Thursday, October 06, 2011

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### Legislative & Regulatory News

The President sends Free Trade Agreements to Congress
On Monday, Congress received from the President the three trade agreements with Columbia, Panama, and South Korea, following an agreement between the White House and Congressional Leaders to consider Trade Adjustment Assistance (TAA) provisions, a key demand of the Administration.

The bills were immediately introduced in both the House and Senate.

The House is expected to vote on the three agreements and TAA next week, according to House Majority Leader Eric Cantor(R-VA). The bills were introduced by Sens. McConnell (R-KY), Max Baucus (D-MT) and Orrin Hatch (R-UT) in the Senate, where they will be taken up once consideration of legislation regarding Chinese currency is complete. According to USDA, once the legislation is passed American agriculture will see over \$2.3 billion in additional exports, supporting nearly 20,000 jobs here in the U.S.

NAEDA supports the passage of these three trade agreements.

Columbia
Panama
South Korea

## Regulatory Accountability Acts introduced

A bipartisan group of lawmakers have introduced the Regulatory Accountability Act (H.R. 3010, S.1606) to reform the regulatory process by increasing "public participation and open exchange" in the process.

The Act would amend the Administrative Procedures Act and has been introduced in the Senate by Senators Rob Portman (R-OH) and Mark Pryor (D-AR) and in the House by Representatives Lamar Smith (R-TX) and Collin Peterson (D-MN).

This legislation would expand requirements for cost-benefit analyses during each stage of the regulatory process and would require agencies to adopt the "least costly regulatory alternative that would achieve the policy goals set out by Congress." Additionally, parties affected by rules that cost more than a billion dollars a year would have access to a formal hearing where they could question the accuracy of the views, evidence and assumptions underlying the agency's proposal.

NAEDA supports passage of these bills and others that return congressional oversight to the regulatory processes.

China currency bill 'pretty dangerous,' Boehner says House Speaker John Boehner (R-Ohio) on Tuesday came out in opposition to a Senate measure that would put greater pressure on China and other countries to allow their currency to appreciate.

#### Read more

The remarks by Boehner decrease the likelihood that the currency bill, which was moved forward in the Senate late Monday with overwhelming bipartisan support, will receive a vote in the Republican-led House.

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#### **CEO Blog**

Market share - still a big

October 2011

I have written about market share several times over the years. It was a big issue then and it is still a big issue today. During the ensuing years, I have hopefully developed a little better understanding about the subject and how everyone's perspective is influenced by whether you are viewing it as a manufacturer or as a dealer.

From a manufacturer perspective, it is the single measurement that comes closest to gauging the performance of a dealership in the area of new equipment sales. The idea being that it is indirectly a measure of parts and service opportunity as well. Market share is also linked to the financial results of the dealer. Looking at it from a dealer perspective, market share provides a partial measure of performance, but certainly not complete by any means. Dealers are also concerned about such measures as used equipment sales and margins, absorption rates, customer loyalty, etc.

Having said that, two issues cause market share to still be a major concern today. One is whether a dealer can keep their contract and the other is, to put it bluntly, money – money in the form of volume bonus payments paid to dealers who reach certain sales goals, which is probably the primary reason it is still such a big issue and concern

This was brought to light again during our recent NAEDA fall board meeting when a resolution was presented concerning direct sales or national accounts. It is not that dealers are necessarily opposed, and manufacturers do generally pay for setup, delivery and warranty to make it more palatable for a dealer. The bigger question on the table, however, is what about market share – does the dealer get credit for market share?

Everyone who is objective discussing market share will acknowledge that the responsibility for inputting accurate information rests with the dealer. At the same time, if we continue that discussion and objectivity, one must also acknowledge

Source: Washington Post

Exclusive: Budget talks get down to taxes, benefits

Deficit-reduction talks in the Congress entered a potentially groundbreaking phase on Tuesday with Republicans signaling they could consider some revenue increases in exchange for Democrats embracing healthcare cuts, sources familiar with the discussions said.

"Nearly all the Republican members on the super committee I have spoken to, and frankly the party leaders, have left the door open to revenues," a source with knowledge of the talks told Reuters.

