

CANADA EDITION | VOLUME 1, NO. 2 | WINTER 2022

# EQUIPMENTdealer

RESOURCES FOR SUCCESSFUL DEALERS

## magazine

### EDM SPOTLIGHT

#### NADC 2022 in NASHVILLE

*Focusing on the three pillars of NAEDA – advocate, elevate and educate, the conference featured a two-day agenda of learning and networking.* [PAGE 2](#)

### FEATURES

#### FUTURE FERTILIZER REDUCTION MANDATES FROM THE FEDS [p 6](#)

*The best indicator of future  
behaviour - is past behaviour.*

#### NAEDA & WOMEN IN INDUSTRY [p 8](#)

*A partnership aimed at encouraging  
professional success in the  
equipment dealer industry.*



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# EQUIPMENTdealer

## magazine

RESOURCES FOR SUCCESSFUL DEALERS



**ON OUR COVER** NAEDA members, guests and sponsors enjoy an evening of networking and socializing at the 2022 NADC Opening Reception.

## EDMspotlight

### 2 NAEDA 2022 CONFERENCE

Focusing on the three pillars of NAEDA – advocate, elevate and educate, the conference featured a two-day agenda of learning and networking.

## IN THIS ISSUE

### EDM features

#### 6 Future fertilizer reduction mandates from the Feds

The best indicator of future behaviour – is past behaviour  
by BRAD WALL

#### 8 NAEDA & Women in Industry

A partnership aimed at encouraging professional success in the equipment dealer industry  
by NAEDA STAFF

### government affairs

#### 20 Dealer Statutes

The fundamentals of association advocacy  
by ERIC WAREHAM

### industry news

#### 10 FCC Economics

2023 Outlook for the farm equipment market  
by LEIGH ANDERSON

#### 22 2022 White Paper

Can the impact of leadership training be measured?  
by DR. LARRY COLE

#### 32 Dealer Perspectives

Tools for today's ag equipment dealerships  
by MARK MOORE

#### 34 Here's What You Sold – AEM

### columns

#### 12 HR Solutions

Compensation vs. Culture  
by BONNIE JOHNSON

#### 14 People-Smart Leadership Principles

Success can be a terrible disease  
by DR. LARRY COLE

#### 16 Top Metrics to Watch

Parts and Service Inventory – Same? Similar? Not even close!  
by WAYNE BROZEK

#### 18 Risk Insights

7 tips on the preventative maintenance to get for your car this winter  
by CHRIS LEAHEY

#### 28 EDM Legal Notes

The importance of getting right the right to repair  
by GEORGE WRAY

#### 30 MNP Knowledge Centre

Conducting a thorough cyber assessment at your dealership  
by CHRIS LAW

### NAEDA noteables

#### 36 2023 CEDF Scholarships

Watch for NAEDA's email announcement for this year's applications

**Grandpa's Farm Colouring Books**

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## NAEDA 2022 Conference

### Where Successful Dealers Meet

by JOANNE OLSON

**W**hen four associations merged to become one on July 1, 2022, NAEDA CEO Kim Rominger stated that the focus would remain on what dealer members need, issues and events that affect dealers, and industry trends. With advocacy and manufacturer relations top of mind, this spilled over into the 2022 North American Dealer Conference held November 15-17 in Nashville, Tennessee.

Focusing on the three pillars of NAEDA – advocate, elevate and educate, the conference featured a two-day agenda of learning and networking. The following is a brief recap of the speaker sessions and event highlights.

#### Government Affairs from D.C. to Ottawa

This opening panel discussion at the NADC was moderated by Brad Wall, former premier of Saskatchewan, and featured three panelists:

- Sam Keiffer, vice president, Public Policy – American Farm Bureau Federation,
- Alanna Koch – board chair of Global Institute for Food Security, chair of CN Ag Adv Council, board member of SeedMaster and Canadian Ag Hall of Fame, KoHert Agri Inc. and,
- Eric Wareham – senior vice president of government affairs for NAEDA.

Government affairs is a priority of NAEDA. The panelists provided their perspectives on the current government issues affecting the industry at the state, federal and provincial levels.

#### A View from Wall Street

Jerry Revich, senior financial officer, at Goldman Sachs, provided trends on the economic cycle, agricultur-

al machinery industry, precision agriculture addressable market and agricultural machinery OEM strategies.

