VOLUME 3, NO. 2
SUMMER 2018

WED

WESTERN EQUIPMENT DEALER

RESOURCES FOR SUCCESSFUL DEALERS

Texarkana Tractor

Employees credited with dealership's growth

page 8

How to apply Amazon's growth equation to your dealership page 4

Be Confident in Your Valuations

with Tools from Iron Solutions®

IronGuides® OFFICIAL GUIDE

The Leading Equipment Valuation Tool

- *Delivers normalized "apples to apples" valuations*
- *Reflects the impact of options and usage*
- *Helps standardize appraisals & margins*
- *Save, email and filter appraisals*
- *Built on retail-level sales transactions*
- *Easily compare advertised and auction pricing*

IronHQ®

The Configure/Price/Quote + CRM System

- *List new & used equipment on one quote*
- *Reduce quote preparation time*
- *Control margins easily across your team*
- *Segment customers for post-sale marketing*
- *Unlimited access to IronGuides® Official Guide*
- *Centralized quote and inventory visibility*

(877) 266-IRON | sales@ironsolutions.com | IronSolutions®.com

IS0818LT1-01

Western Equipment
Dealers Association (WEDA)

PO Box 419264
Kansas City, MO 64141-6264
Phone (816) 561-5323
Fax (816) 561-1249
info@westerneda.com
www.westerneda.com

PUBLISHER
Western Equipment Dealers Association

MANAGING EDITOR
Joanne Olson

LAYOUT AND DESIGN
Donna Gonzalez

Published in partnership by the Western Equipment Dealers Association and Mountain View Printing & Graphics Ltd.

Cover: Texarkana Tractor is a growing dealership. Read about its success in this month's edition of Taking Care of Business. See page 8.

WED
WESTERN EQUIPMENT DEALER

PUBLICATION INFORMATION

Western Equipment Dealer magazine is published four times a year by Mountain View Printing & Graphics Ltd., 3656 - 60 Avenue SE, Calgary, Alberta, T2C 2C7, Toll Free 1.800.262.4863, www.mvprinters.com, on behalf of the Western Equipment Dealers Association (WEDA). Please contact WEDA for advertising rates and service charges. WEDA reserves the right to refuse any material, either for distribution, or for printing in the Western Equipment Dealer magazine. Acceptance of any advertising does not imply endorsement by the Association or Mountain View Printing & Graphics Ltd. No part of this publication may be reproduced, stored in a retrieval system or transmitted, in any form without prior written consent from the publisher.

The views expressed in this magazine are those of the contributors and do not necessarily reflect those of the officers or members of WEDA.

Return Undeliverable Addresses to:

Western Equipment Dealers Association (WEDA) PO Box 419264, Kansas City, MO 64141-6264

WED

WESTERN EQUIPMENT DEALER

RESOURCES FOR SUCCESSFUL DEALERS

IN THIS ISSUE

Vol. 3, No. 2 • Summer 2018

FEATURE

COLUMNS

SPECIAL FEATURE

INDUSTRY NEWS

How to apply Amazon's growth equation to your dealership

How a dealership replicated Amazon's growth model

By TYLER MUSSON

I never liked Superman…. he's just too polished…. seriously.

Where is there weakness and a need to overcome in a man who can juggle planets? And did you know Kryptonite is what actually saved Superman? That's right, Superman's greatest limiting factor was the one thing that allowed DC Comics to keep the superhero franchise alive.

Kryptonite actually gave the "Man of Steel" a human and vulnerable side with limitations and problems to evolve around. You see, people love limitations in others (but hate to admit them) because it reminds them of their own shortcomings as well as their ability to overcome and succeed – it's an admission of fallibility through another. People are inspired to move past these things when others can show them a simple way to solve complex problems so they can become who they were made to be. To go from underdog to champion.

Through the years, I have studied many brands growth and affluence from startup to unicorn. Amazon is one of my favorites. Jeff Bezos and Amazon's rise to disrupt the entire retail sector is a legendary underdog story. Bezos is a genius at taking complex things and making them simple. And that's exactly what this article is about, overcoming huge obstacles with simple formulas.

With my past experience and training as a digital agency owner, entrepreneur and consultant I had ample experience with experimenting with the metrics and behaviors that drive business growth. I learned quickly that growing businesses ensured customer loyalty for my business.

Some of these basic elements of growth are:

- **traffic**
- **qualified leads**
- **marketing conversion rate**
- **sales engagement rate**
- **sales conversion rate**

I would say that dealership's number one enemy of growth is complexity. Let's face it, there are hundreds of metrics to watch and account for with behaviors to observe and improve that move those metrics. There are also multiple verticals with multiple product categories within each to keep track of. But what if we could simplify the equation and mimic the strategies of some of the largest and most disruptive companies in the world, such as Amazon and Google?

You know, like Amazon, the e-commerce Website that is responsible for the current and future collapse of traditional retail. Or Google, the multi-product media platform that owns 72 percent of what you interact with on computer screens, disrupting and fracturing the strongholds of traditional media companies from a handful of paid options to multiple media channels. Oh, did I mention Google's products are free? With this in mind, I set out to define the initial growth equation for my employer, Washington Tractor. In this article, you'll read about my journey.

What is a growth model?

Let's first define what a growth model is. According to Hila Qu, product manager for Growth at GrowthHackers, "A growth model is an equation that tells you what are the different variables in your business and how they work together and translate into growth."

When I first started studying growth as an entrepreneur I found that the concept of a growth model is both old and new. It has a close connection and similarity to what's typically called a "business model." The difference between old and new is a focus on growth, simplicity and data driven decision-making.

"Any business can be explained using a mathematical equation," according to Andy Johns, vice president of Growth at Wealthfront, and former product marketing of growth at Facebook and Quora.

In order to build our own model, I started out with the basic equation in Image 1, which is highly dependent on organic growth.

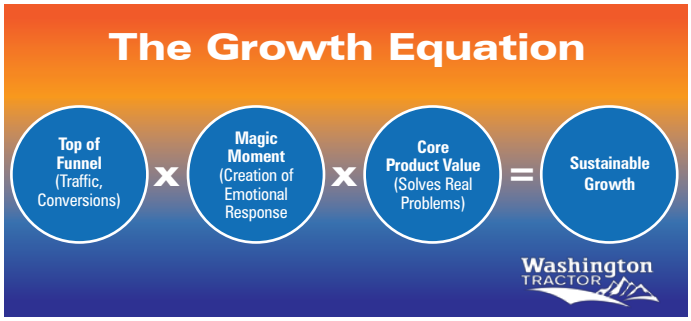


Image 1

• **Top of Funnel (TOFU):** These are all the brand awareness and traffic building activities that attract users to your products, services, and digital properties. Strategic Marketing channels and campaigns dump new and qualified leads into the top of our funnel which is our website. Conversions at this point are typically requests for quotes on our highest converting and highest margin product categories.

• **Magic Moment:** The user's emotional response when interacting with the product. The John Deere brand, our diversification, our geography, our brand story, and our product support all converge to cre-

ate the magic moment. Relevancy is also key. We utilize digital marketing and social media strategies that target the exact customers that are most interested in our products and services. The John Deere brand takes care of most of the trust and marketing friction in the moment.

• **Core Product Value:** This component involves the size of your market, the legitimacy of the problem you solve and how correct you were with your product/market fit hypothesis. For our initial growth model, we used specific verticals and specific product categories. We let John Deere do most of the top of funnel heavy lifting educating the customer about the products. We differentiate our core offering's through our unique story and support network. It is important that your products solve real problems for your customers that your sales people can translate into real value.

Modelling Amazon's growth

Now that we understand the basic growth factors as outlined in Image 1, let's take a look at how we can model Amazon's growth as shown in Image 2. Obviously, there are many other variables to Amazon but this illuminates the thought process behind it.

Image 2 *Source: Andy Johns*

Johns' growth model for Amazon, illustrated in Image 2, provides an example of how to apply the basic growth equation to a real company. Here's how he explains it mixed with some of my own insights:

• **Vertical Expansion:** When Amazon launched, it sold books. Its growth was limited by books as a vertical. As it moved into more verticals, such as music or jewelry, it unlocked additional, latent growth potential and could expand at a faster pace. Every new vertical brings new growth acceleration. What's key here is plotting, which verticals to move into, in what order and with which plan to automate and scale. Sound familiar?

• **Product Inventory Per Vertical:** Product inventory within a vertical asks: How can Amazon go from selling 10 books to 10 million books to every book on the planet? Amazon's growth is proportional to the depth of its product inventory per product vertical – just like yours is.

• **Traffic Per Product Page:** Product inventory is directly linked to product pages that are capable of yielding additional traffic all over the web. The lever here is converting traffic at a higher rate to buyers. In our industry, product inventory that is in stock satiates the sense of urgency to the customer and conveys confidence to the salesperson as well as a more seamless customer experience.

• **Conversion to Purchase and Average Purchase Value:** These components – the number of purchases and amount of each transaction by a customer – are strongly linked. Amazon optimizes this variable by injecting recommendation engines into the product. The company suggests a related product, which helps it convert another purchase and generate additional revenue.

• **Repeat Purchase Behavior:** Eventually the business gets so sophisticated that they can build mechanisms to drive repeat purchase behavior, such as introducing products like Amazon Prime. They just buy and buy. This is the purpose and function of aftermarket in our industry, as an example.

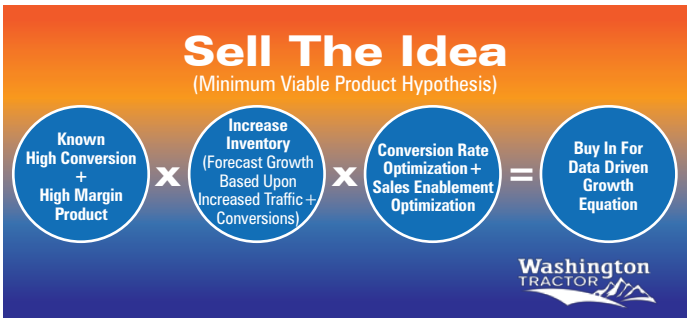


Image 3

Selling the idea as a Minimum Viable Product (MVP)

Make no mistake. This is not an easy hypothesis to sell in the war room. Image 3 shows the initial idea and equation I worked on to prove a "MVP" around my growth hypothesis. I knew that if I could sell and prove this simple formula we could scale to more products and verticals.