The panel has the task of finding ways to cut the U.S. deficit by at least \$1.2 trillion over 10 years. If it fails to agree on a plan by November 23, automatic spending cuts will be triggered, beginning in 2013.

Read more

Source: Rueters

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## Industry & Manufacturing News

Cub Cadet – Yanmar dealers seek advice from NAEDA and affiliates There are more questions than answers currently surrounding the decision by Cub Cadet and Yanmar to abandon their joint venture and allow Yanmar to have exclusive rights to market certain tractors through Cub Cadet dealers.

NAEDA and NAEDA affiliates have been inundated with questions from dealers wanting to know how the proposed new agreement changes their current status and whether it is acceptable from a legal perspective. The NAEDA board of directors has also approved funding from the NAEDA Industry Relations Fund to support the necessary legal research so we can assist dealers in working through this transition.

Board approves Industry Relations Fund to research options for New Holland Construction dealer

At their regularly scheduled meeting in September, the NAEDA board of directors approved expenditures from the NAEDA Industry Relations Fund to support legal research following the announcement by New Holland Construction that they would no longer supply heavy equipment to the North American market.

The research is an effort to answer many unanswered legal questions the dealers have after they learned

that volume payments based on market share is designed to get people to sell more and influence the purchasing decisions of the dealer. So much so, that in the final analysis, dealers find it necessary to be very watchful of their sales volume and how it is recorded so they won't lose out on a major payment at the end of the year. So, it is easy to see why dealers would want to insist that any sales that could potentially be taken from them and negotiated by the manufacturer through direct sales/national accounts would be included in their market share. It could mean a lot of money either way it goes!

On top of that, everyone also seems to understand that product availability for certain products has also been an issue the past few years. This exacerbates the situation from a dealer perspective. While there is truth in the statement that "everyone is in the same boat" for a given brand, the fact remains if dealers had more equipment they could sell more in many instances. To be fair, some manufacturers do their best to account for this situation in calculating payments. The argument can still be made, however, that if dealers could sell more it would improve their market share performance and volume bonus potential.

Oh, and by the way, there is also concern regarding a dealer selling into another dealer territory. Some manufacturers will insist the dealer selling into another territory makes restitution, but won't count that sale towards either dealer's market share. Again, making the challenge of meeting market share that much greater!

This year, I have traveled extensively across North America visiting with hundreds of dealers. Everywhere I go, without exception, the topic of market share has been part of the discussion. Dealers are very nervous and concerned about all the factors that can and often do influence their numbers/performance based on this metric. I can't pretend to know all the nuances of market share and the volume bonus plans for each manufacturer, however, I do know that dealers feel a lot of pressure to achieve market share for their territory.

It is certainly no understatement when I say that market share is still a big issue. It is also no small matter to suggest that this is an issue that is getting bigger and will not go away any time soon. We need to have serious discussions - both dealers and manufacturers – about how to resolve some of the issues surrounding market share mentioned in this article. My concern is that merely leaving these matters to resolve themselves is not a viable option. So, let's revisit our discussions from a few years ago along with our NAEDA Market Share Taskforce recommendations and fix them one by one before the lid comes off the pressure cooker. And that's the way I see it.

PAUL KINDINGER is president/CEO of the North American Equipment Dealers Association. The association provides of the decision. Many dealers have called NAEDA and NAEDA affiliates with concerns about parts, warranty, financing and other matters, particularly their rights under state or provincial dealer protection laws. The research is now underway so we can help dealers evaluate their options.

### OPEI announces new VP Industry Affairs

The Outdoor Power Equipment Institute (OPEI) is pleased to announce the appointment of Gerry Coons as its new VP of Industry Affairs.

Mr. Coons, an engineer and MBA, is a 30-year OPE industry veteran, having most recently served as General Manager at the Husqvarna production facility in Orangeburg, S.C.

As VP Industry Affairs, Mr. Coons will oversee and manage ISO and ANSI standards work and regulatory relationships with the Environmental Protection Agency (EPA), Consumer Product Safety Commission (CPSC), California Air Resources Board (CARB), Health Canada and Canadian Provincial Authorities.