#### Food 5.0: How We Feed the Future

Robert Saik, CEO of AGvisorPro, is a veteran ag tech entrepreneur, author and speaker and is recognized as one of Canada's Top 50 Most Influential Agriculture Leaders. Saik provided a pragmatic look at the five iterations of agriculture, culminating in examining how technology convergence is reshaping the farm and the consumer.

#### Workforce Development – Help! They're Leaving and I Can't Find More!

The equipment industry has struggled to figure out the best course to help its employee base grow professionally, which has resulted in a "leave to excel" situation for many employees looking to move up to the next level. Combined with declining numbers of senior and mid-level managers who continue to cycle through the industry and the difficulty of attracting new talent, it's easy to see the industry needs corrective action.

Three presenters from NAEDA, Michael Piercy, vice president of dealer development, Larry Hertz, vice president - Canada, and Joe Dykes, vice president of industry relations, joined the discussion on attracting new talent as workforce development continues to be a top-of-mind conversation.

#### Proactively Defending Your Organization

The Internet has unleashed an explosion of malicious activity worldwide. Our adversaries are evolving and adapting to exploit our (low) compliance framework requirements. Most organizations are struggling to keep up with the blistering pace being set by advanced threat actors. We've learned that success has more to do with becoming hyper-efficient at the fundamentals than focusing exclusively on technology.

Speakers Ryan Layton, co-founder and CEO, and Jason Stokes, chief information security officer and vice president, of Secuvant, provided attendees with the data and information needed to focus their cybersecurity efforts to defend their organizations effectively and proactively.

#### Repair Done Right – Changing the Narrative on Right to Repair

The Right to Repair issue reared its ugly head in state legisla-







tive sessions for the sixth year in a row in 2022. Following an executive order by President Biden, Right to Repair also gained attention at the federal level and Congress now entertains several Right to Repair bills. Moderated by NAEDA Senior Vice President of Government Affairs Eric Wareham, panelists Jason Francque – director, corporate affairs, John Deere, George Whitaker – state government relations, CNHI, and Tom Walter, manager, state governmental affairs, Caterpillar Inc., provided an overview of the status of legislation across North America and what the association is doing to proactively change the narrative about what our industry does to support customer repair with NAEDA's Repair Done Right campaign.

### Road Map to the 2022 Midterm Elections

In a lively, entertaining, and strictly nonpartisan presentation, David Wasserman, who reports on the U.S. House as senior editor for the Cook Political Report, took NADC attendees on a tour of the hottest elections and the ever-evolving D.C. landscape. Wasserman drew from his extensive research on voting patterns and interviews with both parties' candidates and strategists to shed light on the top issues on voters' minds to forecast midterm outcomes in November and beyond.

**\*\* Election Update: The November midterm elections brought change to Washington. Partisan control of the House and Senate remained razor thin after the vote and 84 freshman legislators (77 in the House, seven in the Senate) were sworn in. The Republicans now control the House, the Democrats have the Senate.**

### Merger & Acquisitions – Where is My Future?

It's no secret consolidation has accelerated and had an effect on market share, dealer growth issues, and industry partner sophistication. It's become a perfect storm, as industry dealer leaders are aging and looking to navigate their way out of the business while protecting the next generation. In today's environment, dealers should clearly understand their options. Panelists Curt Kleoppel, president of Equipment Dealer Consulting LLC, and Lance Formwalt, attorney at Seigfreid Bingham, discussed how to access the various options.

### Spotting Leading Indicators of a Market Turn

Markets are ever-changing, but recent market changes present unique challenges. The supply chain uncertainties linger in 2023 and

have caused unusual shifts in used ag equipment pricing and availability. Dealers are asking: What early indicators might reveal a market change in used ag equipment? Are we destined to repeat the oversupply problems of 2014? How does the current average days-in-stock for used inventory compare to previous years? In this session, Prescott Shibles, executive vice president and general manager of asset intelligence at Randall Reilly, provided his thoughts on spotting leading indicators of a market turn and where he sees it going in the future.

### Repricing in a Dynamic Market

Repricing used equipment has a significant effect on the bottom line of a dealership. In this presentation Andy Campbell, director of marketing & analytics, and Tyler Lowy, account executive at Iron Comps, shared multiple strategies and methods dealers across the country are using to reprice equipment so they can improve turns in a down market and capitalize on full revenue potential in an up market. To complement this, they shared the data and trends they see in the used equipment market to help get an early indication of the current market direction.

