NAEDA promotion code AG11NA to register you and your top customers for the show and you'll receive FREE admission to Preview Day - a \$50 value!

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It will also drive the need for global standardization in the supply chain and food distribution system, including storage, transportation, inspection, food safety, etc. It will probably also lead to further globalization of food processors who will demand consistent ingredients, government regulations, transportation, etc. New information systems will be required to automatically capture data throughout the entire supply chain and process controls like GPS systems.

And that's not all. Biotech will require a global system to protect intellectual property rights. New forms of investment and operation financing will also be required. And brace yourself... foreign firms will continue to buy U.S. and Canadian assets. We may continue to export, but the new owners may be exporting to their home country.

What does all of this have to do with you, the equipment dealer? For one thing, during the transition period, we can expect even more volatility in markets and prices than we experienced in the 1980s or today. Are you prepared to deal with such volatility? It is a huge opportunity to increase equipment sales.

Think about the opportunities just with ethanol to keep up with material handling, transportation and storage in the future... going from yields of 200 bushel corn or 60 bushel soybeans to double or more, will certainly cause machinery to be replaced more often.

Then think about capturing more data from the machinery you sell to help producers manage contracts with global food processors or analyze critical production and yield information. That same data may also be part of a global food safety or environmental safety monitoring system which could be another income source.

The possibilities of biotechnology are enormous! My point is to help you start thinking about how to prepare for the future that others are already discussing!

In the final analysis, one tool, more than any other, will allow us to meet the ever increasing demand – biotech. I'm as fascinated with it today as I was several decades ago when it was emerging. Having said that, I think the report coming from the Federal Reserve Bank meeting is clear... we can expect more change in the future. A good deal of that change will be a result of biotech – it will indeed be the "game changer." And that's the way I see it.

Paul Kindinger is president/CEO of the North American Equipment Dealers Association. The association provides educational, legal, legislative, and financial services to approximately 5,500 retail agricultural, construction, large property/ rural lifestyle, and outdoor power equipment dealers in the United States and Canada.

#### Resources

#### **Legislative & Regulatory News**

#### NAEDA releases its annual U.S. legislative report

View the year-to-date report to learn about the strategic efforts of NAEDA and its affiliated associations to protect dealers from onerous and costly legislation and regulations. Read the report >>

#### **NAEDA & Association News**

## NAEDA joins alliance opposing postal rate hikes; submits letter to regulatory

NAEDA has joined the <u>Affordable Mail Alliance</u>, a coalition of postal customers calling on the Postal Regulatory Commission to reject the United States Postal Service's new proposal to increase postal rates by up to ten times the rate permissible by law.

Approximately 1,000 organizations have joined the coalition including many small and local publications, as well as heavy hitters such as the Direct Marketing Association, the American Lung Association, Magazine Publishers of America, Fidelity Investments, Hearst Magazines, New York Magazine, Readers Digest, Scholastic Inc., Time Inc., the National Geographic Society, ESPN, and Conde Nast.

NAEDA has also submitted a letter to the Postal Regulatory Commission asking the commission to reconsider the proposed rate increase and consider how the increase will negatively affect association operations and member/dealer communications. View the letter.

#### Federated earns "top performer" recognition

Federated Mutual Insurance Company and Federated Life Insurance Company have been named to the 2010 Ward's 50 lists of top performing insurance companies. Press release >'>

#### SouthWestern Association adds new software tutorials to its Online Campus

The NAEDA-affiliated SouthWestern Association (SWA) has just added 40,000 tutorials to its Online Campus to help equipment dealers and their employees learn how to use 140 of the top business software applications including all Microsoft Office Suite programs. Because SWA is associated with NAEDA's other 17 affiliated associations in the U.S. and Canada, other affiliated associations may elect to provide you with access to these tutorials, as well as other valuable video-based training modules available on the SWA Online Campus.

While the SWA Online Campus is available to all NAEDA-affiliated associations and their dealer members and employees, associations may opt to provide their own training resources. Your association would be glad to explain your training options. Contact your association office today.

Each short (30 seconds - 3 minutes) tutorial on the SWA Online Campus answers a specific application question, so dealer personnel can quickly get the solutions they need, as well as learn about the tools, tips and functions of these Microsoft Office programs:

- Access
- Excel
- OutlookPower Point
- Word

Additionally, training on how to use Adobe products and Google applications is available on the Online Campus.

Now through the tutorials, "dealers who have been seeking user-friendly courses to help their people with the Windows operating system and various computer programs, can have instant access to the training they need," says Cory Hayes, SWA director of education. "These additional course offerings can also enhance new employee orientation, help current employees transition to updated software and provide exposure to updated or unfamiliar programs. For many dealership employees and management, the course offerings will become a main source for 'How To' technical support."

The Online Campus provides hundreds of courses to help dealership personnel learn financial, operational, and leadership and management excellence. Hayes explains that the Online Campus is an on-demand, webbased training tool that enables dealerships to easily train employees from parts and service, sales, administrative, leadership and management, and safety and compliance right at their own computers within the dealership.

For more information about the SWA Online Campus, visit the SouthWestern Association Web site at <a href="www.swassn.com">www.swassn.com</a>. Contact your association office to learn how you and your dealership employees can access the Online Campus or other valuable online training modules.

#### Elavon offers FREE credit card rate analysis

Elavon is offering dealers a free rate analysis on its credit card processing. Elavon, the endorsed and recommended bankcard processor of NAEDA and a dozen of its affiliated associations, offers competitive rates and numerous payment solutions to help dealers manage credit card transactions.

For FREE rate analysis or program information, click Pre-Application and complete the form.

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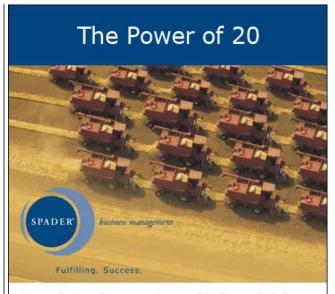
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#### **Canadian News**

#### GM Canada settles lawsuit with 21 dealers

General Motors of Canada has reached an out-of-court settlement with 21 of its dealers who were scheduled to be closed later this year as part of the Detroit automaker's dealership restructuring, which included discontinuation of its Pontiac, Saab, Hummer, and Saturn brands. <a href="Edmonton Journal"><u>Edmonton Journal</u></a>>>

#### Taxes and red tape slow growth in Canadian agriculture

According to a survey by the Canadian Federation of Independent Business (CFIB), two-thirds of its members believe that a healthy agricultural sector is important to the success of running a business. <a href="CTV News">CTV News</a>>>

#### Bid for Potash a turning point in fertilizer demand: Report

BHP Billiton's \$39-billion takeover bid for Potash Corp. may reflect a key turning point in the price for fertilizer, with demand expected to soar after slumping following the 2008 crash, Scotiabank wrote in its latest commodities report. Toronto Sun >>

#### Canada's Consumer Price Index back on target in July

Canada's all-items inflation rate in July moved up to +1.8 percent from +1.0 percent in June, according to Statistics Canada. The rise was partly due to July 1 harmonized sales tax (HST) introductions in Ontario and B.C., plus a 2 percent increase in Nova Scotia's blended sales tax. The Bank of Canada will be pleased as the +1.8 percent figure is close to the central bank's +2.0 percent stated target. Daily Commercial News >>

#### Tip of the Month



#### Wage and Hour Audit

#### Free KPA webinars

Sept. 2 - How to Bulletproof Your Employment Practices for Dealerships

Sept. 9 - When Disaster Strikes - Will You Be Prepared?

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