"OPEI is strengthening its core capabilities to better serve our members' needs. Gerry's substantial background with equipment manufacturing and regulation brings "real world" experience to our organization. It is imperative that OPEI continue to be the global leader in the harmonization of rules and standards for outdoor power equipment, and with Gerry's oversight, we'll be able to grow and bolster the association's role," said Kris Kiser, President and CEO of OPEI.

## NAEDA, Association & Program Partner News

Get free dealer breakfast at GIE+EXPO, just share your input with OPE Dealer Council

Do you have topics or issues you would like the NAEDA OPE Dealer Council to address at its Oct. 28 meeting? If so, contact <u>Mike Williams</u> or any member of the <u>council</u> now. Dealers who share their input will receive their breakfast free at the Dealer Resource Roundtable Breakfast at GIE+EXPO!

Topics to submit might include issues affecting your store due to a manufacturer or other supplier. Or, they might involve warranty problems you face. Also, let us know if you have heard about issues other dealers have expressed to you. Include the state or province where issues are occurring in your message.

The council wants to know about the issues affecting your dealership so it can address them directly and help get them resolved.

The Dealer Resource Roundtable Breakfast will be held Oct. 28 from 8-9:30 a.m. in the North Wing Lobby of the Kentucky Exhibition Center in Louisville, Ky. The regular price for breakfast is \$25 per person.

The breakfast is sponsored by STIHL and Gravely and hosted by the Outdoor Power Equipment Institute. It will be a great opportunity for dealers to participate in small-group discussions facilitated by industry professionals on a range of topics including: selling to commercial contractors, using employees to drive lean practices, pumping up profitability in the service department, smart marketing with today's technology (social media and public relations), strategic business planning for success, and more.

Preview plans for the GIE+EXPO Dealer Resource Pavilion
The 2011 GIE+EXPO will take place Oct. 27-29 at the Kentucky Exposition Center in Louisville, Ky., and registration is now open. Dealers are particularly excited about the exclusive, new Dealer Resource Pavilion right on the show floor.

Preview all that's planned at the pavilion by clicking <a href="here">here</a> or download a Dealer Resource Pavilion guide <a href="here">here</a>.

Register for GIE+EXPO by visiting <a href="http://www.gie-expo.com/gieexpo/">http://www.gie-expo.com/gieexpo/</a>.

#### Canadian News

Forbes' Best Countries For Business list ranks Canada number one Forbes ranked Canada as the best country for business on Tuesday, moving up from fourth spot last year, helped by a lower overall tax burden.

"While the U.S. is paralysed by fears of a double-dip recession and Europe struggles with sovereign debt issues, Canada's economy has held up better than most," the influential U.S. business magazine wrote.

## Read more

Source: huffingtonpost.ca

Harper keeps promise to eliminate political subsidy
The Conservative government tabled the bill, fulfilling a promise from the May election to get rid of the taxpayer funding.

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.



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The North American Equipment Dealers 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.

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You must be a paid member of a NAEDA-affiliated association for your subscription to be accepted.

The taxpayer funding is estimated to cost \$30 million annually.

#### Read more

Source: The Globe and Mail

Canada's dollar hovers at almost 1-year low on European concern Canada's dollar traded at almost the weakest level in more than a year versus its U.S. counterpart on concern Europe's debt crisis will crimp global growth, harming the nation's exports.

The Canadian currency is among the worst performers in the past five days versus the greenback, as prices for commodities, which account for about half Canada's export revenue, broadly declined.

#### Read more

Source: Bloomberg Businessweek

#### Canada-U.S. border security deal talks continue

Prime Minister Stephen Harper says Canada is still working on a security border agreement with the United States.

But even though there's no perimeter secruity agreement yet, critics fear Canada's already giving too much away in the face of new threats to free trade between the two countries.

#### Read more

Source: CBC News

## Tip of the Month



#### **Blood Test**

Take this short quiz to find out if your dealership needs a bloodborne pathologens program.

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- Oct. 20, 2011 HR 101 for Managers

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