### Organizational Integration – How Do the Pieces Fit Together?

One of the most challenging issues consolidating dealers face is bringing multiple modes of operation together. When organizations merge or are acquired, various personalities must come together to succeed. Moderated by Michael Piercy, vice president of dealer development at NAEDA, panelists Brett Barriage, former CEO of Premier Equipment and facilitator of NAEDA John Deere Performance Groups, and Shawn Skaggs, president of Parallel Ag, discussed how to bring the pieces together.

CONT. ON PG 4



## Keynote Speaker – Dakota Meyer, Medal of Honor Recipient

Following an attack on his comrades in Ganjgal, Afghanistan, Medal of Honor recipient Dakota Meyer showed the ultimate level of courage and determination by entering the “killing zone” and saving the lives of many Afghan and American troops. In this talk, Meyer drew from his military memoirs and lessons learned in his post-military experiences to lead a candid conversation on what it takes to survive, thrive, and tackle your biggest obstacles — whether in combat or in everyday life. As he revealed to attendees, the first step in moving forward is to learn from the past, but not let it define who you are or what you’re capable of in the present or the future.

Showing a rare willingness to be vulnerable, Meyer shared paradigm-shifting lessons on the pivotal role of hope in achieving your mission, understanding the difference between a problem and an inconvenience and the impact of each, acting out of love vs. acting out of hate, and helping people on the path to achieving something much bigger than yourself. Outlining the importance of purpose and actionable steps each person can take to discover their own, Meyer showed the way forward when it comes to putting life’s toughest battles into perspective, defining what matters most, and creating their legacies.

## WHAT ATTENDEES HAD TO SAY...

*“Excellent week – only disappointed that I couldn’t attend all breakouts.”*

*“Very effective conference...”*

*“Sessions were very good. Topical and well presented.”*

*“Nice opportunity to meet more people and discuss social issues.”*

*“Great program.”*

*“I am with understanding that our entire sales team will attend next year.”*

*“It was our first time to this event and we are already planning next year’s visit.”*

*“Great conference overall...”*

*“Every dealership group should be represented.”*

*“Very informative...”*

*“Keep doing it! We just need to get members to see the value of being at a conference like this...”*

## NADC2022

### LUKE’S 32 BRIDGE FOOD + DRINK

*The conference concluded with an evening out on the Nash Vegas Strip, where conference attendees enjoyed Nashville’s hospitality with live music, dancing and networking. This was truly a night to remember.*



*As we plan for the next NADC conference in late January – early February of 2024, we encourage dealers and their management teams to attend the association conference. After all, it’s where successful dealers meet.*





## Prestigious Industry Awards Presented

### NADC honors top industry-association performers



Tom Rosztoczy of Stotz Equipment (left) and Scott Eisenhauer, P&K Equipment (middle) with their industry awards presented by Ken Wagner of Heritage Tractor and NAEDA Director (right).

## Merit Award – Dealer of the Year

**T**he Merit Award recognizes an individual dealer member for their leadership within the industry, their dedication to growing their business into a successful entity, and their commitment and legacy to their community. This award is the highest recognition that our association provides to an outstanding and respected member.

Requests for nominations are sent out to association members each year. Like every year, our office received several worthy nominations to choose from. All the nominations come from dealer competitors, peers, and industry colleagues. We appreciate all NAEDA members who took the time to nominate a fellow dealer.

This year's winner of the prestigious Merit Award – Dealer of the Year is Tom Rosztoczy.

Rosztoczy is the president and CEO of Stotz Equipment. The dealership's main product line is John Deere. Stotz serves a wide range of customers, including large and mid-size agriculture, cotton and dairy, landscaping and grounds care, golf and sports turf, and residential. Headquartered in Avondale, Arizona, Stotz equipment has 24 locations in eight Western states.

Stotz Equipment is a family-owned dealership that was established as Arizona Machinery in 1947 by Fred Elder and two partners. Rosztoczy's father, Ferenc, who was Fred Elder's son-in-law, joined the business in 1975 and was appointed President of Arizona Machinery. Shortly thereafter, Rosztoczy and brothers Rob and Teddy joined the business. As the company expanded beyond Arizona's borders, it was decided to change the dealership's name. After an employee vote, it was agreed that the company would rebrand itself as Stotz Equipment in the hopes that this name would keep the business linked to the family history.

