The weather was beautiful, Fort Lauderdale was sparkling in the sun, yachts lined the inlets, the Hyatt Pier Sixty Six towered providing a great view of the Pacific, and picturesque settings beginning at dawn and highlighting the ever present beauty of the city and relaxed setting the combination of land and sea.

The Convention, beginning on Sunday February 22, was carefully planned and featured many outstanding events and opportunities. A special dinner honoring the Boards of Directors from the Midwest, Deep South, Southern, and Southeastern Associations was an added treat this year. Lunch Pool Side on Tuesday was special—particularly for those who had spend a winter in Wisconsin, Illinois, the Virginias, and even Tennessee. Boy were they pleased to “sweat” while dinner in the sunshine. A diversified group of speakers provided information and supported the Meeting Theme “Turning Technology into Profit.”

Successful Joint Meetings are planned to be of value to the dealers and those who supply the products and services necessary for dealerships to function. Many show their support by attending and providing monitory support and we call these our Sponsors. Working together, we continue to foster long term cooperation and success.

Each year one of the four Associations, the Midwest, Deep South, Southern and Southeastern is in charge of a Joint Annual Meeting (Convention). Next year, 2016 Southeastern will be in charge; 2017 Deep South, 2018 Southern. This arrangement continues to prove advantageous for the members in all four Associations.

Congratulations to the Midwest Equipment Dealers Association …..For Planning a Very Successful Joint Annual Meeting!

We missed the opportunity to be a part of the Georgia Ag Day Celebration in 2014 and 2013. The cost of space to park our 5 big tractors was just too much for the “planners” to bear. Seems that the Atlanta Depot and the area in front come separate and cost is proportionate to the outside space. Maybe we were missed for those two years. Anyway, we were asked to bring just 3 smaller tractors….around 50 hp. Again, we said we would be happy to bring 5 for proper line representation. They agreed. However, as is sometimes the case, not all lines were readily available. On display was Kubota for Nelson Tractor Company, Jasper, New Holland from Wade Tractor in Griffin, and Deere for Snead Equipment in Cartersville.

It is understood that a coalition of farm organizations, are credited with initiating a special day in the U.S. for recognizing the importance of agriculture and that this group founded Ag Day in 1973.

We Were Invited

Cont’d on page 3
Smart Equipment Requires Smart Insurance

Precision agriculture requires precision insurance targeted to help protect your dealership from human error. Call today to learn more about our innovative Precision Agriculture Liability Coverage.

Visit www.federatedinsurance.com to find a representative near you.
The Georgia Ag Day Celebration was emphasized in 2004 when Governor Sonny Purdue wanted a tractor behind him as he delivered a speech on the grounds at the State Capitol. We accommodated with 5, and it was a very effective setting.

The one day Celebration has grown each year. It will probably continue, and I hope one of its missions will be to attract the Legislatures and keep them aware of the importance of Agriculture in the State of Georgia.

Could this be the year for the Alabama law makers to remove the sales tax on farm equipment? Good question. We have been here before.

Representative Paul Lee has introduced HB 188 and Senator Tom Whatley SB 127. The Alabama Farmers Federation continues to take the lead on promoting the bills which would remove the 1 ½ % Sales and Use tax.

The removal of taxes, any taxes, is difficult. The state of Alabama, like almost all states, is in need of revenue. It is likely that the elimination of this tax would actually stimulate sales and would more than offset the loss of the sales tax.

The Alabama Legislative session began on February 23 and will continue to June 15. Any movement of the two (Bills Senate or House) would stimulate the need for additional action from our dealer group.

Plans are currently being made for the May 20-21, 2015 Washington, DC Fly-In. This event is coordinated by NAEDA.

A block of rooms have been reserved at the Crowne Plaza Hotel, 1001 14th Street, NW, with a cutoff date of April 15, 2015.

The Schedule of Events will include Dinner/Receptions with the Legislators, staff, and others; briefings, and key NAEDA issues including:

- Tax Reform
- Highway Infrastructure Funding
- Waterway Infrastructure Funding
- Regulatory Reform

As a vital part of the Fly-In, it is recommended that you spend time visiting contacts on the Hill.

