



BULLETIN

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MESSAGE FROM THE PRESIDENT



John Bunker

Bullets from the Bunker

We were fortunate to spend a couple of productive days in beautiful, Park City, Utah. It was great to spend time with the dedicated members of the FWEDA organization. I truly appreciate working with this group of people. They have come to feel like family. If you are ever asked to serve on the board, I would encourage you to join this close-knit group. This family and organization has made a huge impact on me and my family. It is amazing how similar our struggles are industry wide. The board made final touches regarding the upcoming fall convention in Monterey, CA and we strongly

urge you to plan now to attend in November. Please contact Luella if you need help or would like to know more details.

I spent 12 days in Mexico at a cancer clinic and am hoping to soon see some results from a stem cell injection and numerous treatments. This past month has been a treasure hanging out with my eight kids and giving them quality advice. We have enjoyed talking smack to each other, playing a little family game we like to call run away wheel chair, and working on our Arnold impressions. Our crops are exceeding expectations which gives you a real feeling of accomplishment when you see the product of your

toil. Even the grass is awesome at our summer pasture. People claim California cows are happy but they have not seen our Wyoming cows!

The heat we had been looking for this past spring has finally arrived. We have also experienced some horrendous hail and rain storms in our region but knock on wood, all the crops in our immediate area have been spared. We hope you are faring better. The alfalfa and corn are going rapidly and haying season is definitely in full swing as is apparent in our shops. Looks like we are going to have bumper crops and great prices so STAND on it and make hay while the sun shines!

See you down the road,

John C. Bunker



UPCOMING EVENTS CALENDAR

August 2011
10 Colorado Area Meeting

September 2011
5 Labor Day - Office Closed

November 2011
1 FWEDA Board Meeting, Monterey, CA
3-5 FWEDA Annual Convention, Monterey, CA
24-25 Thanksgiving - Office Closed

December 2011
23-26 Christmas - Office Closed

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FCC - Mandated Working Group Report Documents Pervasive Harmful Interference with GPS

Coalition Members Say Report Verifies LightSquared Plan Defies Laws of Physics; Call for Company to Move Completely Out of Band Adjacent to GPS.

In response to a report submitted June 30, 2011, to the Federal Communications Commission (FCC) by an FCC-mandated technical working group on the potential for interference to Global Positioning Systems (GPS) by LightSquared's proposed broadband network, the "Coalition to Save Our GPS" issued the statements below.

The first statement is on behalf of the Coalition. It is followed by statements from representatives of some of the key Coalition members. The statements follow:

The Coalition: "The FCC technical working group report conclusively shows that LightSquared's proposed operations defy the law of physics, and therefore simply will not work. The report findings are starkly clear: The only real solution to the LightSquared interference problem is to move out of the MSS band altogether. That's because going forward with LightSquared's plans, in all of their various shifting iterations, would cause such widespread harmful interference that it would severely cripple GPS, a national utility upon which millions of Americans rely every day and a critically important tool for a wide variety of industries and government operations that is a mainstay of the U.S. economy.

"The FCC working group report only scratches the surface of the widespread disruption LightSquared's proposed operations would cause. There are 500 million GPS receivers in use in the U.S. alone. These receivers in turn are embedded in tens of thousands of complex systems – from aviation navigation systems to law enforcement dispatch, and

millions of pieces of complex equipment ranging from agricultural combines to snowplows for precision guidance. While we know that these systems will be interfered with we have frighteningly little idea of the magnitude of the consequences of interference, other than it will be truly extraordinary in scale. To tamper with these systems based on technical guesswork would be a mistake of monumental proportions."

Jim Kirkland, vice president and general counsel to Trimble: "LightSquared has been saying since November 2010 that interference to GPS is manageable and technical fixes are available. With the filing of the FCC working group report, all the studies are now in and provide consistent and overwhelming evidence that LightSquared's proposed operations would cause massive interference to every type of GPS device, even devices in outer space. There is no current, existing technology that solves this interference, only unproven claims of hypothetical future fixes. Yet LightSquared still says the same things it said last fall – interference can be "mitigated" and technical solutions will be available in the future. LightSquared has no credibility left, and no one – except those with an economic stake in the outcome – has come forward to support their technical claims.

"At this point, it could not be clearer that LightSquared gambled on the outcome of these technical tests and lost. The FCC, unfortunately, took LightSquared at its word and pushed for extremely fast track consideration of its proposals. This process has consumed millions of dollars and tens of thousands of hours of the employees of the 42 companies and 15 government agencies and other organizations participating in the test process, as well as substantial government resources in a time of budget cuts.

"After all this work had been done, LightSquared last week abruptly proposed to modify the plans it asked the FCC, and all the affected industries, to study last fall. The available evidence in the work-

ing group report shows that this new plan won't work either. LightSquared should not be permitted to waste more time and effort on "Plan B." If LightSquared had done its homework in the first place, it should have put this new plan forward initially. It didn't. And it should now bear the consequences. It's time to stop this process and move on."

Philip Straub, vice president for Aviation Engineering, Garmin International, Inc.: "GPS-enabled devices have brought important advances in aviation safety, particularly for the General Aviation market, which comprises more than 80 percent of the active U.S. fleet. GPS is the primary means of navigation for most of the aircraft. Nearly all military aircraft utilize GPS, as do nearly 80 percent of the cargo planes. And most foreign aircraft that enter U.S. airspace are outfitted with GPS. In recognition of the far-reaching benefits GPS brings to aviation, the Federal Aviation Administration (FAA) has begun implementing the NextGen program, which uses airborne GPS as an enabling technology for a revolutionized Air Traffic Control system.

"It is time to put an end to this dysfunctional testing exercise that has only proven what we have known all along – that operation of LightSquared's proposed broadband terrestrial network will cause catastrophic harm to the aviation industry and the many other critical sectors that rely on GPS every day. LightSquared's 'mitigation' and 'solution' proposals are as impractical as its original plan, and it would be irresponsible to waste any more industry, user, and government time, money, or resources to futilely attempt to find otherwise."

Ken Golden, director of global public relations at John Deere: "The report affirms John Deere's position that the LightSquared network, if allowed to proceed, would have a serious impact on our customers and on the agricultural and construction industries in the U.S. The report of the working group demonstrates

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AFTER MARKET SALES FORCE

Who's Not Buying?

By John Walker, President, After Market Services Consulting Co., Inc.

In equipment sales we have the tendency to pay attention to and talk about our conquests. We talk about our successes, how we captured a major account. We nurture and take care of those who buy from us, those customers who provide us with market share to appease the suppliers. This is as it should be; but . . .

What about all those customers who are not buying from us? Have we ever asked the question of them, face to face: Why aren't you buying from us? How much attention are we paying to them? What are we doing to bring them on board; to add them to our base of customers?

In this instance we are talking specifically about those customers who purchase our line of equipment, but for one reason or another forget about our dealership when it comes time to perform service or maintenance on this same equipment.

Pick up any industries' Cost of Doing Business Study. Look at the dealers' Contribution to Total Sales by their Service Profit Center. As a general rule no other major Profit Center contributes less to the dealerships' total sales than does the service department. Now look at the gross margins produced by the dealerships' four or five Profit Centers. Here you will discover there is no other department that produces the high margins of the Service Department.

What's wrong with this picture? Aren't equipment dealers in business to make a profit for themselves and their families, for their investors and for their employees? Dealers make their suppliers happy with market share. If they fail to do this then their agreements with these same suppliers are questioned. Over the years we have seen few suppliers who are really concerned with their dealers' service business. They care about the dealer making sure the equipment is ready to go to the customer, and that all the mistakes the supplier made in producing the product are fixed (called warranty). They care about the dealer making sure that warranty is performed and that they don't get too many complaints about the Who's Not Buying? dealer's service performance, but outside of that the focus continues to be upon market share of equipment.

How about analyzing your Service Department's Market Share? Contribution is a highly interesting number that we have used for years. The guideline for Service Contribution is generally set at 25% to 28%, and some dealers take it as high as 32% to 34% and they are what we classify as "world class dealers". There are many equipment dealers out there running at the level of 6% to 8%, and we have told them: This is not at all that impressive.

Sometimes we wonder whether dealers are confused by the word "contribution" and refuse to use it as a benchmark. It is

simply a measurement by percentage of what a particular department's contribution is to the total sales of the dealership. Therefore, in order to show who is not buying your service, we looked to a dealer whose Operations Manager decided to figure out his Service Market Share. Surprisingly it all becomes extremely simple.

It works like this. Assume you have 1,000 customers who have purchased equipment from your dealership over the past five years. Of this 1,000 only 300 are using your service facilities and 700 are either out-sourcing their service or doing it themselves. Service Market Share is based solely upon the customer base identified as buying your equipment and/or operating your equipment. Therefore, in the example shown, your Service Market Share on the equipment you sold is 30%. This clearly tells someone it is time to begin the marketing of you Service Department.

Now the one solid result with figuring Service Market Share is that it becomes necessary to dig deep into your customer lists to determine which customers are or not buying service from your dealership, despite the fact that they originally purchased the equipment from your dealership. When this list is drawn up you have created your "first great marketing tool" for your service department. You have created a list of customers who for some reason or another have decided that they don't need you to service their equipment. Remember how often we have told our readers that their customers all have a choice when it comes to both service and parts, in effect, they don't need you to satisfy their product support needs and requirements. . . . they can quite easily go someplace else!

You may well say at this point: "Well they may not be buying our service, but they are most certainly buying our parts and that's business we don't want to give up for the sake of getting their service business. Well, we are willing to wager that if you get their service business the likelihood of your getting all of their parts business is almost a "slam-dunk."