Stotz Equipment still holds true to the founding core values of the Elder and Rosztoczy families: quality, integrity, loyalty, caring, and community. The Stotz vision is to be the best equipment dealership in the world and seek to be world-class in every phase of the business.

Stotz strives to provide exceptional customer service. The dealership's mission is to make life easier for their customers by building long-term relationships, offering flexible solutions, providing uptime availability, and minimizing customer effort. Stotz truly aims to create a better life for

their families, communities, and those connected to the land.

The key elements of Stotz's business are outlined in their circle of success: people, process, customer satisfaction, profit, and growth/market share, with people being first in the top position. The most important component, communication, lies just beneath the rest and is the conduit between each element. The Stotz Equipment logo is at the center of the circle representing their synergy and collaboration at the heart of the company's success.

Stotz Equipment is active in the communities it serves, including involvement in local FFA and 4H Chapters. The dealership supports after-school programs, such as clubs and sports, and provide scholarships, tutoring and learning programs.

Tom Rosztoczy is respected by his fellow dealers and is viewed as a man with high integrity. He has also been active in giving back to his industry. He was a long-time Far West Equipment Dealers Association director and served as president. He also served as a director and chair of the Equipment Dealers Association. He led the Long-Range Planning Committee and merger process that resulted in the new North American Equipment Dealers Association. There is no doubting his visionary and leadership skills.

Rosztoczy has been known to say that we all have a responsibility to give back. Giving back creates a virtuous cycle that makes everyone more successful. No one becomes successful without lots of hard work, support from others, and a little luck.

***Congratulations to Tom Rosztoczy for his many contributions to the associations and agricultural industry he's served and for being named this year's recipient of the prestigious Merit Award as Dealer of the Year.***

## Dealer Advocate of the Year Award

**T**he Dealer Advocate of the Year Award is presented each year to a dealer whose efforts contributed to policy outcomes benefiting the equipment dealer industry.

The award recognizes those who engage in our association's government affairs advocacy and go above and beyond.

That is certainly the case with this year's recipient, Scott Eisenhauer, P&K Equipment. Eisenhauer is deeply engaged in his state. In addition to being a member of NAEDA's state advisory committee, he is also a board member of the State Chamber of Oklahoma and was appointed to the Oklahoma Lottery Commission by Gov. Kevin Stitt.

Eisenhauer's efforts have been instrumental in stopping Right to Repair legislation in Oklahoma over the past several years and recently in passing necessary transportation legislation benefiting all dealers in Oklahoma. He's spent so much time in the Oklahoma Capitol that other people believe he is a legislator at this point. He is not afraid to place himself in the middle of controversy. During one heated exchange in a hearing at the Capitol, Eisenhauer found himself uncomfortably situated physically between legislators getting into it. Eisenhauer is a tremendous asset to the association and the equipment dealer industry. He has given an incredible amount of his time and energy to advocate for both. ***Congratulations to Scott Eisenhauer as NAEDA's Dealer Advocate of the Year.*** EDM

# When It Comes to Future Fertilizer Reduction Mandates from the Feds - The Best Indicator of Future Behaviour - Is Past Behaviour

by BRAD WALL



The agricultural sector needs to remain politically prepared and active on the fertilizer file.

**A**ugust 26, 2019, only three years ago, Canada's then Environment Minister, Catherine McKenna, adamantly denied a claim by Conservative MP and now Leader of His Majesty's Official Opposition, Pierre Poilievre, that the federal Liberals had a theretofore undeclared plan to go beyond their own \$50/tonne cap on the carbon tax.

The CTV News webpage headline exclaimed, "**McKenna Denies Claim Carbon Tax May Exceed \$50/tonne.**"

Just 15 months later the headline, "**Federal carbon tax to increase to \$170 per tonne by 2030 as Liberals unveil new climate plan,**" in a National Post article, confirmed Poilievre's predictions to be prescient.

The broken promise was not a surprise to me. In my former position as Premier of Saskatchewan, we met as First Ministers in Vancouver not long after Mr. Trudeau had led the Liberals to victory. At that meeting, Trudeau promised he would not impose a federal carbon price/tax without the input from a subsequent meeting of Canada's ministers responsible for the environment.

We took him at his word.

While that very meeting of Environment Ministers was taking place in Montreal in October of 2016... in Ottawa, Prime Minister Trudeau unilaterally announced the federal carbon tax.