For more general information and details, please contact Mike Williams, NAEDA, 636.349.6204 or Billy Adams, SEDA, 478.272.5400.
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Contact your local sales and marketing representative.

Thomas Falkner
thomas.falkner@fastline.com
888-681-6615
Alabama & Northwest Georgia

Billy Goodman
billy.goodman@fastline.com
888-681-2667
Georgia & Florida

800-626-6409
Fastline.com
On February 24, 2015, the Southern Association held its Annual Business Meeting at the Hyatt Regency, Fort Lauderdale, Florida. Following the Nominating Committee report by Randy Anderson, the following were elected as Officers and Directors for the coming year.

Chairman: Ricky Smith
1st Vice Chairman: Scott DeMott
Immd. Past Chair: Jerry Toomey
NAEDA Director: Milton Noland to complete his term
Directors: Randy Anderson, Larry Cole, Lester Killebrew, Ronnie Lott, Keith Marshall, Dan Middleton, Bob Rodriguez

Larry Blackmon and Will Nelson’s terms have expired and because of personal reasons each asked that we not consider them for 2015. Both have also served as Chairman of the Board of the Association.

Jerry Toomey was cited as the only person in the history of the Association who served two terms as Chairman of the Board. The acknowledgement came with special appreciation from the Nominating Committee as Toomey was asked to serve a second term due to unusual circumstances and may or may not be repeated. Toomey expressed appreciation for this opportunity.

U.S. Farm Fleet Got Younger Between 2008-12

One of the questions Ag equipment Intelligence editors get asked on a regular basis is, “How old is the farm equipment fleet in the U.S.?”

Until analysts with RW Baird published their estimates of the age of farm tractors and combines within the last year or so, we hadn’t really seen any good estimates. The fact of the matter is there hasn’t been a reliable centralized system to track ag machinery. The automobile industry, on the other hand, keeps a tight handle on the age of cars and small trucks on the road, thanks in large part to mandatory vehicle registration for both new and used units.

While the pinpoint accuracy of U.S. Ag Census data has often been questioned, it remains the only generally available information out there, so it’s pretty hard to argue with. So, using data from the 2012 Ag Census we’ve been able to update RW Baird’s earlier work.

In a January 7, 2014 research report, Baird analysts using their own estimates along with the USDA and Assn. of Equipment Manufacturer data, figured the percentage of combines age 5 years or less had increased to 19% in 2012 from 12% in 2007. Tractors, excluding those with 40 horsepower or less, had increased to 13% from 12%.

Their estimates came several months before the 2012 Ag Census was actually released. In studying the newest Census numbers, Ag Equipment Intelligence found that the Baird estimates for tractors was a dead on February 24, 2015, the Southern Association held its Annual Business Meeting at the Hyatt Regency, Fort Lauderdale, Florida. Following the Nominating Committee report by Randy Anderson, the following were elected as Officers and Directors for the coming year.

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While the news surrounding Kubota lately has been focused on the tractor manufacturer’s move into mainstream “dryland” agriculture, the company is stressing that compact tractors will remain its core business during its dealer meeting Oct. 14-15 in Nashville. The company is also making a push to emerge as the leader in the lawn turf market.

Kubota made a number of new product introductions that reinforced that compact tractors and rural lifestyle equipment remain its primary focus. While recent product enhancements to the compact tractor line have been to meet tier 4 emission standards, the company introduced three new models to its Z700 series of zero-turn mowers for turf care professionals and a new model to its Kommander series of residential zero turns.

There are many manufacturers in this segment and that makes it very competitive, but it presents an opportunity for Kubota to take a leadership role. There are 20-plus manufacturers, but no clear “leader”, says Rajesh Joshi, director of product marketing for turf and utility vehicles.

Kubota is also making its first entry into the skid steer market with the introduction of the SSV series, expanding its construction offering as well as offering the heavier equipment ranchers and farmers need. The new skid steers, the SSV65 and SSV75, feature standard 2-speed travel, overhead front door and optional high flow hydraulics.