We can tell you with certainty that if your Service Contribution is low (between 6% and 10%) that your market share as described above will be low. The Operations Manager, in this article, who discovered his market share of service was 30%, was most certainly not a "happy-camper" He told me when he discovered this it felt like a horse had kicked him in the stomach and that he was going to shoot for 50% in the coming year and not be satisfied until he reached 75% to 80%. All of this will come from planning how to do it, but a 75% to 80% market share in the dealership's service sales would also be extremely profitable for the dealership, all of its' managers, and personnel.

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there is no practical solution to mitigate the interference that would result if the proposal is allowed. It is not acceptable to allow a new network to interfere with these vitally important industries and weaken the strong competitive position of the U.S. in the global economy. Research has shown that losing the use of GPS technology could have a negative impact of \$14 billion to \$30 billion annually for U.S. farmers.”

Siamak Mirhakimi, general manager, Caterpillar Electronics & Systems Integration: “The study group report makes it very clear that if this planned use of spectrum is permitted to proceed its harmful interference with high precision GPS would significantly impact the heavy construction and civil engineering industries. These industries, which employ more than a million people in the U.S., have invested billions of dollars in GPS enabled products. Both depend heavily on high precision GPS technology because of the important benefits it provides: increased productivity, improved job site safety, faster project completion times and reduced fuel and rework costs. The test results clearly show substantial interference to high precision GPS which in turn will impact our products and customers. Allowing any company to cause interference to the GPS band would be a major step backward, and should be blocked.”

Background

In January, the FCC granted a conditional waiver to LightSquared allowing the dramatic expansion of terrestrial use of the satellite spectrum immediately neighboring that of GPS, causing severe interference to millions of GPS receivers. The FCC’s decision has caused serious concern within various government agencies as well as the GPS industry and user community because LightSquared’s planned use of the spectrum is dramatically different from the limited “ancillary” ground-based use previously permitted by FCC rules, and is incompatible with GPS.

About the Coalition

The “Coalition to Save Our GPS” is working to resolve a serious threat to the Global Positioning System. The FCC granted a highly unusual conditional waiver for a proposal to build 40,000 ground stations that could cause widespread interference with GPS signals – endangering a national utility which millions of Americans rely on every day. The conditional waiver was granted to a company called LightSquared. Today, more than 100,000 companies and millions of people working in industries like aviation, public safety, agriculture, transportation, as well as in the public sector are represented in the Coalition either independently or through trade associations.

Source: AED News

Editor’s Note: The full report is available at <http://www.saveourgps.org/pdf/GPS-Report-June-22-2011.pdf>.

President Named at Bush Hog

Attendees at Bush Hog’s 57th Annual Sales Meeting last week had a chance to meet and talk with Gerald E. Worthington, newly named President of Bush Hog. Worthington comes to Bush Hog after service as President of JGJ Global and over 23 years of operations leadership experience with Modine Manufacturing in North America and Europe .

Worthington was introduced by Rick Pummell, Executive Vice President of Alamo Group Inc., the parent company of Bush Hog. “Jerry has an outstanding track record of success and his experience spans all areas of business” Pummell said. “He is well suited to his new role at Bush Hog and I know he will lead this team in building on Bush Hog’s success.”

“Bush Hog stands for performance you can count on”, said Worthington, “and that is one of the things that drew me to this opportunity. I am impressed with

the people in this company, the heritage of the brand, and most of all the potential we have to grow this business and find new ways to serve our customers.” Worthington holds a B.S. degree from Indiana University and an M.B.A. from Loyola in Chicago. He and his wife will be relocating to the Selma, Alabama area.

Bush Hog is a global market leader in the manufacture and sale of tractor powered rotary cutters, loaders and attachments. In 2011 Bush Hog is celebrating 60 years of serving customers world-wide.

Alamo Group, parent company of Bush Hog, is a leader in the design, manufacture, distribution and service of high quality equipment for right-of-way maintenance and agriculture. Alamo Group products include truck and tractor mounted mowing and other vegetation maintenance equipment, street sweepers, snow removal equipment, pothole patchers, excavators, vacuum trucks, agricultural implements and related aftermarket parts and services. The Company, founded in 1969, has approximately 2,325 employees and operates eighteen plants in North America and Europe.

Source: Farm Equipment

Want to Make More than a Banker? Become a Farmer!

If you want to become rich, Jim Rogers, investment whiz, best-selling author and one of Wall Street’s towering personalities, has this advice: Become a farmer. Food prices have been high recently. Some have questioned how long that can continue. Not Rogers. He predicts that farming incomes will rise dramatically in the next few decades, faster than those in most other industries — even Wall Street. The essence of his argument is this: We don’t need more bankers. What we need are more farmers. The invisible hand will do its magic. “The world has got a serious food problem,” says Rogers. “The only real way to solve it is to draw more people back to agriculture.”

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INDUSTRY NEWS

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It's been decades since the American heartland has been a money pump and longer since farming was a major source of employment. Old rural towns have emptied as families — and the U.S. — have moved on. Technology, service jobs and finance have been the basis of the economy since at least the 1980s. Farming became the economic equivalent of a protected species — supported by a mix of government handouts, lax regulation (agriculture is one of the few industries shielded from certain child-labor laws) and charity concerts.

But in the past few years, thanks to a wealthier (and hungrier) emerging-market middle class and a boom in biofuels, the business of growing has once again become a growth business. At a time when the overall economy is limping along at an anemic growth rate of 1.9%, net farm income was up 27% last year and is expected to jump another 20% in 2011. Real estate prices in general are again falling this year. But according to the Federal Reserve, the average farm has doubled in value in the past six years. Farmland is quickly emerging as one of the year's hottest investments on Wall Street. "We've been doing this for a number of years, long before anyone thought this was sexy," says Jeff Conrad, who heads Hancock Agricultural Investment Group. "Now we are getting a lot of calls, and we are noticing more competition. There's a lot of interest in New York."

These days, a trip to Grand Island, NE, a city of 48,500 surrounded by farms, is a trip to an economic bizarre land. Business is booming. None of the half-dozen or so local banks in town have failed or even come close to failing. In fact, profits are up. "A lot of local banks are sitting with a lot of cash," says Colby Collins, Grand Island branch manager for Five Points Bank. The largest local manufacturing plant, which makes combine harvesters, is at full capacity. Case IH plant manager Bill Baasch has hired 130 workers in the past nine months. Sales at

Global Industries, a company based in Grand Island that makes grain-storage bins and other building materials, are up 130% since 2003. Tom Dinsdale, who owns the local General Motors car dealership, says 2010 was the best year he's ever had. Customers who would normally buy a Chevy Suburban are buying a Cadillac Escalade. Dinsdale is adding an infinity pool to his nearby riverfront second home. "Business is good," he says.

Even housing has done well in the past few years. Realtor Lisa Crumrine says her office has sold 48 homes in Grand Island in 2011 and that prices are up slightly. Greg Baxter, a cattle rancher and real estate developer, says he has sold six lots so far this year in a development just off Grand Island's commercial strip. Local homebuilders are busy constructing custom homes on the properties. That's one reason Nebraska's unemployment rate is 4.1%, the second lowest in the country behind that of mining-heavy North Dakota. Iowa's unemployment rate is a slightly higher 6%, still far lower than California's 11.7%, New York's 7.9% or the national average of 9.1%.

Even with the recent uptick, however, agriculture accounts for only 1% of U.S. GDP. Add in all those other things that are part of the farm economy — tractors, fertilizer, seeds — and you still get to only about 4%. That's smaller than real estate — about 13% — and far smaller than the nation's service sector, which makes up about 70% of the economy. As Jamie Dimon, head of JPMorgan Chase, tells TIME, "We don't make up what we lose to the world in buying oil by selling them corn."

But some experts believe agriculture can do more to fuel job growth. Chuck Fluharty of the Rural Policy Research Institute at the University of Missouri sees a possible renaissance in farm towns. As money flows back into those areas, he predicts, farmers will need somewhere to invest. As they did with ethanol, he says, farmers will put their money in new industries that will create uses for

their crops, like biodegradable plastics or other kinds of biofuels. The result will be more jobs. "Agriculture is the most critical story in our economy today," says Fluharty. "It will affect the future of the world."

The main reason for U.S. farmers' unlikely recovery is as familiar as the outcome is foreign. Wealthier consumers in places like China and India are eating more, and in particular they are eating more meat. The average American consumes about 250 lb. (113 kg) of meat a year. The average Indian eats less than 10 lb. (4.5 kg) a year. In China, it's more like 100 lb. (45 kg). Which means there's a lot of room for growth. Half of U.S. corn production goes to feed cattle, pigs and poultry, which drives up demand for grain. Ethanol has increased the demand for corn as well. As a result of both trends, corn prices have more than doubled in the past year, to a recent \$6.81 a bushel. Soybeans, which are the U.S.'s largest farm export to China, are up too.