• **Known High Conversion + High Margin Product:** Optimizing the operational side of a high growth segment requires resources. You want to choose a strongly converting product that also has great organic growth potential. It never hurts to use a product as well that solves problems for a large market. For our case I split tested several products in the consumer space and found that compact utility tractors (CUT) converted the highest, with some of our highest margins. This allows us to scale this segment while generating the cash flow needed to sufficiently optimize the operational side, preparing it to scale.

• **Increase Inventory:** Once I could prove that I could consistently deliver the traffic and leads that ultimately translated into sales and increased revenue, I gained the trust to talk about increasing inventory to scale the CUT product segment.

• **Conversion Rate Optimization + Sales Enablement:** Once trust was built in the equation and data we continued optimizing our strategies and tactics for converting more traffic to buyers. We split test ads, keywords, pages, and channels on Google. I was simultaneously correlating and explaining to ownership these improvements to our campaigns to increased product sales.

The sales enablement portion was the optimization of the salesforce in how it responded to leads and how it managed the sales funnel. Essentially, sales enablement is the behaviors that sales and marketing need to adapt to work better as a cohesive team. This started with lead engagement (the percent of leads followed up on), then to improving engagement time (the average amount of time it was taking to engage a lead), to engaging leads by customer preference (email, phone, text, live chat).

• **Buy-In to Growth Equation:** Once these three steps were implemented and being leveraged we had the buy-in to trust the data, plan accordingly from an inventory, personnel, and logistical standpoint, and execute on that plan. We were ready to scale and we were ready to expand the formula for even more scale in more verticals.

Continued on page 6

How to apply Amazon's growth equation to your dealership

Continued from page 5

Image 4

Leveraging Amazon's growth engine at Washington Tractor

Each product segment has its own growth model. For this example, we applied the formula in Image 4 to our CUT and riding lawn equipment (RLE) segments. This equation, however, is a good framework for most wholegoods and front-end sales.

• **Vertical & Product Category Focus:** To start you need to focus on a specific vertical and product category. For this growth equation we used CUTs and RLE.

• **Product Category Inventory In-Stock:** For the first two years of applying this formula there was not full consensus and trust around the data and hypothesis. The first year of trusting the data we fell short but still outsold our projections. The second year we were a little bolder but not quite there and still fell slightly short but exceeded goal again. But now in the third year we are in full consensus with sufficient inventory and operational resources to keep pace with the marketing as well as the market itself.

• **Targeted Traffic Per Product Category:** This is the amount of digital traffic you drive to your sales funnels per product. Ideally you have already estimated yearly product inventory based upon a) past year conversion rate per product, b) past year sales, c) projected economic outlook, and d) estimated increase in demand generation through targeted marketing campaigns. Of course, there are more factors but these are some of the most important to consider.

• **Conversion to Lead + Lead Engagement Rate:** These two metrics are key to your planning and forecasting. Lead conversion rate is the percentage of traffic converted to leads. Sales engagement is the average percentage of leads that sales engages with. Sales conversion rate is the percentage of sales generated from engaged leads.

Example:1,000 visitors x 10 percent conversion (100 leads) rate x 80 percent engagement rate (engage with 80) x 25 percent close rate = 20 unit sales. Average cost per click (CPC) is $5 x 1,000 clicks = $5,000 total advertising spent to sell 20 units as an example. If the average net margin per unit is $1,000 x 20 - $5,000 (CPC), the total net profit would be $15,000. Of course, you would want to figure in your remaining cost of sales for the particular product.

When we first started out our sales conversion rates were horrible. Our lead engagement rate was about 10 percent with a 10 percent close rate because there was no buy-in, understanding or consensus on the value of a lead follow-up process or managing a modern sales funnel. Through awareness, education, ownership support, increased sales, and training we have greatly improved those numbers over the last three years and continue to improve today.

• **Sales Conversion Rate:** The percentage of leads converted into actual unit sales. It's important to understand your average overall sales conversion rates per product category or actual product. You take the amount of leads generated x the percent that converted to sales to factor this number. Example: 100 leads divided by 10 sales = 10 percent sales conversion rate. Plan accordingly.

• **Avg. Net Profit Margin Per Product:** Just like it sounds. Take the average net margin of a product segment x projected unit sales to estimate your total net revenue growth per segment. Of course, this can be refined down to individual products and utilized on a more micro level as you become more sophisticated and refined. Example: You estimate an increase in CUT sales by 100 units over the next year x your average net profit margin = estimated increased revenue and units for the year. Once these numbers are known then there is better trust in deploying the resources to attain the goal.

The output from the inputs and functions of this equation equal our wholegoods growth formula as it sits now from a mathematical standpoint.

Some results thus far

As of this writing, we are on track to move roughly 300 percent more compact utility tractors than we did a little over three years ago. With more input (demand) comes the need for enhanced functions (operations) to output (logistics), which is where more limitations are exposed. That's right, more obstacles to overcome.

Nothing but good problems to have

Implementing a successful growth formula to your dealership will create additional challenges and problems to solve for sustained scalability. One of the greatest benefits of growth is that you can only succeed as a team. Nothing rallies a team quicker than pressure and accountability. Growth exposes your limitations and the only thing that matters at that point is your response to pain. At Washington Tractor, these were some of the major choke points and problems that needed to be fixed, built or enhanced:

- enhancement of our trucking network
- improvements to our logistical operations
- optimization of our setup, PDI tracking, and processing
- overhaul of our inventory ordering, forecasting, and tracking processes
- finding top talent to keep up with aftermarket support of increased units
- finding, making and attaining additional space for a considerable increase in inventory

Requirements for operational success

The following are basic requirements to achieve operational success.

1. Excellent cohesive teamwork between departments, especially, for this example, between sales and marketing and their leadership elements.
2. Stakeholder buy-in.
3. Consistent communication between departments and leadership. You MUST have your finger on the pulse of the organization.
4. The right marketer in the cockpit. For the love of all that is holy, this does not mean your friendliest receptionist or your best salesperson (not knocking sales or reception, just observing a trend I've seen. This person should be a strategic thinker, have vision, have proven experience in digital marketing, be a data-driven decision maker, and, of course, the ability to lead and inspire a team. This person should clearly be able to sell and assist in executing and implementing ideas (with an emphasis on execution).
5. A sales manager that values marketing and vice versa.

Now what?

We are slowly moving on to apply these growth hacking strategies and experiments to other product segments and departments. We are also consistently developing and measuring new frameworks and hypotheses to things we've done a certain way forever.

Your limitations are the precursor to greatness

I believe that this world is constantly trying to get you to believe that your wounds and shortcomings are a handicap to achieving what you dream about. But the truth is, your wounds and limitations are your very gifts that allow you to overcome the obstacles in your story. It's why they call it "character building."

Stop believing that the "Big Idea" is too big, too expensive and too complex to solve. Define the problem you want to solve, break it down into all of its steps, eliminate the waste and fluff, create the formula, create the process, build a case study, scale it, optimize it, and rock on.

If someone says it's impossible, crazy or undoable, you're on the right path. Albert Einstein would agree having said, *"Three Rules of Work: Out of clutter find simplicity; From discord find harmony; In the middle of difficulty lies opportunity."*

Be an overcomer. WED

EDITOR'S NOTE: Tyler Musson is scheduled to conduct a marketing session during the Dealership Minds Summit 2018 hosted by Farm Equipment *magazine. The summit is July 24-25 in Iowa City, Iowa.*

TYLER MUSSON is director of marketing for Washington Tractor, a 12-location John Deere dealership in Washington State. He also serves as a marketing coach and trainer for WEDA's Dealer Institute. Comments or questions may be sent to Tyler at tmusson@washingtontractor.com.

Employees credited for Texarkana Tractor's growth

By LYNN GROOMS

Growing and sustaining a successful dealership requires many elements.

The most critical element is employee growth, say the leaders of Texarkana Tractor, a 10-store dealership with locations in Texas and Arkansas.

"The growth of individuals in our dealership must come first," said Brad Carlow, chief financial officer for Texarkana Tractor. "The growth of the company will then follow."

He added, "A developed, empowered, knowledgeable, and caring employee can affect every aspect of your dealership's success."

Dividends of training

Texarkana Tractor helps its employees to grow through regular training – from programs provided by manufacturers to monthly videoconferences with department managers to seminars facilitated by the Western Equipment Dealer Association's Dealer Institute.

About half of the dealership's employees have participated in WEDA webinars, and about a third of the employees have attended in-person classes, Carlow said. Those classes have included "Iron Management," which emphasizes used-inventory management as well as "Aftermarket Sales," a program focused on parts and service sales. Texarkana staff members also have participated in organization-leadership programs.

"WEDA offers great programs to help individuals – from personal growth to industry standards to policies and procedures," Carlow said. "In-person classes also provide opportunities to talk to other dealers who face similar obstacles."

Blake Carlow, Texarkana Tractor's general manager, stresses the dealership's employee training program.

LYNN GROOMS is an agricultural journalist living in Mt. Horeb. Wis.

This is a drone's view of the dealership's Texarkana location. Notice the variety of equipment to meet customer needs: excavators, compact and ag tractors, hay balers, commercial and residential zero-turn mowers, and Kubota's popular RTV series of utility vehicles.

> "A developed, empowered, knowledgeable, and caring employee can affect every aspect of your dealership's success."
>
> Brad Carlow, chief financial officer, Texarkana Tractor

"We try to use any training we feel will be beneficial to the growth of our individuals and our organization," he said. "Knowledge is power and the more information, training and knowledge we can offer our staff, the more the company will benefit."

He adds that well-developed employees provide:

- happy customers
- gross income
- a positive work environment that motivates others
- a reputation for taking care of customers at every level and every department

"Employees must be developed, empowered, knowledgeable and caring at every level – from the CFO making money decisions to the delivery driver interacting with customers," Blake Carlow said.

But empowering employees requires honing one's management skills. As the company has acquired other dealerships, Texarkana Tractor's management has faced the challenge of getting staff "buy in" from those dealerships concerning its business culture and practices.

"One challenge was trying to make sure that all the stores operated with our company's vision, but still allowed individuals in those locations to be unique in their own ways," said David Meadows, the company's senior vice-president.

Continued on page 10

The senior management team at Texarkana Tractor includes from left to right Brad Carlow, David Meadows, James Carlow, and Blake Carlow.