The company has also implemented a strategic initiative to strengthen its operational and organizational efficiencies. During the meeting, it announced a new parts distribution center that will be based in Kansas City, MO, which will be operational by summer 2015. “Our past was more product driven. Now, we’re putting more emphasis on processes,” says Todd Stucke, vice president of the agriculture and turf division.

Geoff Blanco, co-owner of Rigg’s Outdoor Power Equipment, a 4-store Kubota dealer in Northwestern Indiana, says the new parts distribution center will help keep his dealership competitive.

“The new parts warehousing and same day shipping will be extremely helpful for us in the Midwest. With the breadth of the product Kubota offers, coupled with the inherent longevity of their equipment, the amount of the parts that can realistically be stocked is limited. To maintain a high level of customer satisfaction in both our brand and Kubota’s, being able to obtain parts both cost effectively and quickly is the perfect combination to meeting demanding customer expectations.
Equipment Sales Decline Continues

North American large ag equipment sales declines continued in December, a seasonally important month, according to the latest data released by the Assn of Equipment Manufacturers, with 4WD tractor sales down 46.5% year-over-year, combine sales down 39.5% and row-crop tractors down 23.8%. However, mid-range tractors continue to show relative strength, increasing 8.9% vs. the same period last year, according to Mircea (Mig) Dobre, analyst with RW Baird.

- U.S. and Canadian large tractor and combine sales decreased 30% year-over-year in December, showing an improvement from the 36% decrease in November. Dobre notes that bonus depreciation incentives were reinstated retroactively for 2014 toward the end of the month. U.S. sales were down 29% vs. last year and Canadian sales decreased 33%.

- Combine sales fell, posting a 39.5% year-over-year decrease in December after seeing a 49.8% decrease in November. U.S. combine inventories were 13% lower year-over-year in November vs. down 5% last month. December is typically an above-average month for combine sales, accounting for 9.9% of annual sales over the last 5 years.

- Row-crop tractor sales posted a 23.8% year-over-year decline, improving from the 28.5% drop observed in November. U.S. row-crop tractor inventories increased 2% year-over-year in November compared to a 7% increase in October. December is typically an important month for row-crop tractor sales, accounting for 11.3% of sales over the last 5 years.

- 4WD tractor sales declined 46.5% year-over-year in December vs. a 44.9% decrease in November. U.S. dealer inventories of 4WD tractors decreased 31% compared to the same period the previous year.

- Mid-range tractor sales rose in December up 8.9% year-over-year after a 7.9% increase last month. Compact tractor sales increased 6.8% year-over-year, which is up from the 3.7% increase seen in November.

Source: Ag Equipment Intelligence

Former USDA Secretary Elected to Deere

Deere & Co announced last week that former U.S. Senator Michael O. Johanns has been elected to its board of directors effective January 8, 2015. Johanns recently completed his term in the senate after deciding not to run for re-election. He has also previously served as the U.S. Secretary of agriculture and as governor of Nebraska.

“Mike’s wide range of expertise in the areas of agriculture, banking, commerce, foreign trade, law, and governance will be valuable assets for the Deere & Co Board of Directors,” said Samuel R. Allen, Deere’s chairman and chief executive officer. “We are pleased Mike has agreed to join the Deere Board.”

Johanns was governor of Nebraska from 1999 until 2005. He was appointed U.S. Secretary of Agriculture in 2005 and served in that capacity until 2007. He was elected to the U.S. Senate in 2008 and announced in 2013 that he would not run for re-election.

Johann’s is a graduate of Saint Mary’s University of Minnesota and Creighton University School of Law. Before his election as governor, he had been elected to various local government positions in Nebraska, including as a member of the Lancaster County Board and the Lincoln City Council and as mayor of Lincoln for two terms.

With Senator Johann’s election, Deer & Co’s Board totals 12 members, 11 of whom are independent directors.