I remember taking a call from Montreal from our frustrated Environment Minister, now Premier of Saskatchewan, Scott Moe. He asked if I would approve of him walking out of the meeting to protest the cavalierly broken promise. I did. And he did.

How does this relate to the recent discussions about the federal target for a 30% reduction in nitrogen fertilizer application by 2030?

It is a cautionary tale to Canada's agriculture sector.

Due to farmer-led protests in the Netherlands, awareness was heightened in Canada and worldwide regarding the likely impact on producers and agriculture of various proposed and confirmed pesticide and fertilizer mandates and bans.

Alanna Koch, Chair of the Global Institute for Food Security noted in a Western Producer article that the EU strategy to go to a 50% reduction in pesticides and 20% decrease in fertilizer application by 2030 - was "a disaster."

"I have to think it's going to fail because they will go hungry...."

Gunter Jochum, President of the Western Canadian Wheat Growers Association, said of Canada's target to reduce fertilizer application by 30% by 2030, "...looks like they are trying to emulate the European model..."

He continued. "This is really troubling because it is not really science-based. It is interest group based. It is NGO based and leaves the farmers and scientists on the sidelines."

The Canola Council of Canada and Fertilizer Canada commissioned and released a report on the federal targets as part of this national discourse. They concluded that 30% is not "realistically achievable without imposing

How does this relate to the recent discussions about the federal target for a 30% reduction in nitrogen fertilizer application by 2030?

**It is a cautionary tale to Canada's agriculture sector.**

significant costs on Canada's crop producers and potentially damaging the financial health of Canada's crop production sector."

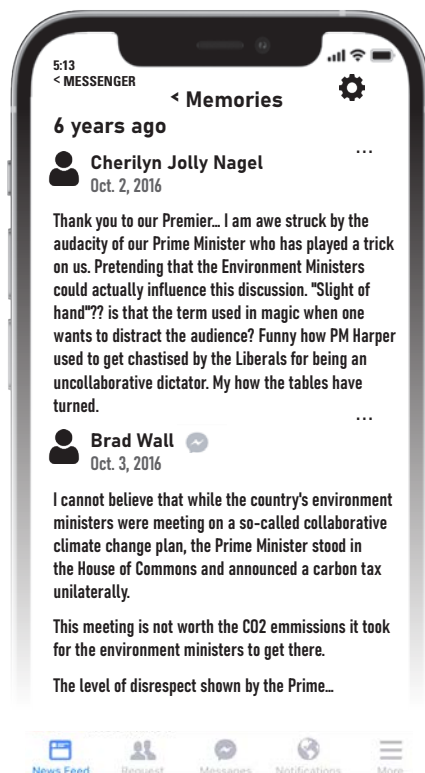
The significant social and conventional media coverage stirred by the Dutch farmer protests, the advocacy on the part of Canadian agriculture trade associations, the interventions by Canada's Official Opposition and Provincial Premiers, and the extensive commentary and advocacy on social media on what is colloquially known as AgTwitter - all had an impact.

The federal government was compelled



**BRAD WALL** was the 14th Premier of Saskatchewan, and is an advisor to the North American Equipment Dealers Association.





The Messenger conversation above was provided by, re-created and published with the express permission of Brad Wall.

to publicly reaffirm that a 30% reduction by 2030 was a target, not a mandate, and certainly not a ban.

This brings us back to the cautionary tale of the carbon tax.

Regarding climate change-related issues and attendant federal actions, mandates, and taxes, the agriculture sector and western provincial governments must be vigilant as to holding the feds to their commitments. In these matters, they have a track record of arbitrarily and unilaterally moving off previously stated positions in favor of more aggressive action, notwithstanding the economic risk and global food security implications.

The Canadian oil and gas sector ending up on the wrong end of federal policy and interminable attacks from various NGOs should be a warning for the Canadian agricultural sector.

The agricultural sector needs to remain politically prepared and active on the fertilizer file.

The government's assurance that this is all just a target might be made of the same stuff as its various promises about the carbon tax. The fertilizer jokes write themselves.

But given that the best indicator of future behaviour is past behaviours, this mandate issue is no laughing matter. **EDM**

**BRAD WALL** was the 14th Premier of Saskatchewan. He is the Principal of Flying W Consulting, a partner in the CW Cattle Co. Ltd, and serves on various private, public, and non-profit boards. He is an advisor to the North American Equipment Dealers Association and moderated a panel discussion at the NADC conference in Nashville, TN, November 15-17, 2022.