Texarkana Tractor

Established: 1992 in Texarkana, Texas

Locations: 10, with 5 locations each in Texas and Arkansas

In Texas: Texarkana Tractor (Kubota), Texarkana; Texarkana New Holland (New Holland/Mahindra), Texarkana; Cass County Equipment (Kubota), Queen City; Bowie County Equipment (New Holland), DeKalb; Nor-Tex Tractor (New Holland, Mahindra), Sulphur Springs

In Arkansas: Hope Tractor (Kubota), Hope; River Valley Tractor (Kubota), Bryant; River Valley Tractor (Kubota, New Holland), Sherwood; Duncan Outdoors (Kubota), Conway; Russellville Kubota (Kubota), Russellville

Owners: James Carlow, president; Brad Carlow, CFO; David Meadows, senior vice president; Blake Carlow, general manager

Employees: 160

Major lines: Kubota, New Holland

Other lines: Bush Hog, Hustler, Krone, Kuhn, Kuhn Knight, Land Pride, Mahindra, Stihl

Website: https://texarkanatractor.com

▲ Kubota zero-turn mowers are popular with homeowners and lawncare professionals.

The Texarkana, Texas, showroom is clean and organized and reflects the dealership's growth in outdoor power equipment. ▶

Continued from page 9

There have been advantages of retaining the names of the locations that Texarkana Tractor has acquired. Each store has its own identity, he said. Texarkana Tractor has an open door, open line of communication between every level of staff, he added.

"We listen to input from everyone and do our best to set up every employee for opportunities to excel inside their position and beyond," Meadows said.

It's important to clearly communicate goals and expectations. It's also important to have the right people in the right positions while also understanding different obstacles each position faces, he said.

Benefits of multi-locations

Texarkana Tractor sells and services agricultural and construction equipment. It also sells and services consumer whole goods. Its main lines are Kubota and New Holland. The company has expanded to 10 stores as opportunities have arisen. Brad Carlow listed some benefits of being a multi-store dealership:

- greater amounts of knowledge and information easily accessed within its network,
- increased ability to move products, such as older inventory,
- increased buying power and a louder voice with manufacturers, and
- more diversified coverage of different markets.

"Different products and lines that are productive at different times of the year help us during slow times," Brad Carlow said. "That also allows us to see what works where and under what circumstances."

But equipment alone doesn't make for return customers. It goes back to the people who serve those customers.

"People in general don't care how much you know until they know how much you care," Blake Carlow said. "We want our employees to work within guidelines, but their rapport and connection with the customers is the main key to success with first-time as well as repeat customers." WED

Where successful dealers meet

WEDA 2018 TOP 5 REASONS TO ATTEND

SCOTTSDALE, ARIZONA | DECEMBER 5TH-7TH, 2018

WEDA

INTERNATIONAL DEALER CONFERENCE

Where Successful Dealers Meet

1. **Roundtable Discussions** – Exchange topical information and discuss important issues affecting our industry. Learn from the best source of all – your peers.
2. **Innovation** – The industry innovates at a high rate of speed. Some call it nimble, while others call it nonstop. Be inspired by the technology that is driving the dealerships of the future.
3. **Networking** – Visit face-to-face with top trainers in the industry, business experts and successful North American dealers at one of our many networking events.
4. **Insights** – Take back and share industry insights to arm your team with the knowledge they need to help your dealership succeed in every department.
5. **First-Class Speakers** – From our keynote speakers to our industry experts, the stage will be abuzz with the most progressive lineup of speakers in the industry.

Save the Date!
Join us at the Scottsdale Resort at McCormick Ranch December 5-7, 2018.

What You Will Learn

Business Strategies and Technology – Precision technology is rapidly evolving and our expert speaker is at the forefront of it all. Gain insight and the knowledge to build your precision farming business.

Sales Strategy – Today's customers on average are shopping at fewer than two dealerships in person. Our speakers understand the current landscape of purchase behavior and how to develop your team to prepare for this.

Leadership – In a time of constant change, we must embrace a new model of leadership. A paradigm shift is taking place. Learn how to motivate a multigenerational workforce that retains the best of the best.

Management – Success is often driven by strong leadership and the key processes in place throughout all departments of your dealership. Learn how to bring these departments together by empowering your employees.

For sponsorship information, please call 1-800-762-5616

We gambled and lost twice

Now, do we cash out or stay in?

By TRENT HUMMEL

"Are you nuts?"

That was the reaction I received when I proposed the idea of selling our equipment dealership. My partners, all in their thirties, were shocked. By their reaction, it was obvious that they were not clear on the reasons behind the suggestion.

Taking a deep breath, I began to explain. "The equipment industry is full of cats and full of mice. Right now, we are a cat. We are not the biggest cat but with our current business volume, we are positioned as a cat."

My partners failed to see the analogy, they continued to fire back, "Sell the store? Are you sure? For what reason?" They correctly pointed out how sales volumes in all departments had grown since acquiring one of our locations and how profitable and lucrative the business had become.

We had instituted wholegoods processes where new or used equipment did not have birthdays. This was done without using auctions. The aftermarket departments were on the upswing.

Service was booking more than 100 winter inspections per year, which were feeding the aftermarket departments. We were innovative in both the agriculture and consumer markets, which led to sustained growth. All departments were in top operational performance, which resulted in achieving net income benchmarks. We had low stress, high income and life was good.

To their comments, I calmly responded by telling them that we were getting the most out of this location. More growth would only be realized through buying market share. We had already decided to not buy another location.

I provided another question to think about. "If we maintain operations at the current volume and decide not to sell the store, how long will it be before we roll over and become a mouse?"

We all know where an old, beat up dealership sign stands. At one time, there was an active and healthy dealership in that location. Many of those dealers were cats in their day but, through no fault of their own, they became mice. We were determined not to make that same mistake.

Buy, sell or status quo? What is your list telling you?

Immediately, we made a list of why we should or should not cash out. The list of 25 key points came fast. Whenever possible, we have tried to make solid business decisions based on facts.

As a group, we separated the emotional reasons from the business reasons. Emotional reasons tend to cloud good judgment. I acknowledge that separating emotional and business points is easier said than done, especially when you are a fourth-generation owner-operator.

We cleared all of the emotional reasons off the table. Emotional reasons were not allowed to be discussed. All that remained were five solid business reasons and all indicated it was time to cash out. The room fell silent. It took a few days to digest.

Surprisingly, the two older generations advised us to follow the business reasons and not our hearts. When we regrouped, the conclusion was, "We need to sell while we are still a cat." At this point, we should still command some goodwill. A mouse has little chance of long-term survival, let alone realizing goodwill. We were now a united front – it was time to find a buyer.

Company history

Our family founded an International Harvester Corporation dealership in 1923. In 1985, we went through the Case-IHC merger/buy out. If we had not been selected to be the representing Case-IH dealership, my dad and uncle had a John Deere dealership contract waiting on their desk. The JD contract was the backup plan for the turbulent times.

The 1980s were an experience for all that were in the agriculture equipment industry. The economy drove rationalization and reduced the number of mainline brands, dealerships and customers.

The First Gamble: *What was FIAT going to do with the two brands, Case-IH and New Holland?*

When FIAT acquired Case-IH in 1999, we believed it would eventually consolidate the two brands. In fact, 1999 was the beginning of the equipment industry's "Dark Ages."

In some respect, the climate and events were similar to the events that brought Case-IHC under one brand. How dark were those Dark Ages? In 1998, North American new combine sales were close to 13,000 units.

Only one year later, new combine sales were about half of that – just over 6,000 units. We were told by many not to be concerned; there was an abundance of used equipment for sale and the customers would have a good selection to choose from.

They were right. New and used equipment supply was at an all-time high and demand was at an all-time low. All product groups and all brands were feeling negative pressure. This lead to another round of dealership rationalization.

The Dark Ages did create an environment for the initial stages of multi-location complexes throughout the industry and across all brands. We believed from the experience of the Case-IHC merger, and many other past mergers, that eventually Fiat would consolidate the brands.

Even if FIAT had not initially intended to consolidate the brands in 1999, we believed the market downturn would allow the company the opportunity and rationale to do so. At

TRENT HUMMEL is a fourth-generation agricultural equipment dealer and a leader in the equipment industry.

"Right now, we are a cat… [but] how long will it be before we roll over and become a mouse?"

that time, we imagined, every area of responsibility would have a John Deere, CNH and AGCO dealership, just like North America's big three auto makers.

So, our first gamble was the belief that FIAT would quickly merge the two brands. In 2000, we were shopping for another location. Our home store was a Case-IH dealership and it never crossed our mind to shop for only Case-IH locations.

Remember, in our view, it was only a matter of time before New Holland and Case-IH were going to consolidate into a single CNH dealership network. This belief allowed us to not only explore Case-IH locations but New Holland locations as well.

A purchase of either brand would position us with two locations and the start of a complex. We discovered that buying a store was pretty easy, especially when the word got out that two young guys were looking to buy a dealership.

We had 50 owners from all brands contacting us to pitch their locations. Even though our home store was on the Montana-Alberta border, we had a call from a Texas John Deere dealer.

Another dealership owner proposed we not pay him up front. Instead, we could pay him from the profits earned over the next 10 years. He was even flexible on the years. It was evident that many dealers who emerged from the Dark Ages wanted out.

In March 2001, we acquired our chosen location, a New Holland dealership, 240 miles away from the home store. It was a run-down, beat up dealership – just what we could afford.

They were doing almost all operational procedures opposite to the way we planned to operate. After taking possession and from the changes we put into place, we experienced a 90 percent employee turnover in the first 18 months.

Clearly, 90 percent of the inherited employees were not on our bus. If they didn't leave on their own, we pushed them out. We determined this was a necessary and short-term pain.

The previous owners sold 17 new combines in 1997-1998. From the 17 new units, they still had 10 trades remaining in 2001. Yes, the Dark Ages were not kind to them along with many other dealerships at the time.

"The dealership buyer must purchase the used equipment," was listed as a condition of the dealership's sale. Three prior potential buyers ran from the deal. We decided not to purchase their used equipment in the deal and they conceded to that.

While turning around our new location, we watched the ever-growing division and separation of management operations between Case-IH and New Holland. With no change in sight, we were left operating two independent and separately branded dealerships.

Our neighboring inline and competitive branded dealerships had grown their complexes while we waited for our gamble to pay off. Our nearest inline competition had grown to an eight-store New Holland complex.