Source: The Messenger
Trimble Discusses Acquisition of IRON Solutions

Continuing a recent pattern of diverse agricultural acquisitions, Sunnyvale, CA-based Trimble Navigation purchased privately held IRON Solutions. Although financial terms were not disclosed, the acquisition, announced in December, adds another dimension to Trimble’s data management platform for farmers, precision farming dealers and agronomic retailers. The Franklin, TN-based IRON Solutions provides analytics-based intelligence and a cloud-based software system that tracks the lifecycle of used farm machinery, using sales metrics to include specifications, options and adjustments for condition and hours of use. The company also provides pricing specifications that enable original equipment manufacturers to manage product configuration and promotion for their dealers, along with optimization tools for equipment and precision dealers.

According to Joe Denniston, vice president of Trimble’s Agricultural Division, the integration of the IRON Solutions’ suite of services into the Connected Farm platform will help equip dealers and agronomic retailers with a broader set of maintenance scheduling or fleet management through telematic services and improved agronomic services.

“What IRON Solutions brings to the table is a cloud-based customer relationship management (CRM/ERP) tool that allows dealers, without a lot of capital outlay, to significantly improve internal operations, which in turn allows for greater focus on the farmer,” Denniston says. “Coupled with some of our existing services, we can uniquely position our dealers to improve customer service in the future.”

Particularly valuable to Trimble’s dealer network will be the IRON HQ and Precision HQ systems, which will help provide cloud-based, real-time wireless tracking of machinery to allow for more efficient troubleshooting and preventative maintenance. IRON Solutions manages over 15 million data points annually from over 1,200 manufacturers and 2,000 retail sources throughout North America, and Denniston notes that the volume of aggregated information will be a valuable resource for dealers to monitor machinery performance.

“It won’t be a rapid integration of the HQ products, but we will look at how to strategically develop the tools into our system incrementally,” he says. “It all starts and ends with the farmers and figuring out how we can help their advisors be more efficient within their supply chain, which in turn makes farmers more productive and profitable.”

Another critical part of the acquisition will be maintaining the independent reputation of IRON Guides, which is considered the industry standard for tracking prices and valuation of used farm equipment. The resource contains more than 4.000 makes and models of equipment annually.

“It’s been the standard for valuation of used equipment within dealer networks and a neutral, trusted source in the industry,” notes Denniston. “That needs to continue and will be one of our objectives.”

The acquisition of IRON Solutions is the latest in the string of additions Trimble has made to diversify its precision interests.

In 2013, the company acquired the assets of privately-held RainWave, a precipitation monitoring firm in Auburn, AL, and incorporated the service into its Connected Farm platform. Also in 2013, Trimble acquired New Zealand company IQ Irrigation, which provides remote linear and pivot irrigation control and Madison, WI-based C3, a soil health and data information company.

Source: Ag Equipment Intelligence
How to Protect Power Equipment Engines from Ethanol Corrosion

Gasoline containing more than 10 percent ethanol and small engines are a lot like oil and water—they just don’t mix.

Outdoor power equipment commonly found on a construction site, such as portable generators and concrete saws, are designed and certified to operate using fuels containing 10 percent ethanol or less. This blended fuel is commonly referred to as E10. But as biofuels containing an ethanol ratio higher than 10 percent become more widely available for passenger vehicles on the roadways, gas stations are making these fuel options available at more pumps across the nation. The Environmental Protection Agency (EPA) has stated that fuel containing 15 percent ethanol is safe to use only in automobiles that are model year 2001 and newer.

“With this new emphasis on biofuels containing 15 percent ethanol spread across the country, the chance for misfueling outdoor power equipment is extraordinarily high,” says Laura Timm, vice president of public affairs and corporate communications for Briggs & Stratton. “Briggs & Stratton fully supports lessening our dependence on foreign oil, but introducing a fuel that is only compatible for a subset of the marketplace will cause great confusion for consumers and our customers. The fact remains that small engines are not designed for or even legally certified to operate on fuels with ethanol levels higher than 10 percent, and they are being damaged as a result of misfueling.”

Timm says Briggs & Stratton has seen an increase in fuel-related warranty claims of late, even though misfueling voids most engine warranties.

Fortunately, contractors and their crews can take several steps to prevent the pitfalls of ethanol use in small engines.