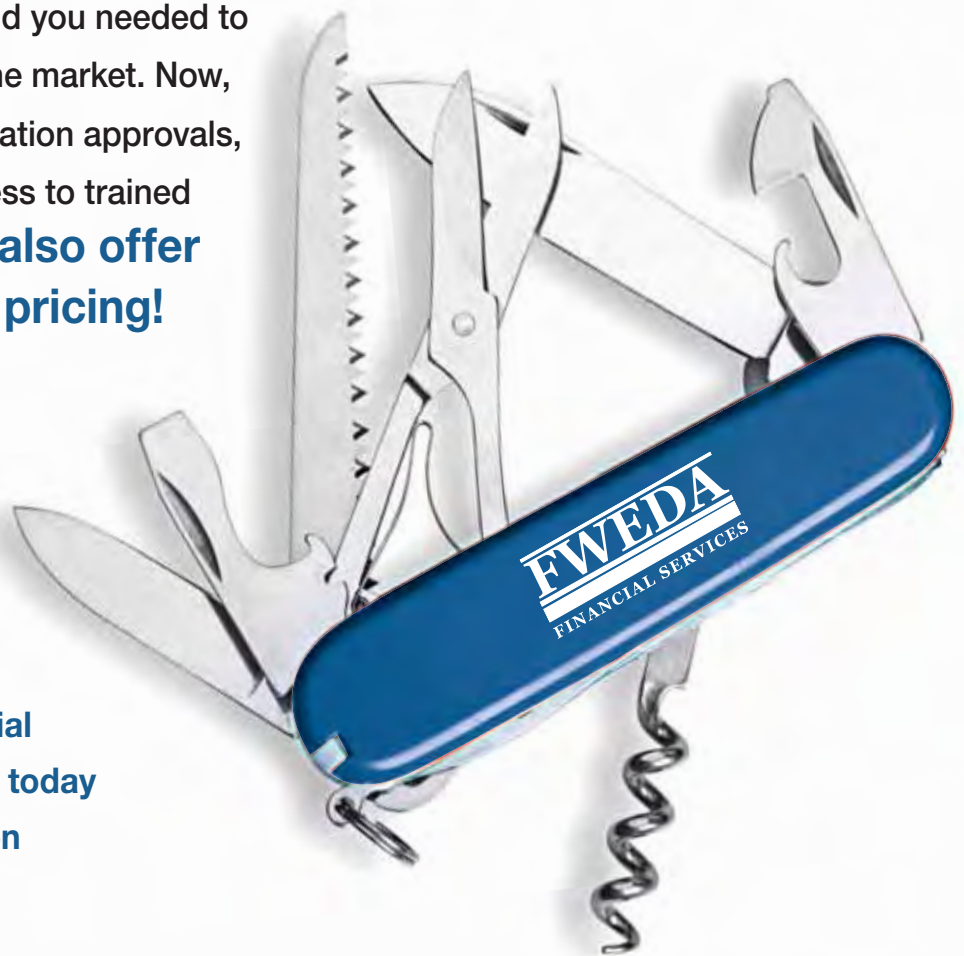
Meanwhile, a number of innovations have made U.S. farmers significantly more productive than they were just two decades ago. Bioengineered seeds mean they can use smaller amounts of pesticides and water. And with GPS-aided, computer-monitored planting, some farmers are able to squeeze two rows in a space not much bigger than what used to fit only one. An average acre produced 91 bushels of corn in 1980; it now produces 152. That, along with higher prices, is boosting profits and making farmland dramatically more valuable — and farmers richer.

Ken Woitaszewski knows what it's like to lose the farm. In 1985 he got a call saying the bank was about to foreclose on his family's 500 acres (200 hectares) in Wood River, NE. He was 24, married and living in a trailer. It had been years since his father's farm was able to support the family. He and his three brothers did odd jobs. Woitaszewski worked on other people's farms. He assembled

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Paul Kindinger, CEO

North America Equipment Dealers Association

"We all have our own obstacles we deal with in our lives. It's about overcoming them. We all have something to wrestle with."

These words of inspiration and hope come from the 2011 NCAA wrestling champion in the 125 pound weight class. His record of 36 wins – 0 losses is impressive. Add to that feat that he was also the three time PAC 10 champion and three-time All-American during his time at Arizona State and I think you will agree, he is one impressive wrestler. But what makes his story truly astonishing is to realize that this young man, Anthony Marc Robles, accomplished all this success with only one leg.

Born without his right leg, he refused to have a "pity party" or to think of himself as having a disadvantage. In fact, what others might have perceived as a disadvantage, he thought of as an advantage. And, after getting off to a somewhat rough start to his wrestling career in high school – losing every match his freshman year – he began to work on a strategy and style to fit his body type. Soon, he was improving ... and winning.

Award winning inspiration

To top off his successes, Anthony Robles was recently awarded two ESPY awards from ESPN in acknowledgement of his excellence in sport performance. One was the Jimmy V. trophy for perseverance. Jimmy V. (legendary basketball coach Jimmy Valvano) was the very first ESPY winner and is famously quoted as saying, "Don't give up. Don't ever give

Something To Wrestle With

up," just eight weeks before he died of cancer. Obviously, Robles never gave up and has now become an inspiration to millions. The other award was for best male athlete with a disability. But the reality is, according to everyone who knows Anthony, **he doesn't have a disability.** He just has a different body type.

Even as a child, he refused to wear a prosthetic leg. He would hide it from his mother so she wouldn't make him wear it when he played sports. However, since the ESPY award ceremony he is giving a prosthetic leg a try. That's because manufacturer Otto Bock and the Wiggle Your Toes Foundation fitted him with a state-of-the-art prosthetic Helix hip and C-leg to give him the flexibility to do more things. Like other challenges in his life, he is learning to adapt to his new circumstances and says, "Eventually I plan to be running on it."

Anthony Robles will also do just fine in his new career as an inspirational speaker. After all, anyway you look at it, he has plenty of material he can use to inspire us all.

Those of you who know me, know I'm a sucker for a great inspirational story. I usually wouldn't watch the ESPY awards, but something drew my attention to Robles' story. I was captivated by his never-give-up approach to whatever life throws his way. But, maybe the less obvious lesson in his amazing story is his ability to re-frame his circumstances, adapt to the situation and come out a winner.

His story provides great lessons for business and life in general. It's easy to become overwhelmed or discouraged by our circumstances and to think, "I can't get through this." But, the next time a challenge presents itself, large or small, remember Anthony Robles and how he overcame his circumstances so he could be the best.

In business, we must constantly adapt to our circumstances, execute a plan, and measure the results, lest we lose sight of our dreams. And that's at the heart of why Robles is an inspiration. His story reminds us to never give up on our dreams – even when faced with seemingly impossible obstacles. Think big. Set high goals and be the best person and business leader you can be.

So, the next time you're "wrestling" with problems or life in general, recall Anthony's words of hope: "We all have something to wrestle with. It's about overcoming them." And that's the way I see it!

What is your perspective on this subject? Send your comments to naeda@naeda.com or make your comments on the CEO blog version of this column on www.naeda.com. By commenting, you are granting NAEDA the right to publish and reuse your words in NAEDA Equipment Dealer magazine the NAEDA Web site, and/or other materials or communications, unless you specifically indicate not to make your comments public.

PAUL KINDINGER is president/CEO of the North American Equipment Dealers Association. The association, in coordination with affiliated state, provincial and regional associations, provides educational, legal, legislative, and financial services to approximately 5,000 retail agricultural, construction, large property, and outdoor power equipment dealers in the United States and Canada.



Out-of-State Employees Entitled to Overtime Pay

In a disappointing decision for California employers, the California Supreme Court ruled that California overtime laws protect non-resident employees when they perform work in California for California-based employers. *Sullivan v. Oracle Corporation*, (No. S170577 June 30, 2011).

Oracle is a California-based software company. Oracle employed the three plaintiffs in the case as software training instructors. None of the employees lived in California, but they performed work as training instructors in California and other states. Two of the employees lived in Colorado, and one lived in Arizona. During the three-year time period at issue in the lawsuit, one employee worked 74 days in California, another employee worked 110 days and the third employee worked 20 days.

The employees' lawsuit claimed that the employees were not paid overtime for days that they worked in California. Oracle chose to apply the wage-hour laws of Colorado and Arizona to the employees' work.

Strong State Interest

The employees filed their lawsuit in a federal court. However, the federal court sent three key questions to the California Supreme Court, noting strong state interest in deciding how state labor code laws are applied. The California Supreme Court ruled on the following three questions:

Question 1: Does the California Labor Code apply to overtime work performed in California for a California-based employer by out-of-state workers, such that overtime pay is required for work in excess of eight hours per day or in excess of 40 hours per week?

Answer: Yes. The court clearly said that California's overtime provisions apply to any employee who works in California for a California based employer. The court found that California "unambiguously asserted a strong interest in applying its overtime law to all nonexempt workers and all work performed within its borders."

The court noted the strong public policy interest in protecting the health and safety of workers and protecting against the "evils associated with overwork." The court's opinion emphasized that the statutory language relating to overtime did not omit non-resident employees and that the Legislature's decision to not exclude non-residents must have been deliberate given that other provisions of the Labor Code specifically excluded non-residents.

Since daily overtime is rare in other states, this decision has a tremendous impact on the probable thousands of workers who come from out-of-state to work on assignments for California employers.

Question 2: Does California's Unfair Competition Law (UCL), found in Business and Professions Code section 17200, apply to the overtime work described above?

Answer: Yes. The court concluded that UCL applies to the overtime worked performed in California by out-of-state employees. The effect of this ruling is to allow plaintiffs to use the UCL's longer four-year statute of limitations for bringing actions, instead of the three-year limitations period that would normally apply.

Question 3: Does California's UCL apply to overtime work performed outside California for a California-based employer by non-resident workers if the employer failed to comply with the overtime provisions of the federal Fair Labor Standards Act (FLSA)?

Answer: No. The plaintiffs argued that California's UCL should also apply to FLSA violations that occurred when they worked in other states beside California. The court disagreed, ruling that nothing in the UCL's language or legislative history indicated that it was meant to apply outside the state.