At our new location, the competition was a four-store AGCO operation, a two-store Kubota dealership, a five-store Case-IH complex, and a John Deere store linked to 11 locations. We also had two publicly-traded dealership entities, Cervus Equipment Corporation (JD) and Rocky Mountain Equipment (Case/Kubota), right on our fringe area.

We had become the little fish in the big sea and the gamble we made did not materialize. We accepted this and it became a game changer for our long-term vision. Now we had to play the hand we were dealt and not the hand we wish we had.

It was apparent that having two independent dealerships was not the right business model in such a complex market. Ultimately, we decided to liquidate the Case-IH home store location in 2006.

Because selling a dealership doesn't happen overnight, we approached a number of interested buyers. In 2008, the right deal came along with Rocky Mountain Equipment. This was its first dealership purchase after going public and a good decision for both sides.

The Second Gamble: *Did we sell too soon?*

The second gamble arose with the hot market that we did not see, nor did many others in the industry. With the dealership complexes getting larger and the industry deep into GPS guidance technology, we were faced with needing to add locations plus invest in our own guidance system network. We believed we were so far behind our competitors that the financial risk was too much to tackle one let alone both of these needs.

As noted previously, we were a fourth-generation dealership. One of the lessons we learned is the equipment industry will cycle both up and down.

The lessons from the Dark Ages were still fresh in our minds. It was a time when many dealers begged to cash out and history tends to repeat itself. We were very profitable in 2007, 2008 and 2009. However, while we were having those big years, we still thought, "This cannot go on forever."

We believed the time to sell was then, after three great years. In 2010, we found a buyer and cashed out. We made a good return on our investment. We did what we were supposed to do – buy low and sell high. Who would have imagined that 2011, 2012 and much of 2013 would set sales records beyond belief?

As we reviewed how much the industry sold in 2011-12 and 13, should we have held on and participated in those years? Some say we cashed out too early. However, in our minds, it was more of a "I wonder what if…?" versus "What did we earn?"

We have not let this consume us. Would our buyer be interested or would any buyer have had the appetite to purchase our second dealership had we waited until 2014 or 2015? We know of a number of dealerships that wanted to cash out in 2015, 16 or 17. They cannot find a buyer.

Yes, we could have held out for a few years and reaped the rewards of a few highly profitable years. To this day, that was a risk that we are thankful we did not take.

We have been asked countless times why we liquidated? We were, after all, located in a great agriculture/consumer market, operations were running smoothly, we had a stable base of employees, and we were making good money.

In hindsight, the gambles we took forced us to play our hand. With the events at that time, our competitors' advantages, our manufacturer going a different direction and our healthy understanding of the equipment industry's history, we believe cashing out was the right thing.

In addition to the cat and mouse comparison, I have another analogy that hits very close to home. "A bird in the hand is *still* better than two in the bush" – and it's just good business. WED

Financial Management and High Performance

By GORD THOMPSON

"A successful dealership is like a successful sports team – not only should the manager be keeping his/her eye on the ball, but so should each team member."

The above is from Kelly Mathison's article in the 2018 spring edition of *Western Equipment Dealer* and it's worth reemphasizing. Dealers and management will create high performance teams when they have everyone on their team fully engaged in their goals.

Let's begin by reviewing where we are at in our industry. The latest WEDA *Cost of Doing Business Study* (CODBS) shows results that definitely are not high performance *(see opposite)*.

These are not results to be content with. The long-term survival of our dealerships depends on significantly improving these results. How do we get every team member's eye on the ball so we can move to high performance and acceptable results?

The long-term survival of our dealerships depends on significantly improving the latest WEDA *Cost of Doing Business Study* results:

Return on Assets	2.6 percent
Return on Equity	8.6 percent
Net Income Before Taxes	1.3 percent
Aftermarket Absorption	61 percent

Educate your team

Many dealers follow the age-old path of training employees to execute their jobs without ever helping them understand departmental, store or dealer complex targets and goals. High performance is only possible with a highly motivated team. High motivation happens when you have the right people in place and they buy into the plan. Employee buy-in happens when they understand where you are and where you are going. There are no shortcuts to this.

If we expect the parts department to improve its parts turnover, everyone in the department must know all the things that affect parts turnover – and the key people within the department need to be able to calculate it. These are complex issues that are not easily understood.

A significant majority of dealership staff have never had training on dealership financials.

Help them understand why your goals must exceed the CODBS results in order for them to have greater opportunities. Explain to them what it allows your organization to do when you achieve 100 percent-plus absorption. Show the team what happens to cash flow when you sell new equipment and take trades. It is critical to explain the difference and importance between profit and cash flow.

Show your team your situation

Allow your team to see your numbers. Work through your results with them, show them your team's key percentages and ratios, and compare these to the CODBS results. Let your team critically review your results. Help them understand what 10 more points of absorption would mean… or if inventory turnovers could be enhanced. When they understand the urgency of these issues, they then comprehend how much the dealership's other departments affect their own department's results. For example, when service writers understand how much equipment turnovers matter, they realize how significantly their actions affect those results. They control how fast reconditioning happens to allow resale.

Often, at this stage the team is very surprised by two things:

1. how little return is being generated on the dealership's investment, and
2. just how much money is required in working capital to operate a store.

These aren't bad things to have happen. Good people are ready to dig in and contribute when they understand the circumstances.

GORD THOMPSON is a former dealer and current trainer and consultant for the Western Equipment Dealers Association's Dealer Institute.

Involve your team in your goal setting

The CODBS has shown that over the past four years Profit from Operations has decreased $340,000. This is due to Total Gross Margins declining $40,000 and Total Expenses rising $300,000. Does this surprise you?

You might have assumed declining margins were the biggest problem, but that's not what the study tells us. Now it would be easy to conclude we need to significantly cut expenses, and there may well be opportunities to save here.

Look at your dealership's results and understand what your results are. If you are involving your team in setting your goals, you may need to provide guidance in this area. It's interesting to see what they think is possible – again, good people want to succeed for you. Help them work through the possibilities and understand the implications of all ideas in terms of profit and cash flow. A large wholegoods sales increase won't help if you can't cash flow the growth.

If your results are similar to the CODBS, and you have seen expenses increase, evaluate what you're seeing in detail. Virtually all dealers have experienced tightening wholegoods margins and declining wholegoods turns in the past four years. Enhancement of your wholegoods results ought to be part of your plan. But, ask yourself how much you can realistically achieve here? If your combined new/used equipment margin and turnovers are at industry averages of 5 percent and 2x, you need to improve this a whole bunch to make meaningful gains in your financial results.

Going back to the $300,000 expense increase, a more sustainable plan is likely to improve your absorption ratio through growth in parts and service. Refer back to Kelly Mathison's article in the 2018 spring issue of this magazine about how to accomplish this. It well may be a multiyear process but it's well worth it.

These departments add immediate bottom line cash flow when compared to the sales department. As Kelly suggested, it can be a three- to five-year plan and it likely involves adding service technicians. If this is a major change for your organization, that's all the more reason to have those departments understand where you must get to and when. Given the choice, wouldn't you grow your business to cover your expenses rather than just cut expenses? If you do achieve a meaningful increase in absorption it means your aftermarket departments have raised their performance. You might then discover that having high performing aftermarket departments drives the sales department up.

Simply put – execute your plan. WED

GORD THOMPSON is a former dealer and current trainer and consultant for the Western Equipment Dealers Association's Dealer Institute. Thompson specializes in parts, service and aftermarket training. Please send questions and/or comments to gordthompson@sasktel.net.

Top Metrics to Watch is an ongoing feature brought to you by the association's **Dealer Institute** to help dealers better understand key performance indicators and industry metrics to effectively manage their businesses.

How the new tax law impacts trade-ins

By LANCE FORMWALT

When the new tax law passed last December, a lot of attention was focused on the pro-taxpayer benefits of lower tax rates. As dealers and business owners, you rightfully focused on how the new tax law would affect your business and your personal tax situation. However, it is also important to be informed about the impact of the new tax law on your customers and be prepared to answer their questions. In this article, I will explain how the tax law changes the nature of your customer's tax treatment relating to trade-in transactions and identify some important considerations for future changes to the tax law to prevent adverse consequences in how you do business with your customers.

1031 Transactions and Trade-Ins

Many of you are familiar with a "1031 transaction," which is also commonly referred to as a "like-kind exchange." The 1031 refers to the federal tax code section that lets you sell property for a profit without paying taxes as long as you reinvest the proceeds into similar replacement property. The impact of a 1031 transaction is that it lets you continually defer taxes until you cash out of the investment (or reinvestment). This is a popular strategy in real estate deals but many people don't realize that 1031 transactions have also been used for other types of property.

Whether you know it or not, you have been involved in 1031 transactions on a daily basis with your customers when they traded used equipment to you. Prior to the new tax law, your customers could give you used equipment on trade as partial payment for new equipment and then use Section 1031 to avoid paying tax on any profit in the difference between the trade-in credit you gave and their tax basis in the trade-in after the customer has taken into account Section 179 expensing, bonus depreciation or regular depreciation.

Chart 1 is an example of the tax treatment of the 1031 transaction/trade-in from the vantage point of your customer on a hypothetical purchase of a combine for $500,000 with $200,000 assigned to the trade-in:

CHART 1

Purchase		Tax Basis – New Combine		Income Tax Analysis	
Price	$500,000	Cash/Financing	$300,000	Farm Income	$1,000,000
Trade Credit	($200,000)	Carryover Tax Basis	$50,000*	Expense New Combine	($350,000)**
Cash/Financing	($300,000)	Total	$350,000	Net Income	$650,000
Balance	0				

* The trade-in had been depreciated to $50,000 for tax purposes so your customer can only apply that amount toward the new combine.

** Assumes the customer could write off the entire price of the new combine in the first year using a combination of bonus depreciation and Section 179 expensing.

Bad News … Good News … Bad News

Bad News First – Unfortunately, the new tax law upends the long-term status quo for your customers because it eliminated 1031 transactions for all property except real estate. As a result, starting in 2018, when your customer trades equipment to you, the IRS will view this as a sale of the trade-in to you for a purchase price equal to the trade-in credit. Using the example above, your customer will now have a $150,000 taxable profit ($200,000 credit minus $50,000 tax basis), taxed at ordinary income tax rates, in the year of the trade … OUCH! I know that some dealers have heard from customers expressing concern about this change and its potential impact on trade-in transactions.