Look Before You Pump

The most common mistake occurs at the pump. All too often, equipment operators are simply not aware of which fuel type they select. This is the main reason the Outdoor Power Equipment Institute (OPEI) launched its Look Before You Pump public service campaign in the fall of 2013 (lookbeforeyoupump.com).

“Even our commercial-grade Vanguard engines are designed with the assumption that only a fuel blend of up to E10 will be used,” says Dan Roche, marketing manager for Briggs & Stratton Commercial Power. “These commercial-grade engines are designed with precision to ensure optimum performance in the field, but that all goes out the window if the wrong fuel is pumped into the tank.”

Watch for Warning Signs

Operating small-engine-powered equipment with fuel higher than E10 can show a variety of symptoms, but the endgame is the same.

“A recent survey conducted by Harris Interactive and sponsored by OPEI showed that consumers at the gas pump simply weren’t looking at what fuel type they were selecting. According to the survey, 91 percent of respondents said they based their purchases at the gas pump solely on the price of the gas they were pumping. Only 25 percent said they noticed the ethanol content of the fuel they chose.”

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This is where the problems start,” Timm says. “Especially because a higher ethanol blended fuel like E15 can be less expensive and fuel a vehicle just fine, but that same fuel can have damaging effects on a piece of power equipment.”

Air-cooled small engines of any make and model are certified to operate only with legacy fuel, or gasoline labeled E10 or less. These legacy fuels often are labeled unleaded or regular and typically contain up to 10 percent ethanol, according to Wayne Rassel, director of parts and service support at Briggs & Stratton.

Pumping the proper fuel for outdoor power equipment is easy if a series of simple steps is followed. First, understand which fuel is appropriate for your equipment. Read the equipment’s operating manual for specific fueling requirements. Second, look before you pump, and make sure the ethanol content is the right fuel for your engine product.

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Pumping the proper fuel for outdoor power equipment is easy if a series of simple steps is followed. First, understand which fuel is appropriate for your equipment. Read the equipment’s operating manual for specific fueling requirements. Second, look before you pump, and make sure the ethanol content is the right fuel for your engine product.
“It could be a day, a week or even a month with some larger pieces of equipment, but ultimately, if you fuel a small engine with any fuel with ethanol content higher than E10, it will fail,” Timm says.

In higher equipment used on the jobsite every day, the first warning sign of ethanol gas contamination is irregular engine revolutions per minute (rpm). This indicates the air-to-fuel ratio is off in the engine’s carburetor.

For equipment used less often, such as a jobsite generator, the engine oftentimes won’t start at all if the ethanol gas has been allowed to sit in the tank. To determine if an engine has been contaminated, shine a flashlight in the gas tank and look for a spectrum of color layered on the fuel, much like you would see trailing a boat in water. If that rainbow is present, contamination likely has occurred. The color spectrum is caused by water separating from the alcohol in the fuel during downtime. This can occur in any blend of gasoline but is more rapid in fuels with a higher ethanol—a form of alcohol—content.

If a piece of equipment is thought to accidentally have been fueled with higher than E10 gas, have a local service dealer conduct a professional flushing of the fuel system.

**Fuel Additive Advantages**

Just because a crew member has averted placing E15 gasoline in the tank doesn’t mean the pitfalls caused by ethanol have passed. Almost all gasoline found at the local gas station contains some percentage of ethanol, however minimal, so this form of alcohol will still wear on an engine even if the proper ethanol blend of gasoline is pumped (up to E10). Any amount of alcohol present in a fuel will chemically react with the brass components in the small engine’s carburetor and cause corrosion.

“To prevent that corrosion, fresh fuel should be treated with an advanced fuel treatment in the first 15 days of purchase,” Rassel says. “That will prevent the harmful effects of ethanol corrosion from occurring for up to three years.”

This step is especially critical for infrequently used jobsite equipment. The longer fuel sits in the gas tank, the more likely condensation can form inside the engine and accelerate corrosion. Advanced fuel treatments typically have a water inhibitor that prevents this from occurring.