Unresolved Questions

Because the court's decision was limited specifically to the facts of this particular case, the ruling does not resolve many related questions, and those questions will likely be the subject of future litigation. The court limited the decision's application in these crucial respects, and left these issues unresolved:

- Limited to full days or weeks of work: The facts of the case involved only full days or weeks of work, not partial days. The court indicated that California overtime laws would apply when the non-resident employee entered the state for "entire" or "full" days or weeks of work. The court distinguished this case from the circumstances of a non-resident worker who enters California "temporarily during the course of the workday."
 - It can be expected that employees in future cases will take the position that the reasoning of the decision should apply to both partial and full days of work in California.
- Limited to overtime claims: The court indicated that its ruling is limited only to the question of whether these non-resident workers could receive overtime. It specifically declined to address whether other wage-and-hour laws, such as meal and rest periods, pay stubs or vacation time, would also apply to non-resident workers who perform work in California.
 - Again, it is likely that we will see future litigation arguing that these other wage-and-hour rules also ap-

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INDUSTRY NEWS

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farm equipment for a dealer. Two of his brothers drilled wells and installed pivots, the long-boom sprinkler systems that water most farms. Another worked as a plumber.

Woitaszewski says he had no idea how much financial trouble his father was in. "My father was very old school," he says. "Today's farmer is much more open-minded." But it was the 1980s, and rising interest rates were spelling an end to many family farms. Pooling their money, the brothers found they could save only a so-called quarter section, or 160 acres (65 hectares), of the family's land. That was the seed of their rebound. "Losing the family's land to the bank was an important experience," says Woitaszewski. "I remember lying in my trailer thinking, I will do whatever it takes not to let that happen again."

The first few years were rough for Woitaszewski. Crop prices were low, and farm profits were nonexistent. He and his brothers had to hold on to their odd jobs. To keep the farm afloat, they ran it as cheaply as possible. They built their own barns and fixed up old tractors. But as more people ran into trouble, more farms became available. Woitaszewski says an experienced farmer once told him the best way to not lose your farm to the bank is to pay for it in cash. "We were lucky," says Woitaszewski. "We didn't have a lot of equity, so we couldn't do a lot of borrowing." In 1990 the brothers bought another 120 acres and then 40 more in 1994. By then, prices had risen to nearly \$2,000 an acre (almost \$5,000 per hectare).

Woitaszewski and two of his brothers now farm 10,000 acres (4,000 hectares), about 60% of which they own. At the current average price of about \$4,000 an acre (just under \$10,000 a hectare) in Nebraska, the Woitaszewskis' land alone is worth \$24 million. Back-of-the-envelope math suggests profits this year could be as high as \$6 million, though Woitaszewski doubts they will hit that mark. Nonetheless, he seems somewhat amazed by his

success. "We as humans possess more ability than we give ourselves credit for," he says.

John Willoughby, who owns 2,000 acres (800 hectares) in Wood River, got his start in farming in 1992, when his father-in-law retired. At the time he made the switch, he worked for a bank, and most of his clients — farmers — thought he was crazy. Today the move seems to have paid off. He expects his profits to be up 25% this year, and that's on top of a number of good years. A few years ago, he and his wife built a five-bedroom, five-bathroom home. They have four daughters, and Willoughby hopes to be able to send all of them to college nearly debt-free.

Most of the money he makes, though, goes back into his farm to pay down debt or buy new equipment. Willoughby says he has seen a lot of new grain bins go up on nearby farms this year. Last summer he spent \$220,000 on a new tractor. He also bought a new grain bin (\$60,000) and recently a new sprayer (\$30,000) to spread herbicides. But the last time he bought land was three years ago, when he picked up 160 acres (65 hectares). Like other farmers, Willoughby says he is a pretty conservative businessperson. To him, land prices seem high. "It was hard to earn money for a number of years," says Willoughby. "I'm not going to waste it."

Already, the prosperity of farmers, along with rising concerns about U.S. debt, is changing the debate in Washington about agriculture. In early June, the Senate voted overwhelmingly to end tax credits and trade protections that benefit the corn-based ethanol industry. Although few think a complete ban will make it through both houses of Congress, many believe Washington is likely to curb its support of ethanol — long thought to be untouchable because of its popularity in Iowa.

The real fight will be over the farm bill, which is up for renewal next year. The legislation, which was last passed in

2008, features \$19 billion in subsidies for farmers, including \$8 billion in direct payments. Some have long opposed the bill because it favors grains over other crops and supports large commercial farms or hobby farmers, who don't need the payments. Even the Iowa Farm Bureau has given up its support for direct payments. Woitaszewski says the amount he receives from the government has dropped dramatically as conditions for farmers have improved. He won't specify how much he gets but says it is roughly enough to cover his property-tax bill. And he says he would consider giving up his payments in return for fewer restrictions on land use. Converting land currently being used to grow grass to corn and other crops is, he says, the only real answer to high food prices.

Some fear that support from Congress could be ending just when the good times for farmers are entering a rough patch. Farming is a capital-intensive business, and most farmers need to borrow to be able to purchase their tractors and other equipment. Many expect that when the economy either improves or gets significantly worse, interest rates will rise. And rising interest rates will make it more expensive for farmers to borrow, which will lower profits. Historically, farm incomes have crashed during times when the overall economy was improving. And some economists, including Yale's Robert Shiller, are saying there is a bubble in farmland. But many agricultural economists believe the rising demand for food in Asia and elsewhere will mean that crop prices will stay high even after the economy improves.

For now, though, years of lackluster economic growth and the so-called rise of the rest are likely to ensure that the good times in the U.S.'s farm regions continue. "For most of these years, we just tried to get by," says Woitaszewski. Now grain bins, which break up the seemingly never ending flatness of central Nebraska, are growing faster than crops. Woitaszewski has his own \$350,000 storage project in

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the works. "These are some of the best economic conditions I have seen in my career," he says. It's a sentiment that's welcome — and rarely heard these days beyond the Midwest's amber waves of grain.

Source: Time Magazine

Wrangling Continues Over New Derivatives Rules

The financial arms of U.S. manufacturing companies, nervous about new derivatives rules that could curb their financial hedging activity, continue to press federal regulators attempting to decide which companies escape the regulations.

"I don't think anyone is really comfortable about where they stand or willing to do much planning around this until the final rules are published," said Clay Thompson, head of government affairs at Caterpillar Inc.

Caterpillar Financial Services Corp. is sending letters to regulators along with Boeing Capital Corp., a unit of Boeing Co., John Deere Financial, a unit of John Deere Ltd., and the Ford Motor Credit Co., a subsidiary of Ford Motor Co. The financial units are asking regulators to give them the same exemption that their parent companies will likely get, keeping them from being lumped in with regulations for financial companies.

"Ford Credit is concerned that even if a manufacturing company's captive finance affiliate meets the statutory exemption from the clearing requirements that it might nonetheless be considered a financial end user or entity, which is not the intent of the Dodd-Frank Act," Ford said in a letter dated June 24, 2011.

"We're a little bit of a different animal from commercial banks and other finance companies and our risk profile is completely different," Mr. Thompson said. "Our sole mission is to help facilitate the sale of our parent's product. In other words, keep our factories humming."

These so-called captive finance companies perform banking functions, often by extending loans to customers, to facilitate the business of the parent companies.

The question of how these finance units will be treated is the latest in a long battle over whether commercial companies will be subject to new derivatives regulations.

Companies such as Caterpillar have long argued that they use swaps to hedge business risk and don't use enough of them to pose a risk to the financial system, so therefore they shouldn't be treated the same way as the financial institutions that are the focus of last summer's Dodd-Frank financial law.

"It is a very, very dubious distinction on many levels," said Benn Steil, the director of international economics at the Council on Foreign Relations who recently testified before Congress on the subject of the Dodd-Frank derivatives rules. He said the financial crisis proved that many corporate, state and municipal entities entered into derivatives contracts that they didn't understand.

"We know that end users do often take inappropriate risks in the derivatives market," Mr. Steil said in an interview.

Mr. Steil said the exemption was a "loop-hole" that would inevitably lead to "regulatory arbitrage," or companies taking advantage of differences in regulations.

But if there is going to be a distinction, manufacturers want to make sure their finance units end up on the less regulated side of it.

"Any sort of line between industrial end users and financial entity end users is kind of a false one from a policy standpoint, but if you are going to try to draw a line between commercial entities and financial entities, we look a lot more like commercial entities," said Caterpillar's Mr. Thompson.

With Dodd-Frank, lawmakers aimed to transform the opaque over-the-counter derivatives market into an openly traded, transparent market by moving as many

trades as possible onto exchanges and routing them through clearinghouses. Clearinghouses collect margin from both sides of the deal and guarantee the trade in case one party defaults.

Commercial companies that use swaps were exempted in the law from clearing trades, but could still have to post margin under some of the rules proposed by bank regulators.

With Dodd-Frank, Congress assigned to the Commodity Futures Trading Commission the bulk of the responsibility for writing dozens of rules creating a new regulatory regime for over-the-counter derivatives known as "swaps." The new regime was supposed to be in place by July 16, but the CFTC voted last month to delay some of the Dodd-Frank provisions for as long as six months.

Source: Wall Street Journal

Can't Commit to California: Clean Car Cancellation Cause for Celebration

Looking to California for inspiration on public policy usually comes with a big price tag. Thankfully, the Arizona Department of Environmental Quality (ADEQ) has proposed the repeal of such a California-inspired policy: the "Clean Car Standards" rule, also known as the California Low Emission Vehicle Program (CA LEV).