Some Good News – Fortunately, the new tax law also includes some good news that alleviates this issue. Under the new tax law, your customer will be able to expense the full value of any equipment purchased in the year of the purchase. Using the same hypothetical purchase/trade-in example above, the tax consequences to your customer in 2018 are illustrated in Chart 2:

CHART 2

Trade-in "Sale"		Tax Basis – New Combine		Income Tax Analysis	
Price/Trade Credit	$200,000	Cash/Financing	$300,000	Farm Income	$1,000,000
Tax Basis	($50,000)	Trade Credit	$200,000*	Gain on Sale of Trade	$150,000
Taxable Gain	$150,000	Total	$500,000	Total Income	$1,150,000
				Expense New Combine	($500,000)
				Net Income	$650,000

* Your customer gets full tax basis credit for the trade value because the customer is obligated to report and pay taxes on the gain on the "sale" of the trade-in in the year the trade occurs.

As you can see, even though we get there in different ways, the net income result for your customer will generally be the same or similar under the old and the new tax law. Because of this, for the time being, the change in tax law should not have an adverse impact and, in fact, could have a positive impact for customers that have not been able to accelerate depreciation on their trade-ins through the pre-2018 Section 179 expensing or bonus depreciation rules.

Long-Term Bad News – Even though the changes discussed above effectively offset each other, there is potential trouble on the horizon. The trouble looms because the full expensing rules for purchases of equipment by your customers will expire in 2023 and then will be phased out completely (at the rate of 20 percent/year) by 2027. However, while the expensing rules are set to expire, there is no corresponding change to 1031 to allow it to apply to equipment. This combination may result in your customers experiencing negative tax consequences (compared to the pre-2018 law) in trade-in transactions.

Conclusion

Even though the new tax law eliminates the 1031 transaction treatment for your customers on trade-in transactions, the full expensing rules for equipment purchases will generally offset this change. But if the tax law continues as currently structured, beginning in 2023, we could start seeing negative tax impacts involving trade-in transactions. If this occurs, customers might be tempted to hold on to equipment longer (until the value more closely matches the depreciated tax basis in the equipment). This could have a significant impact on new equipment sales by dealers, especially those actively engaging in annual roll transactions with customers. Due to this risk, this is a situation that will need to continue to be monitored and I encourage you to contact the association to work with it to develop a strategy for mitigating this risk through future changes in the tax law. WED

LANCE FORMWALT is the leader of the Equipment Dealer Practice Group at Seigfreid Bingham, P.C.

Precision ag and new graduates

An opinion on how to close the gap

By ERIC MICHAEL OETH

I look at the precision ag industry and I see an industry ripe for another breakout year in 2018. The industry has made great strides in the last several years and I think, like many others in the field, that the best is yet to come. Where it'll be five or 10 years from now is anyone's guess, but I'll wager that we'll see trends like big data, machine learning in ag, and automation of farm-related tasks continue to grow rather than decline in importance.

Agriculture is an industry that is prime for innovation in the field of labor-saving technology and labor automation in particular. Right now, one need not go any farther than websites, such as PrecisionAg.com, to see that there is a lot of excitement in this space, and this will hopefully translate into the next generation of farmers, agronomists, and researchers taking up this mantle further in bringing innovative solutions to agriculture.

Generation next

One thing I think precision ag companies should keep in mind is that next generation. It might be a little self-serving for me to put it that way – okay, more than a little self-serving – but this industry, like all industries, needs to keep new blood flowing in if we want to see that innovation be brought to market year after year. It may just be me, but I think technology (and technology jobs) in ag will serve as a bulwark against demographic trends that will pinch North American agriculture in the future. There will always be farmers, of course, but a career in ag tech is another way to draw more young people into the industry who would otherwise be difficult to reach. With that being said, I think there are key issues that need to be addressed when it comes to reaching that new generation of precision ag professionals.

This isn't to say that companies aren't trying to reach millennials – quite the opposite, in my experience – but rather, that there's a disconnect at the university/young adult level. As this sector matures, I bet we'll see a greater push into precision ag companies from this age group, but I think the industry has to deal with a gap that needs to be filled.

Precision ag combines "old" with "new" and this leads to the future labor pool for the industry to be put into two camps. The first, the "techies," the young people interested in tech careers, are casually interested in agriculture, but typically are looking for "prestige" jobs with more traditional tech companies. The precision ag industry is, after all, still waiting on the proverbial "Uber of ag" that changes everything. Until then, the people in this camp will stick to their guns and try to make it with "established" firms doing things like IT, software development and the like.

On the other hand, many of my peers in agricultural fields, in my observation, tend to be more inclined to follow a more traditional career path and oftentimes are interested more so in family-owned enterprises or traditional kinds of ag jobs than in small-to-medium sized companies striking out their own way in the ag technology field. Maybe it's just a California thing, but this contrast I've noticed between "old" and "new" is troubling, simply because precision ag needs to attract people from both camps to meet in the middle – to close the proverbial "gap" – if we want to see continuous growth in this industry.

The question is, how do we close the "gap?" Part of it will come in due time as more jobs open up in this sector, the adoption of various technologies becomes more widespread, and the business side of the industry continues to grow in dollar amounts and in number of firms. But it need not be just a waiting game. **There are things that can be done now, and I have a few easy suggestions for people and businesses that want to see the next generation get as excited about this industry as they are:**

1. Get involved with students

One thing I've enjoyed about my time as an undergrad is that people in ag, regardless of which part of the industry they work in, seem to always have time to help a student with a problem if they send them an email or give them a call. If you are near a university, community college, or high school that offers an agriculture program, let a teacher or a professor know that you would be available to work on assignments with students, answer questions, or give advice on career choices or topics related to ag. Contact with industry professionals that are knowledgeable and friendly will do more to draw young people to the industry than just about anything else.

2. Consider an internship program

Admittedly, it can be a big undertaking for your company to start up an internship program if you don't have one already. However, the benefits of an internship program work both ways – it can be a great way in for millennials that are curious about the industry, and it can be a great way to develop talent in-house, save money on some labor expenses on entry-level positions, and add someone to your team for a while with an ear to the ground on the latest practices being taught at the college level.

3. Make good company values a high priority

Yes, it sounds like business PR fluff. True, it's a stereotype that young people want to work for companies that "give back," but it isn't just schmaltz – there's a grain of truth to that, too. Showing young people that your company does care about the community is an easy, effective way to show them they aren't just taking up a new job – they're doing something a little bigger than that. Not to mention, it isn't just something that helps your company's image – studies show that your customers like it and employees of all ages like it, too. Best of all, it's easy and oftentimes cheap (or even free) to do – spend some time volunteering or raising funds for an organization in your community – and people will notice.

Closing this gap won't be easy, of course. I'm not saying that a weekend at an animal shelter with your coworkers is the key to all this. However, organizations that want to make the next generation of students as passionate for the industry as their employees are can do little things – today – to help make that happen. WED

ERIC MICHAEL OETH is a graduate of the Cal Poly San Luis Obispo Agribusiness program. He writes on issues concerning the precision agriculture industry, particularly as they relate to young people and job seekers. Please send questions and/or comments to Eric at eoeth@calpoly.edu.

The limiting factor to tech advancement – people

The Western Equipment Dealers Association is affiliated with a number of organizations and providers, including universities, that put a lot of effort into working with and grooming the next generation of dealership employees.

One such provider is AgriSync, an endorsed technology partner of the association. According to Casey Niemann, president of AgriSync, the common picture of farming progress is painted with new technology, higher than ever yields and more efficient operations. With the rapid pace of innovation, the human element that ultimately drives positive change in food and farming is often overlooked. While farm-level technologies leap forward, dealers experience labor shortages, particularly in precision agriculture and the service shop.

"To solve this problem, dealers are well-served by looking beyond their current employees to engage the workforce to come. This means investing in community, youth, and academic programs," says Niemann. "AgriSync embraces that ethos by partnering with academic programs to help their students – the emerging experts – be equipped to provide high-level customer support and create customer satisfaction."

Systems and technical experts-in-training learn to use AgriSync to provide the best service by seeing exactly what the farmer sees, often bringing greater speed to resolution. AgriSync also brings automatic service time tracking, smooth collaboration with team members and instant customer feedback about service quality.

To learn more about AgriSync's academic partnerships, please contact help@agrisync.com.

EDITOR'S NOTE: AgriSync also offers WEDA members a first-time discount. Learn more by visiting www.agrisync.com/weda.

What a year for taxes

A midyear review and what's ahead

By ERIC WAREHAM

What a year it has been for taxes. There hasn't been this much change in our tax system since before the fall of the Berlin Wall. And like that historic event, the new federal tax structure has unleashed freedom of enterprise to build, create and grow. Optimism in our economy is surging to all-time highs and expectations are lofty. However, while the federal government has come to the realization that loosening the binds of taxation brings prosperity, at the state level there is an altogether different story.

This article will explore the increasing trend of state lawmakers' proposals to increase taxes on agriculture and why equipment dealers need to remain vigilant about educating policymakers at the state level on the effects of raising taxes at a critical time for agriculture.

The Boom

Over four years ago, agriculture began its descent from all-time price and productivity highs. For nearly seven years prior, agricultural production bucked the trend of an otherwise lethargic economy, pumping money into anemic state budgets and keeping them afloat during the recession. Without much recognition, agriculture remained a steady and dependable source of revenue for many states – not just in the Midwest.

At the same time, oil and gas exploration expanded through the advent of fracking technology, swelling state coffers with additional revenue. From the Bakken to the Eagle Ford, America realized it was sitting on a wealth of previously inaccessible natural resources. The rapid escalation of new wellheads across the country generated billions in new economic development in depressed areas. Record high prices at the pumps continued to fuel growth in the oil and gas sector and, for a while, incentivized lots of people to purchase a Prius (why else would you?).

Together, these two industries created a sense of revenue stability for state governments. Even in states where tech and manufacturing seem to dominate, like Washington State, agriculture still holds the position as the second largest industry and provides a baseline of revenue for the state. For other states like Kansas and Oklahoma, state budgets are primarily dependent on revenue from agriculture and natural resource extraction, namely oil and gas.

When record revenues from both of these industries combined with the eventual recovery of the rest of the economy, legislators began to collectively adopt the attitude of our Louisiana friends, *"laissez les bons temps rouler,"* otherwise known as "let the good times roll." State budgets got fat and legislators began doling out the rewards. Tax credits and exemptions began to proliferate in many states for all types of industries, not just historic exemptions for agriculture based on sound policy developed over the decades. Major tax reforms were enacted in many states based on the premise that state revenue would continue on current projections for time immemorial.