**Canned Fuel**

The only way to prevent ethanol’s potentially damaging effects on an engine’s internal components, Rassel says, is by using an ethanol-free fuel source. These canned fuels contain zero ethanol and are made by most small-engine manufacturers. Because these canned fuels are expensive, they make the most sense for infrequently used jobsite equipment to help justify the increased cost, Rassel says.

“There are plenty of ways to avoid the pitfalls ethanol causes on small engines,” Rassel adds. “Be vigilant at the pump and treat your fuel when you purchase it, and the engine should run soundly for several seasons.”

Source: Far West Bulletin, February 2015
Are Labor Rates Causing You Labor Pains?

Few people could have imagined the day of $200+ per hour shop rates in the dealership. Of course, a decade ago who would have imagined driverless tractors and agricultural drones?

As if managing shop and labor rates weren’t enough, Dealers must consider the costs of servicing Precision Farming in their business. The challenge is finding a balance of hourly or flat rates and keeping good technicians.

Dealers should not be afraid to specialize their rates, says JCC Specialist Dave Teigen. Many dealerships still have a single rate for all Service work and he believes the result could be detrimental to their bottom line.

Based on a $2.5 to $10 million complex, the most recent NADEA Service Department Rates Survey (2012) Showed an Agricultural Average Service Department rate was $69, Regular rate was $72 and Top Technician was $73.

With a wage multiple of 3, the dealership charging $73 per hour your average service technician wage is $24 per hour. In some areas of North America the figure would be considered low.

This has been caused by the influx of oil production into areas normally considered Ag production. The issue becomes the balance of maintaining a wage multiple to be profitable in the service department versus playing competitive wages to retain employees.

Employees who were once referred to as mechanics are now called technicians. This is because they must have more computer skills and also their level of training has increased.

Compensation must match their skills.

There are a couple of ways to achieve this. Obviously one way is to increase the Service per hour labor rate, which makes service employees happy, but when the shop rate must be increased, customers will not be happy.

An alternative is to create flat rates for service repair jobs. Once completed, merge the hourly labor rate into the flat rate. This method has worked for the auto industry for years and AG dealerships are implementing it too.

JCC Specialists suggest a few other methods for maintaining productivity which directly impacts your Service department’s labor rates.

- Keep technicians trained to work effectively. Invest in training. Lay out a plan of annual or semi-annual training for your technicians to stay current. Otherwise, as skills slide, so does time spent on jobs and their repeat repair work may increase.
- Minimize non-productive labor though your dealership’s recovery rate. Make best use of the winter months for servicing equipment when times are slow. Too much time cleaning the shop and other menial tasks can kill your recovery rate. Leave the cleanup work to your high school or college employee.
- Look for internal processes to speed up parts delivery for the shop. Service managers are so focused, and often overwhelmed, with customers calling and paperwork, that they can’t get a handle what’s coming in the next day and placing orders in a timely manner.
- Don’t be afraid to specialize your labor rates. For example, if your shop’s labor rate is $105 per hour, consider increasing your Precision Farming rate to $140 to more accurately reflect what you’re paying your Precision Farming Technician. Other areas to consider would be sprayer or construction equipment that your dealership may service.

In all reality, customers aren’t interested in your labor rate, your wage multiple or flat rate, customers simply want to know how it will impact them.

If this is communicated up front and accurately, there should be few issues. The issues usually stem back from uncommunicated surprises. Going to pricing by the job, it involves a major change within a dealership. Changing a cultural mindset us a long-term process. Remember, your customers have been used to paying by the hour not by the job. Such a change can accommodate your need to maintain profitability and employee retention, all within a package price or “quote.”

Source: Jerkins Creative Consulting
Developing a Focus to Your Business!

Selling a piece of equipment should not be the only game in town for dealers and manufacturers. Over the years equipment dealers have experienced the erosion of margins on their dealers for increased market share, and in too many cases market share becomes the determining factor of dealer survival. That comes at a price to the dealer. These facts lead intelligent business people to question the financial reasons for distributing specific lines of products.