The program was adopted by the Governor's Regulatory Review Council at the direction of the Napolitano administration in May 2008, effectively tying Arizona's tailpipe emissions standards to California's standards, which are the strictest in the nation. ADEQ would instead like to implement the new federal vehicle emissions standards that would establish limits on pollution nearly as stringent as the California rules, while costing less to enforce.

The Arizona Chamber of Commerce and Industry and the Greater Phoenix

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TENTATIVE AGENDA

64th Annual Convention

November 3-5, 2011

Portola Hotel & Spa
Monterey, California



PORTOLA HOTEL & SPA
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PORTOLA HOTEL & SPA
AT MONTEREY BAY

Tuesday, November 1st

Noon Board Lunch
1:00 pm Board Meeting

Wednesday, November 2nd

7:30 am Registration Opens
8:00 am Manufacturer's Line Meeting
Case IH
Mahindra
New Holland
Noon Ladies Board Meeting & Lunch
1:00 pm Manufacturer's Line Meeting
AGCO
John Deere
Mahindra
6:00 pm Past President's Reception
Invitation Only

Thursday, November 3rd

6:00 am Registration Opens
7:00-7:45 am Golf Tournament Van Pickup
8:00 am Ocean Fishing - Chubasco
8:30 am Golf Tournament
Del Monte Golf Course
10:00 am Silent Auction Opens
12:30 pm Golf Lunch & Prizes
6:00 pm Manufacturer's Hospitality

Friday, November 4th

7:00 am Registration Opens
8:00 am Welcome Breakfast
Speaker
Commander Kirk Lippold
10:00 am General Session
Speakers
Jim Falk
Team Building
Abe Hughes, VP Sales &
Marketing, New Holland
10:00 am Spouse's Tour -
17 Mile Bus Tour & Lunch

Friday, November 4th (continued)

Noon Lunch On Your Own
1:30 pm General Session Resumes
Technology Speakers Panel
Moderator - Tony Dunnagan,
Jerkins Creative Consulting
Ken Edwards, AEM
Ben Studer, Ag Command/Top Com
Jeff Bentley, Ag Leader/Auto Farm
Jeff Morrison, Grimmway Farms
Jerry Roell, John Deere
Tim East, Trimble
Steve Almanza, Federated
*Attracting & Retaining
Key Employees*
6:00 pm T&E Reception/Casino Night
8:30 pm Silent Auction Closes

Saturday, November 5th

7:00 am Registration Opens
7:30 am Continental Breakfast
8:00 am Annual Membership Meeting
8:30 am 2nd General Session
Speakers
Tony Dunnagan,
Jerkins Creative Consulting
The Profit Potential of Technology
Roger Gjellstad,
Helping Dealers Succeed
9:00 am Ladies Breakfast
Cookie Decorating
Noon Joint Luncheon
Speaker
Charles Marshall
2:30 pm Afternoon Board Meeting
6:00 pm Banquet Reception
7:00 pm Banquet
Wayne Lee, Hypnotist

2011 CONVENTION UPDATE

Make plans now to attend the 2011 Convention

November 3rd - 5th at the Portola Hotel & Spa, Monterey, CA

We have some great events lined up this year for the convention. There will be Manufacturer's Line Meetings beginning at 8:00 am on Wednesday, November 2nd and again at 1:00 pm. We also have a Technology Panel as part of the General Session on Friday, November 4th. **This is one convention you don't want to miss!**

Here are just a couple of the speakers we have lined up for you during the convention.



Tony Dunnagan

Training & Implementation
Specialist,
Jerkins Creative Consulting

Tony Dunnagan brings a lifetime of equipment dealership experience to the clients of Jerkins Creative Consulting. He has served in various dealership posi-

tions, most notably as a successful operations and general manager. It is the level of quality and profitability he was able to achieve that sets Tony apart in the industry. While serving as a dealership manager, he diligently focused on increasing aftermarket profitability, and his training programs cover the strategies and techniques required to increase both sales and profits in this area.

Tony holds a degree with honors in Agriculture Business Management from North Carolina State University, a Masters Degree in Agricultural Education from North Carolina A&T State University, and is a seasoned instructor to numerous dealerships and college classes.

Tony brings nearly 25 years of active operational experience in agricultural and construction dealerships from a single to a multi state growth oriented organization. Through JCC, Tony offers six years of specializing in Aftermarket and Product Support solutions and providing profitable strategies that are targeted through individualized dealer evaluations.

Working hand-in-hand with dealership personnel, Tony is able to guide a dealership to higher levels of operational effectiveness. As a result, dealers are better able to capitalize on ever-changing business trends, and thus achieve greater levels of profitability and customer satisfaction. Other areas in which Tony has expertise are employee development, sales and parts management techniques, departmental interaction, parts profitability, and utilization of technology.

During the afternoon General Session, Friday November 4th, Tony Dunnagan will be moderating the technology panel with representatives from Trimble, John Deere, Ag Command/Top Com. Ag Leader/Auto Farm, AEM, along with a customer using the technology on his farm.

During the 2nd General Session, Saturday November 5th, Tony will be talking about the Profit Potential of Technology.

Technology seems to be a buzzword that people throw out to sound as if they are in the know or a word that is synonymous with expense, confusion, and dread. Generations are being defined by technology and businesses are finding that their profitability is based in their acceptance and understanding of software, hardware, and the Internet.

The Agriculture industry is no different. Those that supply the equipment to end-users must not only become experts on equipment technology but they must embrace the ideas and systems that will improve profitability in Parts, Service, and Sales. This session will take a look into where equipment dealers are today and where they should plan to be in the near future. Profitability impact and evolving training needs will be highlighted as this on going process of change takes place in your dealership.



Abe Hughes

VP Sales & Marketing,
New Holland

As Vice President of Sales and Marketing for New Holland Agriculture, North America, Abe Hughes oversees all sales, marketing and support functions of New Holland agricultural products in North

America and heads the efforts of the Regional Sales Directors and Product Marketing Managers, as well as the brand communications, dealer sales support, field sales and marketing support staff.

Abe joined CNH in 2008 as Vice President/Director-Business Development Americas, with accountability for leading business development activities for the U.S., Canada and Latin America. He has worked on a number of projects and initiatives related to New Holland Agriculture.

Abe has an extensive background in strategic planning/corporate development, sales and marketing and international management. Prior to joining CNH, he held a number of senior management positions with Bank of America, Eli Lilly and Company and R. R. Donnelley & Sons, among others, in the U.S., Spain and Brazil. A graduate of Cornell University with a BA in history, Abe earned his Masters in Business Administration from Harvard University.



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INDUSTRY NEWS

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Chamber of Commerce submitted written comments supporting ADEQ's proposal to repeal the California rule, citing the lack of evidence that it would provide environmental benefits and highlighting the increased costs the rule would place on the purchases of new vehicles in Arizona. The California program would also impose regulatory costs on Arizona to monitor all of the vehicles that are sold in the state to ensure that they met the emissions standards and could require the installation of infrastructure to support fleets of electric cars.

Following California's lead on this rule may open Arizona to other disturbing trends happening in the Golden State, such as the business exodus they are experiencing right now. It was recently reported that thus far in 2011 nearly 70 companies have moved all or part of their business out of California to other states or countries due, at least partially, to the overbearing regulatory environment.

The arguments that Arizona environmentalists are making in favor of the California rule focus on the potential for deteriorating air quality and the associated health impacts. ADEQ estimates that emission levels under the federal standard would be about 1 to 2 percent higher than under the California program. Imposing superfluous costs at a time when consumers and the business community are already struggling financially does not justify a negligible difference in air quality.

The purported environmental benefits of CA LEV simply do not justify the costs that will put Arizona at a competitive disadvantage relative to states that follow the federal standard. Further, a state-by-state approach to regulating vehicle emissions does not serve the best interests of consumers or auto dealers.

ADEQ's repeal of this rule supports the efforts of Governor Jan Brewer and the Legislature to reduce unnecessary regulatory burdens on Arizona businesses and to increase our state's competitiveness. We hope that regulatory burdens will continue to be lifted on the business

community and that any future rulemakings will carefully consider the resulting costs for Arizona businesses.

Source: Arizona Chamber of Commerce and Industry

Dept of Transportation May Require Farmers to Have a Commercial Driver License

First it was the Environmental Protection Agency talking about regulating dust from farm fields. Now, it's the U.S. Dept. of Transportation (DOT) considering forcing farmers to have a Commercial Driver License (CDL) to operate farm machinery on roads. This includes tractors.

Until some ag groups intervened, the DOT was ready to subject farmers to new trucker-style safety rules. If that isn't bad enough, the real kicker is the agency was preparing to do it with little or no notice.

The ag groups managed to get more than a dozen senators involved to forestall the strict new rules. At this point, all they're asking for is an extension to the public comment period on a series of proposed new guidelines on farm vehicles that govern long-haul truckers.

Why would DOT even consider this? Because highway safety advocates say the rules governing commercial vehicles should be tightened. In the July 2011 edition of the Roll Call newspaper, Steve Keppler, executive director of the Commercial Vehicle Safety Alliance, is quoted as saying; farmers "do operate big trucks and share the road with other people."

Elizabeth Jones, director of Congressional relations for the American Farm Bureau Federation, counters, "Tractors don't get on the interstate; they don't carry passengers."