As anyone in agriculture knows, though, the good times don't last and you have to put away during the good times for that eventuality. Lawmakers are not fond of that concept, however.

The Bust

The signs that the baseline industries of agriculture and oil and gas were beginning to lag did not appear at first to be a cause for concern. By 2014, the rest of the economy had finally revived itself enough that many believed any losses from natural resource industries would be offset by the growth in other sectors. For some states with diverse economies, this has remained true. But the states whose economies are still predominantly agriculture-based (with oil and gas acting as a buffer), the result has been far from optimal.

It's no news to the readers of this article that net farm income has decreased by over 50 percent in the last four years. To many legislators, even in agriculture powerhouse states, that is entirely surprising. It shouldn't be if you look at the revenue streams of those states' budgets. The precipitous drop in farm income coincides closely with the decline in state revenues for states like Oklahoma and Kansas. Add to that the decline in oil and gas prices at the same time as the decline in commodity prices, and you have a problem.

For the last few years, Midwest states, such as Kansas, began their legislative sessions with budget gaps in the hundreds of millions. This year, Oklahoma teachers staged a two-week walkout because the state lacked the resources to provide raises. There are a number of factors that create these situations, but the underlying reality is that commodity prices are in the tank and states dependent on them for revenue have been dramatically changed.

Continued on page 20

What a year for taxes

Continued from page 19

Looking for taxes in all the wrong places

I'm fond of quoting Winston Churchill when describing the desire of legislators to increases taxes on agriculture to close the persistent budget gaps they face. To me, increasing taxes on the hardest hit segment of the economy "is like a man standing in a bucket and trying to lift himself up by the handles." Yet, that is precisely what has occurred.

When faced with a shortfall of several hundred million dollars, legislators begin looking under every rock to find revenue. This is especially true for states that have to adhere to a balanced budget, unlike our federal government. The easiest targets are the tax credits and exemptions they created during the good times. When looking at exemptions, there is often a pile of money legislators can quickly add back by simply eliminating a sentence or two of the tax code. That is often times much easier than finding revenue to cut from existing programs and services.

Eliminating exemptions is precisely what legislators have been attempting to do. Except that in scrutinizing all exemptions alike, elected officials are succumbing to the fallacy that all exemptions were created equally. Many exemptions for various industries were created recently because good financial footing allowed for it; other exemptions, notably the sales tax exemptions on farm equipment, have been in place for much, much longer and for sound policy reasons.

In 2017, Kansas convened its legislative session with a projected $350 million-dollar budget shortfall. One of the first bills out of the chute was a bill to eliminate exemptions. Prior to printing of the bill, WEDA was alerted that the sales tax exemption on farm equipment would be incorporated in the bill. The Kansas Revenue Department stated the exemption accounted for $78 million annually. At first glance, eliminating the exemption would quickly plug a significant portion of the budget gap, legislators thought.

Immediately WEDA took action to engage dealers and educate legislators about the effects of the legislation. The message was clear – every neighboring state had a sales tax exemption and customers would flee to outside the state for purchases, thereby decreasing any projected gains significantly while reducing income for Kansas businesses. Not only would the revenue projections be wrong, but any revenue generated from the tax increase should be seen as additional cost or debt heaped on farmers and ranchers at a time when farm income is near an all-time low. Once informed of the consequences, legislators backed off the proposal and did not include elimination of the farm equipment sales tax exemption in the bill.

In the same year, Oregon was looking for funds under similar circumstances. Because of state pension funding problems, the legislature was looking for additional revenue and set its sights on ad valorem property taxes for farm equipment. This was the first time the legislature had targeted the exemption for elimination in the several decades since it was created. The tax increase would have completely dissuaded farmers and ranchers from purchasing new equipment of any kind for fear of the additional tax burden it would create.

Swift action by WEDA and collaboration with farming interests quashed the proposal before the bill was heard in committee.

This year, Oklahoma has targeted farm equipment exemptions in more than one bill. First, a bill was introduced that would have sunset all tax credits and exemptions by 2021. That would have set up a scenario where each industry would be required to pass legislation to reenact their exemptions or credit prior to the sunset date. That radical proposal was drastically amended to remove any threat to tax credits or exemptions.

Second was a bill that would have raised the farm equipment sales tax exemption threshold to at least $25,000 in purchases annually. The bill made it out of subcommittee before being killed.

Looking ahead

This slate of bills and others in the past two years are a disturbing trend for equipment dealers. As lawmakers across the country become more urban in perspective and more removed from agriculture, they fail to understand the rationale for agricultural exemptions of any kind. Mixing that with persistent budget problems leads many legislators to see a revenue windfall when examining agriculture tax exemptions, specifically sales tax exemptions for farm equipment.

With numerous threats from ongoing NAFTA negotiations to retaliatory tariffs from China, agriculture is at a precarious point. Commodity prices have not rebounded as of yet, and there is lots of uncertainty on the horizon. Now is the worst possible time to increase taxes on agriculture.

WEDA remains diligent in advocating for dealers and educating lawmakers about the pitfalls of increasing taxes on agriculture and upending years of sound public policy. If dealers want to be prosperous, they cannot afford to ignore how decisions at their state capitols affect their profitability. All the more reason for dealers to be engaged in government affairs activity and on the winning side of these policy debates. WED

ERIC WAREHAM is vice president of government affairs for the Western Equipment Dealers Association. He is a graduate of the Willamette University College of Law and Augusta State University. Eric may be reached by writing to ewareham@westerneda.com.

HERE'S WHAT YOU SOLD – Equipment Retail Sales in Units

U.S. – May 2018 Ag Tractor and Combine Report	May			Y-T-D May			May 2018
	2018	2017	% Chg	2018	2017	% Chg	Beginning Inventory
2WD < 40 HP	21,078	17,547	20.1	65,764	61,879	6.3	91,869
2WD 40 < 100 HP	5,797	5,425	6.9	23,116	22,363	3.4	34,666
2WD 100+ HP	1,525	1,268	20.3	6,971	7,043	-1.0	8,366
Total 2WD Farm Tractors	28,400	24,240	17.2	95,851	91,285	5.0	134,901
Total 4WD Farm Tractors	174	185	-5.9	885	869	1.8	646
Total Farm Tractors	28,574	24,425	17.0	96,736	92,154	5.0	135,547
Self-Propelled Combines	323	213	51.6	1,550	1,225	26.5	858

Data provided by the Association of Equipment Manufacturers (AEM).

Inherited IRAs

What you need to know

By DAVID WENTZ

Hello, everyone. I hope that the first quarter of 2018 has been a good one for you. I thought I would begin this article with a brief market outlook for 2018. As some of you may know, the market has seen a lot of ups and a lot of downs thus far this year. This is something many people have asked me about throughout the first quarter of this year. For the last seven to eight years, the market has seen a tremendous amount of steady growth, paired with little to no volatility. This is an aberration of the norm, and I expect that we will continue to see volatility throughout the remainder of 2018.

Moving forward, I also have been getting many questions regarding inherited individual retirement accounts (IRAs).

So, what exactly is an inherited IRA? This is a form of an IRA that is opened by a beneficiary when the owner of an IRA or 401(k) plan dies. Beneficiaries of Roth and Traditional IRA's are lawfully required to take Required Minimum Distributions (RMDs), except for a special exemption for spouses *(see below)*. However, by employing an Inherited IRA, the funds can remain tax deferred. Inherited IRAs have complex rules, which will be discussed over the course of this article.

Inherited IRA rules

Inherited IRA rules differ based on whether the beneficiary is a surviving spouse or not. If the beneficiary is a surviving spouse, they can roll the inherited IRA balance into a new IRA in his or her own name. In the event the spouse is the sole beneficiary, the inherited IRA may be redesignated into the surviving spouse's name. As the account owner, the surviving spouse can make contributions and name beneficiaries. They also have the ability to avoid required minimum distributions (RMDs) if the account is a Roth IRA. RMDs are always required from a traditional IRA, however they do not need to be taken until the surviving spouse reaches age 70½. These RMDs are now based on the surviving spouse's life expectancy.

DAVID WENTZ is CEO of Tax Favored Benefits, Overland Park, Kan.

Now, what about non-spouse beneficiaries? Any non-spouse, as well as any surviving spouse who does not treat the inherited IRA as their own, may not make additional contributions to the IRA. However, they can name what we term "successor" beneficiaries. There are four separate distribution options for all designate beneficiaries.

RMD distribution methods

The Life Expectancy Method involves taking RMDs over the life expectancy of the beneficiary. Typically, a non-spouse beneficiary must start taking distributions by December 31st of the year after the death of the owner of the IRA. A spouse of the owner may be able to delay RMDs until the year the owner would have reached the age of 70½.

The Five-Year Rule says that if the owner died before reaching the age of 70½, the beneficiary can complete the RMD rules by liquidating all assets within a five-year time period, which ends on December 21st of the fifth year following the owner's death. Liquidation can occur in one or multiple distributions.

Beneficiaries may also take a Lump-Sum Distribution. The beneficiary can always withdraw his or her entire share of an Inherited IRA by December 31st of the year following the owner's death. Careful thought must be given to this – you should always think twice before liquidating a large account.

Lastly, a beneficiary has the right to disclaim the inherited funds. Doing such would be appropriate if you do not have need for the funds and would prefer the funds pass to another beneficiary with greater needs, or one who could be subject to lower RMDs. This would effectively allow the funds more time to grow. In order to complete this, a qualified disclaimer statement has to be completed within nine months of the owner's date of death.

Avoid penalties

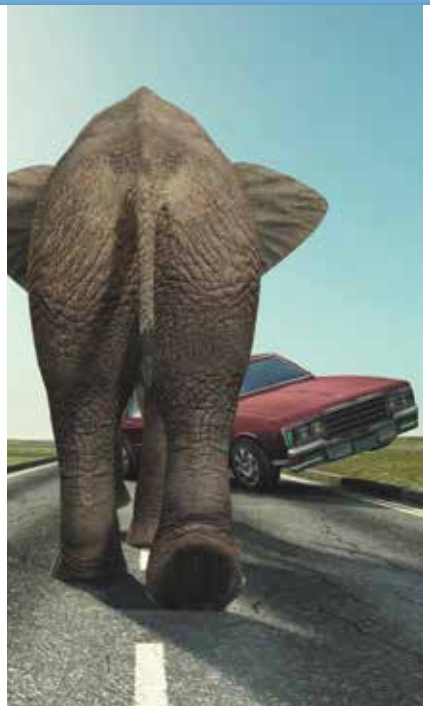
It is also important to note that failure to take appropriate RMDs can result in strict penalties equal to 50 percent of the amount that should have been withdrawn. When multiple beneficiaries are involved in an inherited IRA, in addition to an IRA being left to an estate or trust, the distribution rules become more and more complex. In this case, I always recommend meeting with a tax or estate planning professional before making any specific decisions.