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# NAEDA & Women in Industry

## A partnership aimed at encouraging professional success in the equipment dealer industry.

by NAEDA STAFF



**A**bout two years ago, Anne Salemo and the North American Equipment Dealers Association (NAEDA) launched the Women in Industry (WII) endeavor, the mission of which is to encourage and attract women to the equipment dealer industry by offering a network that nurtures professional success while furthering the mission of NAEDA. Basically, it is a group of women who are working hard at helping more women be successful in the equipment dealer industry. The participation is free for women whose dealerships are members of NAEDA.

The ground rules for the NAEDA WII initiative are fairly straightforward. There is no undermining authority at the dealership. There are no political agendas. There is no male bashing. There is no selling of goods and services. There is no discussion about pricing of equipment and services. Traditional anti-trust practices apply.

The WII group is currently comprised of seven women in the highest level in dealership organizations. The members, most from all family-owned dealerships, represent nearly every cross section of the industry: outdoor power equipment to construction equipment to nearly every ag equipment brand; one loca-

tion to 25 locations, store manager to executives to dealer principals.

"I was involved in the Women in Industry founder's group of MHEDA for over eight years," said Anne Salemo. "Now their WII initiative has annual conferences and dozens of groups. The ability to bond with other women who are passionate about success in the male-dominated equipment dealer industry is not only fulfilling but fun. I was motivated to start a similar group with NAEDA after I retired in late 2019. It has been a pleasure working with all these strong women."

"I believe that effective leadership requires a willingness to learn and personal accountability and this group offers that opportunity," said one of the women-owned dealerships in the NAEDA WII group. "Our group is a diverse set of women, whose discussions have broadened our ideas and strategies," said Di-anna Morrow, CFO of Stotz Equipment.

Monthly, the group meets through video conferencing for an hour to discuss current issues impacting their dealerships. Everyone catches up by presenting their biggest recent accomplishment and biggest current challenge. About 30 minutes of the meeting is discussion of a pre-selected, agreed upon topic – recent topics have included: what resources you use to keep up with the industry, how to design your personal and organizational values, how to prioritize your time and determine when to delegate, job descriptions and performance reviews, what makes women successful in this industry, hiring and onboarding, tips to breaking into the "good ole boy network", struggles with hiring technicians/millennials, and ideas for growing your professional success.

"The NAEDA WII group has been an excellent opportunity to connect with other women leaders in the industry, and Anne has done an excellent job setting a positive, pro-

### WHO IS ANNE SALEMO?

Anne Salemo is the facilitator and founder of the Women in



Industry Initiative at NAEDA. Building on her experience as a CPA serving a large construction equipment company while at KPMG, Anne began her career in dealership management systems in 1988 with her father Gerry Fricke, original founder of Charter Software. She later acquired Charter Software in 1996 and achieved significant growth during her tenure until 2019 when Anne sold Charter Software to Constellation Software. Anne is well-known and respected by industry peers as a dealership business expert and has made presentations to regional and national dealer/distributor associations and regional and national CEO organizations. She's collaborated with virtually every consultant in the farm equipment industry.

Anne holds a degree in Business Administration from Marquette University and has completed numerous courses in Dale Carnegie leadership and business training. Anne is a member of the Colorado Society of CPAs, American Institute of CPAs and a former longtime member of Vistage, a leading peer advisory and executive leadership organization. While not volunteering at NAEDA, she loves to hike, boat, and travel.

If interested in joining the Women in Industry group, please email Anne at [asalemo@naeda.com](mailto:asalemo@naeda.com)





The WII Founder's Group is currently comprised of seven women in the highest level in dealership organizations. The members, most from all family-owned dealerships, represent nearly every cross section of the industry: outdoor power equipment to construction equipment to nearly every ag equipment brand; one location to 25 locations, store manager to executives to dealer principals.

**"Our meetings are engaging and I learn something new each time we meet. Our discussions on today's topics are applicable to our businesses. Sharing with others our unique challenges brings insight and inspiration".**

**-NAEDA WII Member**

fessional, and transparent tone for the group," said one member of the group. "I look forward to joining the calls each month, and I find that they are well organized, timely, and Anne ensures that we stay on topic," said another member. "Our meetings are engaging and I learn something new each time we meet. Our discussions on today's topics are applicable to our businesses. Sharing with others our unique challenges brings insight and inspiration", said another.