According to Roll Call, farmers driving on public roads have been exempted from certain commercial vehicle regulations during planting and harvest seasons

for trips of 100 miles or less. Drivers of these farm vehicles do not need to obtain commercial driver's licenses, carry medical documents showing they are fit to drive or limit their hours on the road as commercial drivers do.

Among other questions, Federal Motor Carrier Safety Admin.'s (FMCSA) Anne Ferro is considering whether farmers who drive across state lines or share a portion of their crops with a landlord should enjoy the vehicle safety exemptions.

Now ask yourself, "What on this green earth does sharing a portion of your crops have to do with vehicle safety?"

So, when the additional cost of controlling field dust and obtaining CDLs is added into the rising cost of food, where will the finger of blame be pointed? You got it! Right at the farmers and the rest of agriculture. Funny how that works, isn't it?

In any case, Ferro has agreed to extend the public comment period to August 1.

Source: Farm Equipment

Federated Life Insurance Company Maintains "A" Rating

Federated Life Insurance Company is proud to announce that once again it has earned an "A" ("Excellent") rating for financial strength from Weiss Ratings, the nation's leading independent provider of ratings and analyses of financial services companies, mutual funds, and stocks. Less than two percent of the nation's life and health insurers meet Weiss Ratings' criteria for exceptional financial strength.

Melissa Gannon, Vice President of Weiss Ratings, wrote, "This rating recognizes Federated Life Insurance Company as an outstanding insurer, offering excellent financial stability for its customers, vendors, and employees."

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Compliance Is Not a Risk Management Strategy

Risk is an inherent part of business operations. Risk management is an overall strategy to identify and avoid things that could cause losses in the workplace. As part of this strategy, loss control focuses on minimizing potential losses from exposure to those risks.

Risk management and loss control programs are broadly applied in most businesses and manage everything from product quality, to theft, to potential lawsuits. You've probably experienced insurance companies using loss control programs to estimate your premiums.

In a dealership, the most visible part of risk management is the safety program. Without a strong safety culture, potential losses are the greatest because they include serious injury and loss of life.

What a Risk Management Strategy Looks Like

The strategy has two basic parts: assessment and framework. Assessment identifies hazardous situations and practices: this means observing the work environment and recording everything from behaviors to materials that could cause an accident. The assessment has to be evaluated, and a framework is built around those findings. Together, the two parts form a plan of effective and sufficient preventative measures. A successful risk management program engages workers.

What a Loss Control Program Looks Like

As part of the risk management program, loss control addresses more specific goals, including:

- Staying compliant with government regulations and inspections
- Protecting employees from injury and illness
- Protecting equipment investments
- Controlling waste handling costs
- Employee training
- Reducing Workers' Compensation rates

One resource in the field of loss control programs is the book, *Removing Obstacles to Safety* (Agnew & Snyder, 2008). It sets the foundations for behavior based safety programs, and argues that the ultimate goal of your safety program is to reduce and ideally eliminate injuries. The goal is to keep everyone safe,

and to allow every individual to perform the behaviors that ensure personal safety.

Without an effective loss control program, an employer's Injury and illnesses costs add up. Even injuries that seem minor can have a drastic effect on a business's profitability. This is because the total cost of an injury can be up to 4 or 5 times greater than the direct cost of treatment and compensation. For example, if \$2,500 is paid in direct costs for a minor injury, when indirect costs like time off work and equipment damage are factored in, the total cost of the injury is usually closer to \$12,500. Furthermore, the indirect costs are generally not insured, and as a result, are unrecoverable. Using industry statistics, OSHA has developed a "Safety Pays" calculator that determines the total cost of an accident. This calculator can be found at: <http://www.osha.gov/dcsp/smallbusiness/safetypays/background.html> and can be used to help illustrate the importance of Loss Control to a Safety Committee or a facility's Controller.

The Difference between Compliance and Risk Management

Because accidents and injuries happen for many reasons, preventing accidents can be difficult. To guide preventative efforts, government regulations were implemented and standardized over time through agencies like OSHA, EPA and DOT. The idea behind the regulations is that government can act independently from market triggers and advance the individual worker's interest in self-preservation. The cumulative effects of regulations are overall lower public health costs, improved working conditions, and improved standards of living. As workplace conditions change, regulations are constantly updated.

Yet, even the most compliant facilities suffer accidents. In the automotive industry, looking only at dealerships in 2006, there were 71 Fatalities and 80,800 reportable injury cases. These are high numbers for a relatively safe and compliant retail market.

For your risk management strategy to work, safety programs needs to be comprehensive, with multiple goals, including, but not limited to, compliance. A successful integration with company culture and influence over worker behavior is the best measurement of the strategy's strength, because the overall goal of a risk management strategy is worker safety, not compliance.

Source: KPA

Safety Training Materials Available

Far West Equipment Dealers Association has a library of Safety Videos available for us by our members. Contact Shunda Justin at Far West office at (800) 576-8850 for a list of videos we have available for you to use.

Reserve a video today for your next safety meeting today!

INDUSTRY NEWS

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Ag Land Values Not In True Bubble

Land prices likely to adjust down moderately in next decade.

A new report says U.S. land prices are not in a “speculative bubble” but may be due for a downward correction.

Rabobank’s International Food & Agribusiness Research and Advisory group says its research concludes the steady increase of agricultural land values over the past five years is not linked to speculation or other factors that traditionally lead to a bubble.

However, the research group says factors that could combine to drive a decrease in land values over the next decade. If land values do adjust down over the next three to seven years, the reduction in value will be moderate and not a crash as would be typical after a speculative bubble bursts.

The findings are based on the FAR team’s global agribusiness marketplace report, “Blowing the Farmland Bubble.”

The report says driving factors for the increase in the value of cropland since 2005 have been a combination of increased commodity prices, low interest rates and a limited supply of land available for sale.

In the past five years, productive agricultural land value in the U.S. has grown at an average rate of 20% to 70%, with the most growth in locations producing intensive field crops or livestock.

Sterling Liddell, co-author of the report and vice president of the group, says a crash is unlikely because current trends in the U.S. are driven by fundamental economics and moving more heavily toward the long-term investor.

“Drivers of bubbles tend to be buying and selling by speculators,” he says. “The in-

creasing presence of farmers on the buyer side of agricultural land combined with a tight supply of land available for sale provides significant evidence there is not currently a speculator-fueled bubble.”

Liddell notes that another year of strong margins combined with the anticipation of continued tight supplies should drive land prices higher for at least one or two more years.

However, Liddell says after that it’s more likely land values will drift down than continue going up.

He says the largest risk factors include:

- the trend toward absentee farmers as land owned by aging farmers changes hands to non-farming heirs
- interest rates
- global commodity supply and demand
- water availability

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INDUSTRY NEWS

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- new environmental restrictions
- reduced farm margins
- biofuels policy
- inflation

Source: *California Farmer*

Electronic claims kits available for download on statefundca.com

The new online Claims Kit contains instructions and the required forms to report a workplace injury or illness.

- Workers' Compensation Claim form (e3301/DWC-1)
- Employee's Guide to the State Fund Medical Provider Network (e13176)
- Employer's First Report of Occupational Injury or Illness (e3067)

You will have easy access to the new electronic claims kit in the gold "I'm an Employer" box at statefundca.com.

Making the Claims Kit downloadable provides you the convenience and flexibility to access these important documents anytime. While this change means that claims kits will no longer be mailed, you can still request individual paper

forms from State Fund's Customer Service Center at (877) 405-4545.

Please do not hesitate to contact the Far West office if you need any further information.

IRS Announces Increase in 2011 Standard Mileage Rates

The Internal Revenue Service (IRS) recently announced an increase in the optional standard mileage rates for the final six months of 2011.

This rate may be used by taxpayers to calculate the deductible costs of operating a car for business and other purposes. The rate will increase to 55.5 cents a mile for all business miles driven from July 1, 2011, through December 31, 2011. This is an increase of 4.5 cents from the 51-cent rate in effect for the first six months of 2011.

The new six-month rate for computing deductible medical or moving expenses will also increase by 4.5 cents to 23.5 cents a mile, up from 19 cents for the first six months of 2011. The rate for provid-

ing services for charitable organizations is set by statute, not the IRS, and remains at 14 cents a mile.

The IRS reminds taxpayers that they always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

For more information, visit the IRS website at www.irs.gov.

John Deere Dealer to Utilize Equipment Lifecycle Management System

John Deere Agricultural equipment dealership, JayDee AgTech has contracted with IRON Solutions, Inc. to implement Enterprise xSellerator™, the online customer and equipment lifecycle management service, throughout its 9 locations across western Canada.

Enterprise xSellerator is tailored exclusively for John Deere dealers and powers enterprise business processes like customer segmentation, account management, direct marketing and sales profitability benchmarking to drive financial results. xSellerator easily connects with

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HUMAN RESOURCE UPDATE

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ply to out-of-state employees working in California. Where other wage-and-hour rules also involve issues of worker health and safety, we may see a similar result from the court.

- Limited to California-based employers: The court limited its ruling only to California-based employers because those were the facts before the court.
 - In all probability, out-of state employees who come to work in California for non-California employers will also argue that our state overtime laws should apply.
 - Although it did not decide the issue, the court signaled it was inclined to agree with that position: "a company that conducts business in numerous states ordinarily is required to make itself aware of and comply with the laws of the state in which it chooses to do business."

This case will now go back to the federal court for a ruling on the remaining issues and factual disputes, including whether the workers were improperly classified as exempt.

Best Practices:

California employers should exercise caution to avoid costly wage-and-hour litigation.