As always remember that your financial professional works *for* you, so if you ever have any questions, never hesitate to reach out to them. WED

DAVID WENTZ is CEO of Tax Favored Benefits, Overland Park, Kan. Wentz is a graduate of the University of Kansas School of Law with a Juris Doctor degree. Wentz frequently speaks at various professional and business seminars about pensions, profit sharing, 401(k) plans, tax favored benefits, and investment programs. Western Equipment Dealers Association endorses Tax Favored Benefits as a 401(k) provider. No compensation is received. More information is available at www.taxfavoredbenefits.com.

The elephant in the room

By JERRY LEEMKUIL



What is large, scary, and has the ability to crush you? If you said elephant, you're not wrong, but, for the sake of this article, a fellow distracted driver is the correct answer.

Painting a not-so-pretty picture

Let's create a dot map. First, picture the lower 48 states. Now, cover everything east of the Mississippi River and the western half of Washington, Oregon and California with 32,000 red dots. At first glance, the map almost looks solid red over these areas. So what? These dots illustrate the more than 32,000 traffic fatalities in 2016.[1] Those dots are people. (To see an actual version of this illustration, the Web address of the NHTSA report is listed at the end of this article.)

There must be a way to prevent this

Over the decades, the number of vehicle crash fatalities across the nation has relatively declined. But, in recent years, crash fatalities have increased dramatically. Between 2014 and 2015, fatalities increased 8.4 percent year over year – the largest year over year increase in over 50 years. Between 2015 and 2016, fatalities increased another 5.6 percent over the previous record-breaking year.[2]

When seatbelts and specialized vehicle bumpers became required years ago, it was soon realized that technology can help prevent injuries and deaths. Today, a different type of technology is developing and usage is increasing across various industries. Current technology will monitor driver performance and allow business leaders to coach employee individual performance.

Federated has recently built relationships with three vendor partners who specialize in driving technology – Lytx®, Sentinel HDx, and SmartDrive®. These relationships allow Federated clients access to discounted products and services.

The real elephant in the room

There seems to be two schools of thought when it comes to vehicle technology. On one hand, in-cab cameras and vehicle telematics that monitor drivers' actions can be helpful for coaching a driver. On the other hand, they are sometimes perceived as too intrusive. The same for camera systems that record the surrounding traffic. Video could be used to defend against alleged driver negligence, but it could also reveal a company's poor driving. If you are considering implementing in-cab cameras, consult with your human resources and legal counsel to discuss any requirements for use of this technology in your state.

A technology company claims that using their technology can reduce collision frequency by up to 50 percent and collision severity by up to 80 percent.[3]

In the end, we all know the greatest asset is the driver behind the wheel each day. Engaging drivers and reducing risky behaviors behind the wheel is our ultimate goal. To this end, we have continued our goal of safe driving by adding reinforcement to our Drive S.A.F.E. campaign. Drive S.A.F.E.R adds this Reinforcement at the end to complement our previous Speed, Attention, Fatigue and Emotion messages.

As long as crash statistics continue to rise, we will continue to drive home prevention tools for our clients. There is real impact to the bottom line, but our greatest impact is keeping our roadways safe and making sure everyone makes it home safe today and every day. WED

[1] NHTSA Fatality Analysis Reporting System (FARS/Esri)
https://cdan.nhtsa.gov/GISMaps/STSI_MAP_Mobile.htm?1&USA&VAR1=1&41&-99&32,166&30,056&30,202&5

[2] "2016 Fatal Motor Vehicle Crashes: Overview," U.S. Department of Transportation, Accessed March 2018.
https://crashstats.nhtsa.dot.gov/Api/Public/Publication/812456

[3] Lytx® DriveCam® safety program (FARS/Esri)
https://info.lytx.com/LR-17-11-FederatedClient_LP.html

JERRY LEEMKUIL is field manager for Association Risk Management Services, Federated Insurance Company. For information, write to Jerry at jleemkuil@fedins.com or call 1-507-455-5507.

SURVIVING IN A TOXIC FAMILY WORK ENVIRONMENT

By DR. LARRY COLE

Let's begin by stating that the senior leaders of a dealership are responsible for creating a workplace culture that fosters high morale and productivity.

Having said that, there are both family and corporately owned enterprises that fail to live up to this responsibility. Toxicity in the dealership can come from many sources.

An excellent self-reflection exercise is to evaluate the poison you put into the dealership. Actually, every one of our personalities has the potential to contribute to the poison if we don't manage ourselves. But we're addressing family issues in this article.

I've had the opportunity to work in several family owned businesses and listed below are some of the dynamics that created toxicity for their businesses.

If you are a family owned business, you may want to check any of the following and compare them to the dynamics within your dealership.

- ◯ Parents (especially dads) struggle making business decisions that may interfere with family dynamics.
- ◯ Mom and dad have different agendas for the business.
- ◯ Parents and/or children talk about dysfunctional family relationships with other dealership employees.
- ◯ Family members have spread rumors about other relatives working in the store.
- ◯ Children are placed into leadership positions without being properly prepared.
- ◯ There is a lack of an exit strategy for the parents to turn the business over to the apparent heir or heirs.
- ◯ Siblings fight with each other and sometimes publicly.
- ◯ In-laws stick their noses into the business causing consternation.
- ◯ Mom generally wants everyone to just be happy and get along with each other.
- ◯ Personal lifestyles of children have an adverse effect on the business.

How many did you check? The focus of this article is to address a few strategies to more successfully manage your business and family.

FIRST, let's begin this strategy discussion by addressing the corporate environment.

The enterprise is a business

So, run it like one. Establish a governance process that includes regularly scheduled board meetings and make decisions that are driven by your vision for the company. Teach your children this is a business and not a playground.

I frequently hear children complain that "Dad never shuts down." The enjoyment of family events is sabotaged by talking business. Adhere to the rule that "family is first" at family functions.

Parents, manage your children

Help them resist the temptation to take advantage of the fact that their last name may be publicized throughout the enterprise. Teach them they are no better or worse than any other employee because of their last name. Children also need to be held accountable to adhere to the same rules that manage other employees.

Develop a succession plan

The succession plan is twofold. First, structure a plan for children to participate in a variety of roles throughout the enterprise to learn the business and establish how family members will ultimately fit into the line of authority as the parents exit the business. Children need to learn that every job is equally important to drive the success of the company; therefore, job assignments shouldn't matter or be judged as more or less important. If it does matter, perhaps that child is telling you they should not be in the business.

SECOND, speak to the children about their responsibilities.

Love your parents

Act like responsible adults. You have an opportunity most people don't have, so act like you appreciate it. In brief that means: 1) be eager to learn about every facet of the business, 2) express humility *(Google humility and narcissistic tests)*, 3) focus on becoming the best version of yourself, and 4) remember that you are in a glass bowl with everyone scrutinizing every word and action that comes out of your body.

Keep your mouth shut

By the mere fact you are a child of the owner means that you should hold yourself to a higher standard. The fact is children will enjoy perks that other employees don't have. Keep those perks within the family unit.

DR. LARRY COLE is a lead trainer for the Western Equipment Dealers Association's Dealers Institute.

Market yourself

Your challenge is to show your parents that you are good enough to eventually run your part of the business. I'm telling you that requires hard work. I've counseled many children/employees and emphasized if they are not willing to pay the price to strive for excellence, then it may be best for them to go elsewhere – and you would be correct if you conclude that many people don't like to accept that reality.

THIRD, for the rest of us, sometimes the "family" remains blind to the pressures of working in a family-run business. What is even worse are those family members who act like they don't care.

Depersonalize

Accept the fact that the family dynamics are the family dynamics regardless of what they are. Accept the reality that you are not going to change them and refrain from talking to other employees about them because it only adds fuel to the fire. So politely remove yourself from such employee led discussions.

Be a sponge

Realize that your present employment is an excellent opportunity to work at being the best version of you, i.e., to maximize the resources residing in your body. Every experience is a teacher. You must be a willing student. I encourage you to identify your development goals to improve your performance. Instead of focusing on the negative characteristics of your employment as you drive to work, focus on how you are going to be better at the end of the day as the result of the employment experience. You want to use today to prepare yourself for the opportunities that can come tomorrow. As I've said many times over the years, today's struggles are the footsteps leading to tomorrow's successes.

Participate in fun outside of the dealership

Family and friends are excellent support systems along with participation in church and other community events. Focus on the enjoyment these bring to the table. Research is showing that social support groups are important psychological medicine.

Leave

I've had numerous people ask when it is time to leave a place of employment. I'm offering you this formula to help you make that decision. On a scale from 1 to 10, rate the level of overall enjoyment you are receiving at the enterprise. Then rate the level of enjoyment you would expect to receive using this same scale. Then divide what you are receiving by what you expect. A recent example is the employee who rated present satisfaction a 3 and what he expected an 8. The quotient is .375. That tells you he is putting his body where his mind doesn't want to go. What is the ratio telling you?

In closing, the challenge to owners is to ensure the ratio for every one of their employees would be 1.0 or greater. WED

LARRY COLE, Ph.D., is a lead trainer for and consultant to the Western Equipment Dealers Association's Dealer Institute. He provides onsite training and public courses to improve business leadership effectiveness and internal and external customer service. Please send questions and/or comments to Larry at teammax100@gmail.com.

Farmer bankruptcies

Lessons learned

By DAVID E. SHAY

There are a couple of scenarios that we have seen play out multiple times that have put dealers in the crosshairs of secured lenders looking to get paid

When farmers file for bankruptcy protection and seek to reorganize or liquidate their farms, their lenders start looking for other sources to obtain payments for loans. There are a couple of scenarios that we have seen play out multiple times that have put dealers in the crosshairs of secured lenders looking to get paid. Both situations involve seemingly minor issues with the Uniform Commercial Code (UCC), but they can easily cost dealers tens of thousands of dollars or more.