An objective comparison of equipment dealers suggests that most industries have similar lines of products, a lift truck is a lift truck, a tractor is a tractor, a back hoe is a back hoe, etc. But some competitive products that perform in the same manner may have more “bells and whistles”. Typical equipment dealers promote and sell their products in the same manner, provide about the same services, offer comparable or same prices and same delivery, etc. The result becomes a disturbing level of sameness, ending up with price being the major issue for the sale. The equipment industry then becomes like the airline industry as one airline lowers the price of a seat, everyone else follows suit and the only difference between one airline and another is the paint and the decals on the plane.

This perception of sameness will inevitably cause a long-term decline in customer loyalty. It is important to note that increasing customer loyalty through customer satisfaction will not only increase sales, but will provide increased dealer profitability as well. I know of a manufacturer whose product has been #1 in market share for years, yet their dealers still do not know any higher margins on their product then do those dealers who are selling the same equipment that has a far lower market share. I know of yet another manufacturer who has in their industry the ranking of #1 but whose dealers are showing continued increases in their margins. The second mentioned manufacturer has dealers who have broken away from sameness...and are unique in how they service their customers.

We encourage dealers to focus upon these three words of “value added selling”. If the equipment dealer is to increase sales and profitability, the equipment dealer must give the customer a unique and non-typical reason to buy. The dealer must break away from the pack and eliminate that dreadful market sameness that has existed for too many years.

Many successful equipment dealers have discovered that the best technique for value-added selling is thoroughly promoting the aftermarket services which their dealership has to offer. In so doing, they see both their sales and profitability increase dramatically.

This of course, should come as no surprise to anyone. For years manufacturers and associations and a handful of dealers have been conducting intensive market surveys asking the question, why do customers buy from one supplier versus another?

These market surveys have been going on for more than 40 years and the answers come up the same. The number one customer concern about the dealer/manufacturer is parts availability. Number two, is the dealer/manufacturer service response time. A survey conducted years ago by a very large manufacturer selling through a dealership network, listed 22 customer concerns in descending order of priority. Two-thirds of the concerns centered on the dealer/manufacturer’s ability to provide aftermarket services. The selling price of the equipment was actually eighth on the survey list.

The unfortunate situation is that after conducting these extensive and expensive surveys, manufacturers and dealers seem to pay little attention to the customers’ answers. How often does an equipment salesperson mention to the customer, “our dealership has more than one million in stocked parts available, with overnight delivery service from the manufacturer” or “our dealership has 15 factory-trained technicians with a combined total of 185 years experience servicing the equipment you are about to purchase.

How many times do you hear the salesperson thoroughly review the manufacturers’ warranty with the customer? For that matter how many times does someone mention that the dealership wants the customers’ service business? Lack of doing this creates “Buyers’ Remorse” and a lack of Customer Loyalty to the dealership.

As pointed out in these few examples, of many, if the customer’s major concern is service after the sale, the dealer must emphasize the value-added factor of his ability to provide service after the sale. In other words the customer is not just buying a piece of equipment, the customer is buying the entire dealership’s services, and the dealership should sell the entire dealership as the customer’s one stop shopping alternative.

Stay tuned—To be continued in the next issue of Dealers Choice!

Source: After Market Services Consulting Company, Ft. Mill, SC (U.S.A.)
CHAIRMAN
Ricky Smith
Smith Tractor Co. (K)
Jay, FL

VICE CHAIRMAN
Scott DeMott
DeMott Tractor Co. (C-IH/MF)
Moultrie, GA

IMMEDIATE PAST CHAIRMAN
Jerry Toomey
Toomey Equipment Co. (K)
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Milton Noland
H & R Agri-Power (C-IH/K)
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Aimtrac (C-IH)
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Dalton, GA

Lester Killebrew
SunSouth, LLC (JD)
Abbeville, AL

Ronnie Lott
Talladega Int’l Tractor Co. (C-IH/K)

Keith Marshall
Ag-Pro Companies (JD)
Thomasville, GA

Dan Middleton
Baldwin Tractor & Equipment (K)
Robertsdale, AL

Bob Rodriguez
George’s Mower Service (OPE)
Riverview, FL

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