- Closely track hours worked for all employees
- Abide by state overtime laws for nonresidents working in the state
- Seek legal advice on how this decision could impact the employer's other pay practices, if at all

Source: *Cal Chamber's HR California*



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U.S. Ag Flash Reports

June 2011 Flash Report U.S. Unit Retail Sales

(Report Released 7/11/2011)

	June-11	June-10	% Chg.	YTD 2011	YTD 2010	% Chg.	Beginning Inventory June 2011
Farm Wheel Tractors - 2 Wheel Drive							
< 40 HP	10,516	9,381	12.1	47,237	47,066	0.4	52,296
40 < 100 HP	5,339	5,215	2.4	25,032	24,171	3.6	23,387
100+ HP	1,717	1,908	-10.0	12,593	13,223	-4.8	5,671
Total 2-Wheel Drive	17,572	16,504	6.5	84,862	84,460	0.5	81,354
Total 4-Wheel Drive	365	492	-25.8	2,757	2,551	8.1	901
Total Farm Wheel Tractors	17,937	16,996	5.5	87,619	87,011	0.7	82,255
Combines (Self-Propelled)	468	909	-48.5	4,090	3,817	7.2	1,128

Source: AEM



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INDUSTRY NEWS

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existing dealer management systems and John Deere tools, including JDIS and JDAIM. IRON's cloud-based, on-demand services are built on NetSuite's world-class platform which recently was awarded the prestigious Software & Information Industry Association's (SIIA) CRM of the year award (2010).

"John Deere dealerships are expanding and need to evolve their business processes and information management capacity to achieve the scale they desire," explained Darwin Melnyk, IRON Solutions CEO. "Enterprise xSellerator enables dealers to consolidate, analyze and act upon business, customer, and equipment information to fuel growth and profitability. IRON's services are designed to scale with growing enterprises like JayDee AgTech, empowering them to earn or save millions of incremental dollars each year."

Duane Smith, JayDee AgTech's Dealer Principal agrees, "We have been looking for a comprehensive, flexible system that would enable communication across our nine locations, plus eliminate redundant efforts across multiple systems. More importantly, we needed a more effective way to drive, manage and measure performance," adds Smith. "We are looking forward to a single real-time dashboard view of our enterprise that empowers us to apply company resources and respond to market trends ahead of our financial statements."

"Consolidating various databases into a single system is going to save us time and money we'd rather be spending in the field, with our customers," Smith continues. "We've trusted our business with IRON Solutions for over a decade and we expect the investment in Enterprise xSellerator will keep us in the leading position for years to come."

About JayDee AgTech

JayDee AgTech is a full-line John Deere agricultural equipment dealer in Saskatchewan, providing sales, parts, and service on a wide range of agricultural

equipment and related products. JayDee is one of the largest privately owned John Deere dealers in Canada, serving the southwest, west central and north-east portion of the province. With its corporate office located in Swift Current, JayDee also has eight branch offices located in Maple Creek, Kyle, Leader, Kindersley, Unity, North Battleford, Humboldt, and Kelvington.

About IRON Solutions, Inc.

IRON Solutions, Inc., www.ironolutions.com, is the leading source of used and new equipment information and customer and equipment lifecycle management services for the agricultural, industrial and outdoor power equipment industries. IRON Solutions publishes the Official Guide for farm equipment, the Outdoor Power Equipment Official Guide and the IRON Search Buyers Guide for Farm Equipment.

Source: Farm Equipment

Dealer Consolidation, New Products Underpins Deere's European Growth Strategy

Ag Equipment Intelligence (AEI) reported in its March 2011 issue how John Deere intends to nearly double its annual sales to \$50 billion by 2018.

At that time, AEI said that the company would focus on its overseas markets for most of its planned growth in the next five years.

Last month, Deere revealed a large part its strategy to financial analysts at its European analyst and dealer meeting. Reports from several analysts, including Robert McCarthy of RW Baird, Ann Duignan of JP Morgan and Henry Kirn of UBS, agree that Europe is a key growth region for the company.

According to their reports, Deere expects to increase its market share in its Region 2 - Europe, Commonwealth of Independent States and North Africa - through the introduction of more than 100 new

products this year and further consolidation of its dealer network throughout the region.

Deere says its revenue goal for the region is \$7 billion by 2014 vs. \$4.5 billion in fiscal 2010. This is dependent on increasing its market share from roughly 19% to 25% as well as recovery of the European and CIS markets.

Product Rollouts. John Deere introduced more than 100 new products during the meeting with emphasis on larger equipment aimed at contractors (custom operators) and large arable farms with over 100 hectares (250 acres). The company is calling the introductions its "biggest product rollout ever."

Among the new products that Deere is rolling out are combines designed for small grains, particularly wheat, as it is the largest commodity grain produced in Europe.

Its new S-series combines, which reportedly includes 45% new/redesigned parts, 80% of which are tailored to European applications for smaller crops.

The company says it invested €100 million (nearly \$150 million) developing the S-series equipment.

The company is also focusing on tripling revenues from sales of its "Crop Care" lines (sprayers and implements).

According to McCarthy, the top three players in EU-27 currently control only 10-20% of the market, vs. 60% in North America.

He adds that Crop Care margins are already above corporate average, and he sees possible regional acquisitions for Deere.

Undoubtedly, launches are part of the company's niche-market strategy, says Duignan of JP Morgan. "It was evident from the number of product launches here in Europe that Deere's objective is to penetrate many of the niche markets that exist in Europe, which traditionally has been a fragmented, complex market

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INDUSTRY NEWS

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with many suppliers of low-volume implementations.”

Dealer Consolidation. Paring down its dealer network throughout the region is also paramount for the company, according to analyst reports.

Kirn of UBS notes, “Deere believes up to 60% of the customer decision for product purchases is based on the dealer and that larger dealers are able to serve customers more effectively than small dealers. Accordingly, Deere is focused on dealer consolidation.”

Clearly the company sees dealer consolidation as key to its market share gain goals, says McCarthy.

“Deere sees itself as 5-10 years ahead of competition in consolidating its dealer base in Europe, though well behind North America. Its current efforts are focused on driving consolidation via volume bonuses and other financial incentives.”

‘Historical Opportunity.’ For Deere, there are only 3 regions to expand crop production - CIS, Brazil and Africa. Consensus is that Deere sees Russia and the CIS as a “historical opportunity.”

Today, the European market for farm machinery is valued at nearly \$35 billion with another \$8-10 billion in the CIS. However, because CIS is expected to grow faster than other regions and tends to buy large farm equipment, which comes at higher margins, Deere is focused on this market, Kirn says.

The CIS is expected to contribute \$1-2 billion to Deere’s 2014 revenue goals and it’s expanding its financing abilities in-region to accelerate penetration, according to McCarthy.

“Management estimates that only 5-8% of the CIS’s current tractor fleet is western equipment, and its average farm size is 10 times that of Western Europe and

requires Deere’s largest, highest-margined equipment.”

Source: *Ag Equipment Intelligence*

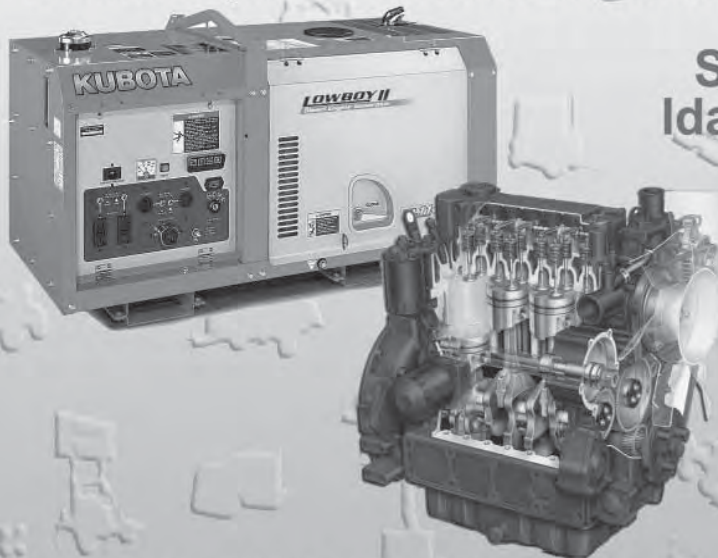
Rush to Defend Tax Rule on Inventory and Profits

One of the biggest revenue-raisers proposed by President Obama in negotiations with Congress is what he describes as an arcane change in the tax treatment of business inventories — things like steel, groceries and oil.

But however complex the details, the effect of the change would be substantial, and in pushing for it Mr. Obama has kicked a hornet’s nest. Lobbyists from companies of all sizes are swarming around Congress to kill the proposal, which would prohibit the use of an accounting technique known as Last In, First Out (LIFO). The technique is used

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INDUSTRY NEWS

to determine the cost of goods sold, and therefore the income earned, by a company.

Mr. Obama's proposal, projected to raise \$65 billion to \$95 billion over 10 years, would increase the taxable income and tax liability of companies that have been using this method of accounting for decades. Small businesses, manufacturers, wholesalers, retailers and oil companies would be especially hard hit.

At a meeting late last week two dozen business lobbyists, working together as the LIFO Coalition, decided to redouble their efforts against the proposal by making urgent appeals to debt negotiators and lawmakers from both parties and both chambers.

The money at stake far exceeds the amounts that Democrats want to raise by curbing tax breaks for owners of corporate jets, yachts and racehorses — the populist proposals frequently invoked by Mr. Obama to make the case that he is not seeking tax increases on the middle class.