Customer name

Almost every lender that provides financing for equipment purchases requires the dealer to provide contracts that give the lender a first priority security interest on the equipment they finance for the customer. Usually the lender can obtain a purchase money security interest to obtain the priority desired. The UCC, however, contains technical requirements that can screw up the priority of the security interest, including issues relating to the customer's name.

Different states have enacted differing versions of the UCC, but **the best practice is to use the customer's name directly from his or her driver's license.** Some states specifically require the use of the driver's license name while others include it as an option. Failure to use the name from a government issued identification puts dealers at risk for having a UCC financing statement deemed "seriously misleading" and therefore unenforceable.

For instance, the use of a common nickname, like Jim, in place of a formal name on a driver's license, like James, can be enough to allow a bankruptcy trustee or another secured creditor to claim the financed equipment ahead of the lender that financed the equipment.

We have also seen an issue with the failure to use the correct version of first names that have multiple spellings. For instance, a person may be named Jackson, Jaxson or Jaxon and the only way to be certain which is correct is to actually see the driver's license. Particular care should be exercised when completing online forms that have auto-fill features. Once an incorrect spelling is used, it can be repeated over and over, creating issues with liens on multiple pieces of equipment. Checking the driver's license every time and using that name avoids these issues.

Eliminating these issues is critical because if the UCC filing doesn't deliver the required priority to the finance company, the finance company will usually be able to charge-back the loan to you, even if the loan is otherwise non-recourse. This leaves you in the position of being out of pocket with respect to the loan balance and facing the prospect of spending time and attorney's fees to try to recover some of the balance back through the bankruptcy process.

Blanket liens

The other scenario we have seen that causes dealers significant problems is the failure to identify all possible liens that may attach to trade-in equipment. It is not uncommon for a customer to purchase equipment, obtain financing, pay off the equipment and then seek to trade it in when the customer decides to upgrade. This seems easy – no need to worry about a payoff balance because the dealer already knows the equipment has been paid off. Unfortunately, that is not the end of the story.

Customers frequently have operating loans with banks or other lenders that include a lien on all of the farmer's assets or, at least, all of a certain category of assets such as equipment. The bank's lien extends to the entire category, including the piece of equipment that serves as the trade-in. Normally, this is not an issue because the customer makes payments on the loan from the bank as well as the loans for equipment purchases.

When bankruptcy is filed, a bank is going to look through the bankruptcy schedules and compare it with its prior list of equipment to determine whether the now-bankrupt farmer still has the bank's collateral. If the equipment list has changed, the bank will start looking to determine what happened to the collateral and if a trade-in occurred without a release of the bank's lien, the dealer is going to get a demand letter for return of the trade-in or payment for the value of the collateral.

This problem can be avoided completely by doing a UCC lien search prior to accepting any trade-in. Collateral descriptions need to be read to determine whether there is any conceivable language that provides notice that another lender claims an interest in the equipment. Blanket liens are the most common source for problems, but the equipment may also be specifically identified. If you ask, most lenders are willing to release their liens because they normally receive replacement collateral in the form of any equity in new equipment. If there is no release, you should reject the trade-in.

Attention to detail at the time of a transaction can prevent these common occurrences from costing your dealership. Take the time to obtain the driver's license and use extra care to make sure the name on all contracts matches exactly. When taking a trade-in, do a lien search for all possible lenders that may claim an interest in your customer's assets to make sure that any necessary releases are obtained. This will avoid taking on a risk that you never intended to take. WED

DAVID E. SHAY is a member of the Equipment Dealer Group at Seigfreid Bingham, P.C. The firm also serves as legal counsel to the Western Equipment Dealers Association (WEDA). Dave may be contacted at dshay@sb-kc.com or 816-265-4173. Also see www.sb-kc.com. This article is intended to provide general recommendations and is not intended to be legal advice. You should always consult your attorney for advice unique to you and your business.

WESTERN Equipment Dealer

ADVERTISER INDEX

The Western Equipment Dealer magazine is the official publication of the Western Equipment Dealers Association (WEDA).

ARE YOU DRAINING YOUR PROFITS?

Are broken processes holding you back from seeing the results you need? Are your profits dwindling with changes necessary, but you don't have time to dig into the root of the problem? Do you feel your multi-layered operations need a makeover – or at the least an effective overhaul for your continued profitability and success?

Well, we have the answers... Dealer Institute's subject matter experts provide the ability to analyze and address root-cause issues impacting dealership performance.

But... don't take our word for it!

"Over the past two years we have worked with the Dealer Institute in both leadership development for our management team and customer service training for our entire staff. Both of these customized on-site programs have been highly effective in engaging our entire enterprise and shifting our cultural mindset. There is a laundry list of providers in this training space. The reason we chose to work with WEDA and the Dealer Institute is for two reasons.

- *The instructional staff are top drawer and have worked closely with our leadership group to build programs that create a level of engagement and accountability with our team long after the training is over.*
- *The instructors bring real world examples into the classroom from their experience in our industry and tailor the training to ensure we have the right strategies, tools and resources.*

— Steven Dyck, President, Western Tractor"

"Our management team participated in Dealer Institute's Aftermarket Management program, and were pleased to see demonstrated results immediately after the first Leadership module. Not only are our managers working and communicating more as a leadership team, they are benefiting by implementing new initiative and ideas gained through the Service and Parts training. The depth of knowledge and experience of each trainer, and WEDA's commitment to each participants experience, has been a strong factor in the success of this program.

— Linda Hart, Director Training and Human Resources, HJV Equipment"

"This is by far one of the best classes I have ever attended. It opened my eyes to the improvements we need to make in ourselves in order to better communicate with each other and with customers at our dealership. Teamwork is often talked about but not practiced well in our jobs. This class promoted the necessity and value of working as a team. I truly believe we will be more successful individuals and more successful as a company after attending this class.

— Stephen Otwell, General Manager, River Valley Tractor"

ON-SITE TRAINING & WORKSHOPS | INSTRUCTOR-LED CLASSROOM TRAINING | PEER-TO-PEER EVENTS & TRAINING | ONLINE CAMPUS | FINANCIAL COMPILATION SERVICES | MERGERS & ACQUISITIONS | CUSTOM PROJECTS | WEBINARS

ABOUT
Dealer Institute

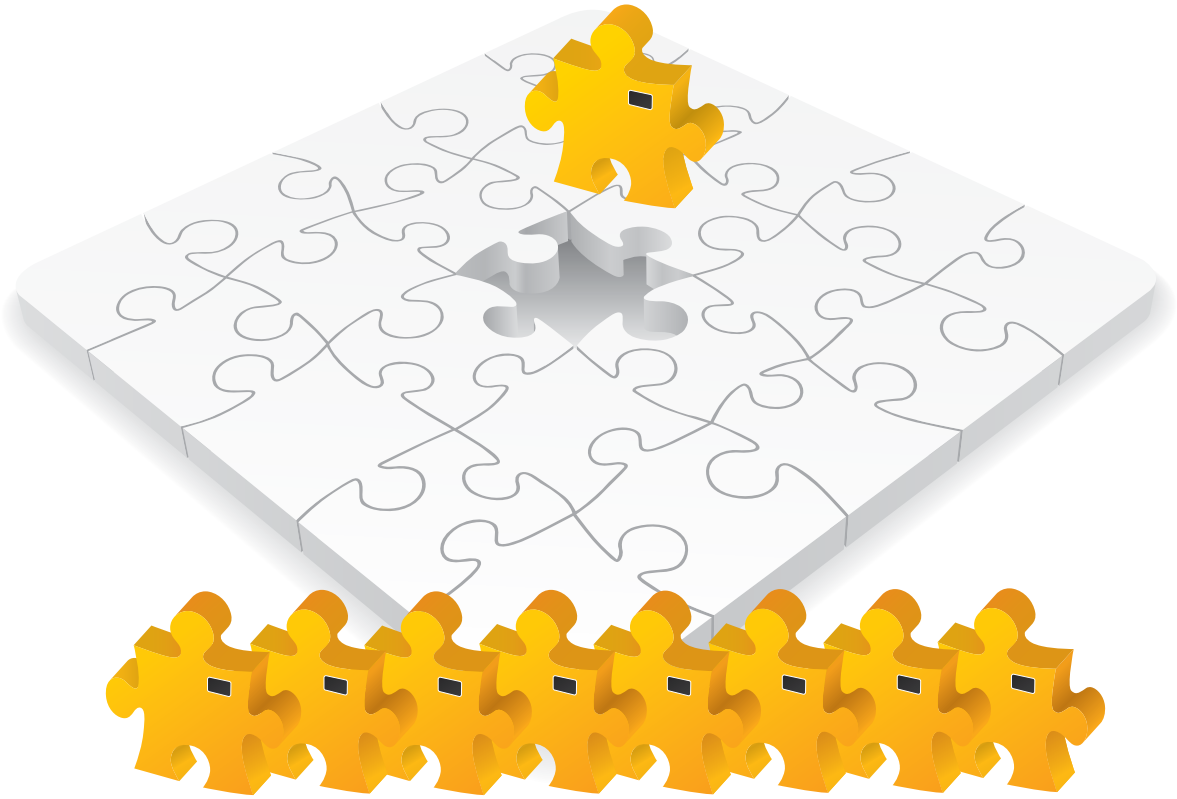
As the leading educational dealer development service provider, the Dealer Institute delivers specialized programs for all key dealership personnel. Increasing proficiencies and profitability by developing your employees and management around the business metrics and goals that are unique to your business, is what we do best.

What better way for your employees to learn than through a customized program specifically designed for you and delivered right to your own dealership.

CANADA 800.661.2452

U.S. 800.762.5616

A DIVISION OF WESTERN Equipment Dealers Association



Filling the need for technicians with new scholarship programs

HELP US PUT THE PIECES TOGETHER

The *Western Equipment Dealers Association (WEDA)* has created a foundation (WEDF) to help members get one step closer to filling technician vacancies. The Foundation's mission is to continue our support for the WEDA Industrial and Farm Equipment Technician Program at OSU Institute of Technology, and to establish scholarship programs at post-secondary education institutions for deserving students and member employees interested in pursuing a degree program relative to the equipment industry. You can help. Please call today with your support.

MAKE A DONATION

Please contact Olivia Holcombe at **800-762-5616.**

WESTERN
Equipment Dealers Foundation

WESTERN
Equipment Dealers Association