Jay Carney, the White House press secretary, said the LIFO proposal — supported by the president's deficit-reduction commission — would simplify the tax code and establish a standard method of calculating the cost of items that a company sells. Those costs are typically subtracted from the proceeds of a sale to determine the company's taxable income.

Senator Jon Kyl, Republican of Arizona, said that in budget negotiations the White House had pushed harder for "repeal of LIFO" than for any other tax proposal. Mr. Kyl was the Senate Republican delegate in talks led by Vice President Joseph R. Biden Jr.

Visiting an Alcoa plant in Iowa last month, Mr. Obama emphasized the importance of creating jobs in manufacturing. But manufacturers say the repeal of LIFO would have just the opposite effect.

"The president's proposal would be devastating," said C. William Jones, vice chairman of O'Neal Industries, a 90-year-old family owned metals com-

pany in Birmingham, AL. "It would increase our tax bill by tens of millions of dollars. Thousands of companies would be affected the same way."

Charles W. Mulford, a professor of accounting at the Georgia Institute of Technology, said that at first glance the LIFO proposal looked like "an easy source of revenue." But, he said, "it taxes illusory income, phantom profits that result from inflation."

The LIFO method of accounting is beneficial to companies that face rising costs for the goods they buy or produce. They can assume, for tax purposes, that the goods sold in any given year are the ones most recently acquired. These new items — the "last in" — cost the company more than older items in its inventory, so the company's taxable income will be lower.

The Internal Revenue Service has allowed this method of accounting since the 1930s. In practice, according to the Congressional Budget Office, some companies prefer to sell their oldest inventory first, to minimize the risk that a product will become obsolete or be damaged. Under the president's proposal, White House officials say, tax-accounting rules would reflect business practice and economic reality.

But that is not true for all companies. Mr. Jones said his company sold its newest inventory first, pulling giant steel beams off the top of the stack.

"LIFO is not an accounting gimmick or a loophole," Mr. Jones said in an interview. "It's been a readily accepted method of valuing inventory for decades."

Ron Travis Jr., an accountant and vice president at O'Neal, offered an example of how the proposal would wallop his business.

"Assume that I buy a ton of steel for \$1,000, buy another ton a few months later for \$1,100 and then sell a ton of steel for \$1,300,"

Mr. Travis said. "Under the LIFO method of accounting, my profit is \$200, and if

you assume a 40 percent tax rate, I owe \$80 in taxes."

By contrast, Mr. Travis said, under the president's proposal, "my cost would be \$1,000, my profit would be \$300, and I would owe \$120 in taxes."

The president's proposal would also undo the tax benefits that companies have obtained by using the LIFO method of accounting over the years.

"It's a huge retroactive tax," said Jade C. West, senior vice president of the National Association of Wholesaler-Distributors, who is leading the business coalition opposed to the change. "The government would tell companies that they must go back and recalculate the tax savings they have claimed for decades."

The Treasury Department said, in response to a question, that the president's proposal "requires that tax be paid on long-deferred gains." However, it said, the tax could be paid over 10 years.

Mr. Carney, the White House spokesman, estimated that 40 percent of the benefits of the LIFO accounting method went to the oil and gas industry.

"If you're an oil company," Mr. Carney said, "you can sell a barrel of oil today for, let's say, \$100 that you bought two years ago for \$40. Instead of paying taxes on that \$60 profit, you pay taxes on, say, a \$2 profit — if that's what you were able to buy a barrel for yesterday, for \$98."

Stephen E. Comstock, the manager of tax policy at the American Petroleum Institute, confirmed that oil refiners would be exposed to significant new costs under the proposal.

As for Mr. Carney's example, Mr. Comstock said: "It's correct as far as it goes, but it does not reflect the flow of crude through a refinery. If I sell more than I purchased or produced, I would have to pay tax on the difference between \$40 and \$100. The current method of accounting is absolutely fair.

Source: New York Times

AFTER MARKET SALES FORCE

Continued from page 6

It would also open up the opportunity of achieving that sought after 100% Absorption Rate!

Take a look at your total parts sales for last year. If the ratio between parts sales and service sales is extremely high and in favor of parts, it should be a pretty clear indication that your customers are repairing their own equipment. Next take a look at your top 25 parts customers. If there are a lot of your competitors in this list then they are stealing your service business. (We have pointed this out to you before, and have shown you what it costs you not only in parts business but in service business. Have your Service Manager begin to log the number of customers who call in asking for assistance in how to fix their equipment. Today more than ever before the customer's abuse of the dealer's service facilities is becoming more of a problem. Once again we are observing more dealers who "loan-out" special tools to customers to perform repairs. This is a slap in the face to any dealer and particularly when the tool is sometimes returned by the independent.

The major benefit of developing your Service Market Share Numbers is that the process identifies for the dealership who is and who is not purchasing their service and maintenance from your dealership. Those who are not purchasing your service and maintenance then become your focused opportunity. You develop a dealership campaign or blitz, whatever you care to call it and go after those customers with all the determination the dealership can muster.

After performing the task of developing these lists you are put into the position of determining exactly why these customers are not buying from your dealership. This calls for someone to go out and meet with the customer and to ask the hard questions to determine why. In all honesty it is a question dealers have not wanted to have answered because they thought they knew the answer they would receive: "The dealership's price is too high to pay!" Once dealers begin to ask the question however they find out they can drop that reason because the customer

mentions too many other reasons as being critical to the dealers getting the customer's service business. Surprisingly the reason given the most is generally: "Nobody ever asked me for the business!"

If someone in the dealership takes the challenge and goes out to discover the reasons customers are going elsewhere for service, you will eliminate a whole lot of assumptions and be on your way to earning a higher Service Market Share. We can assure you we have helped and had many dealers recognize their opportunity by getting into the market place and asking the hard questions. If you have any questions about what you need to do to get this process started in your dealership, call us or email us and we will be more than happy to help you get started. The first step, only you can take, is to determine your own Service Market Share. If it is lower than you want it to be then you are ready to take the next step . . . ask your customers why. If you believe you can then you will, if you believe you can't than you probably won't

Special Offer to Readers: After Market Services most recent publication is: Enhancing the Customer's Buying Experience. This document shows you how to create a Customer for Life Culture within your dealership, how to bring customers back time and time again to buy from your dealership and basic but profitable way to create market share. Along with this document we will email you, free of charge a second document entitled: Customer Satisfaction is Customer Retention is Dealer Financial Strength. Simply e-mail your request for this publication, stating your name, your dealership and your dealership's location, as well as your product line, and the document will be sent via email to you along with an invoice in the amount of \$19.99, which you will pay after the material has been received. If, after receiving the materials, you are not satisfied, simply e-mail us telling us of your dissatisfaction and withhold any payment whatsoever ... simple enough? Our email address is: amsconco@aol.com

MACHINERY ALERT - TRACTOR THEFTS

We Recently learned the following equipment thefts:

Madera Tractor & Implement in Madera, California reported that a Kubota RTV 500-H was stolen on Thursday July 14, 2011.

Make	Model#	Serial VIN#
Kubota	RTV 500-H	22953

If you see this machine, please contact Tracy at Madera Tractor & Implement at (559) 674-8715 or the Far West office at (707) 678-8859.



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*This Article provided by Erik Plantenberg,
Regional Marketing Manager,
Federated National Insurance Company*

A Back Injury May Never Go Away

almost four times between standing upright and lifting a load with a bent back. These back injuries are very painful - and may never go away!

An industry study of Federated Insurance Company's workers compensation claims for calendar years 2007-2009 shows that 13 percent of the injuries were to the back. Slightly over 19 percent of the dollars paid in claims were for back injuries.

Federated's analysis of losses shows the leading causes of back injuries are lifting and pushing (or pulling). Actually, lifting is the number one cause in both frequency and severity. Data from the Bureau of Labor Statistics (BLS) and National Safety Council also support the finding that lifting is the number one cause of back injuries. The BLS reports that over one million workers suffer back injuries each year and back injuries account for one out of every five work place injuries and illnesses.

It Can Happen to Anyone

Back injuries strike every employee class - they are non-selective. Every human who lifts, reaches, twists, turns, or bends is prone to back injuries, especially if working with heavy or bulky items. Many times back injuries are the consequence of minor traumas occurring over

a period of time. When a major incident occurs to a weakened back, the result may be a devastating, life-changing injury.

What can be done to reduce this problem? Probably the best prevention method is an ongoing training program for back injury prevention. Any time employees can spare their backs and use the lifting aids you provide in the work place, they should do so. Keep reminding employees of proper lifting techniques through safety meetings and posters. Back injury prevention should be a major focus at your business.

Back injuries can have a long-lasting effect on your business. A back injury to a key employee could require a change in your operations. Back injuries are difficult to heal and have an effect on everything the person does—both at work and at home. Prevention through training is essential because a back injury may never go away.

This publication is intended to provide general recommendations regarding risk prevention. It is not intended to include all steps or processes necessary to adequately protect you, your business, or your customers. You should always consult your personal attorney and insurance professional for advice unique to you and your business. ©2010 Federated Mutual Insurance Company. All rights reserved.

Preventing back injuries is a challenge for many business owners, even with those with good safety practices. Many times employees are handling heavy objects under unfavorable circumstances. Whether lifting without thinking about the load or having the body in an awkward position, the employee is vulnerable to a serious back injury.

The human back is a well-designed support mechanism. Pressure on the intervertebral discs is minimized when kept relatively straight while lifting or moving materials. However, it is human nature to bend the back during the lifting process, which places greater stress on the discs. The load on the disc between the third and fourth lumbar vertebrae can increase

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