Recently, the group decided unanimously to start a book club as part of the monthly meeting, the first book of which is *The Ideal Team Player*, by Patrick Lencioni. Because of everyone's busy schedule, the book is discussed one section at a time for about 20 minutes during the meeting. The takeaways so far have been immeasurable.

At the end of every meeting, each member makes a professional and/or personal commit-

ment for the next meeting. This is one of the ways that the members hold each other accountable. "I think I may have heard one of the members groan when I first asked for a commitment," said Anne Salemo. "But now, members seem to embrace it as a means to set personal goals outside those they set at their business."

Starting in February of last year, the WII Founder's Group was the springboard for a novel mentoring program for women at all levels in a dealer organization. Every member of the Founder's Group is involved in the mentoring program, whose primary purpose is help the mentee become more successful in their current position as well as progress in their careers. The mentor/mentee meet monthly for an hour video conference to discuss a variety of topics, such as current challenges, work/life balance issues or other interpersonal situations.

NAEDA women members who want to be mentored sign up via a simple online survey. They provide basic information about their current position, and why they want to be mentored. They can choose to have someone from the same department or someone with a completely different position for a mentor. Anne Salemo tries her best to match mentors and mentees. Mentors make initial contact and find a mutually agreeable day/time to meet each month. Once matched, the mentorship lasts one year.

The first mentoring meeting can be an awkward meeting for some. The best approach is for the mentor to introduce themselves, their role, how long they have been in the industry, what they did before their current position, and something personal about themselves and their family. Mentors will ask the mentee about their current job, how long they

have been there, what they like about their company and their current position. Mentors also want to know the biggest thing they hope to accomplish personally and professionally this year.

In the first meeting, Anne asks each mentor and mentee to discuss each other's biggest pet peeve so they don't cross the line. This usually breaks the ice and gets them comfortable with one another. "Building trust is probably the biggest thing that a mentor must do early in their mentoring relationship. It is essential for honest and transparent discussions," said Anne.

"A couple of times, my mentee wanted to do our video conference from home. This allowed her to have more frank discussions about a family situation at work. She felt that she couldn't be frank enough about the issue with possible ears listening."

Feedback from mentees indicates that the mentoring program is a huge success. "I don't know what I would do without my mentor! She has helped me work through some recent struggles at my company. As a business owner, I don't really have anyone with industry experience with whom I can bounce ideas", said a mentee.

In the first two years, NAEDA's Women in Industry Initiative has come a long way, but there is room for growth. The founder's group is interested in adding a few members. If you are a women at the executive or owner level of an equipment dealership and want to grow professionally and personally, contact Anne Salemo. If you aspire to be executive level or an owner, contact Anne about becoming a mentee. **EDM**

# 2023 Outlook for the farm equipment market

by LEIGH ANDERSON

**O**verall demand for farm equipment is projected to remain strong into 2023, despite rising interest rates and a weakening Canadian US exchange rate. Demand is supported by strong farm cash receipts, even with commodity prices softening from peak levels. As supply chains recover, equipment manufacturers are expected to increase the delivery of new equipment orders. However, inventory levels will remain below pre-pandemic levels as we project inventory levels could remain tight beyond 2024.

## Sale projections

Sale trends for the remainder of 2022 are expected to be mixed. Higher horsepower tractors, combines, and implement sales are expected to have positive year-over-year growth, while lower horsepower tractor sales are expected to decline in 2022 because of slowing economic growth. Sales of smaller equipment are projected to decline as broad economic conditions worsen in Canada. A slowdown in low-horsepower tractor sales may allow manufacturers to allocate production to higher-horsepower tractors utilized in agriculture. Further delays in equipment arrival before the end of the year could change these projections.

Farm equipment sales projections for 2023 are projected higher for high horse-powered tractors, combines, and implement sales driven by strong crop receipts:

- **100+ HP tractor sales to rise 8.7%**
- **4WD tractor sales to rise 13.9%**
- **Combine sales to rise 19.3%**
- **Canadian agricultural implement manufacturing to rise 32.2%**

However, small horsepower tractor sales, which are largely driven by the health of the Canadian economy, are expected to slow in 2023:

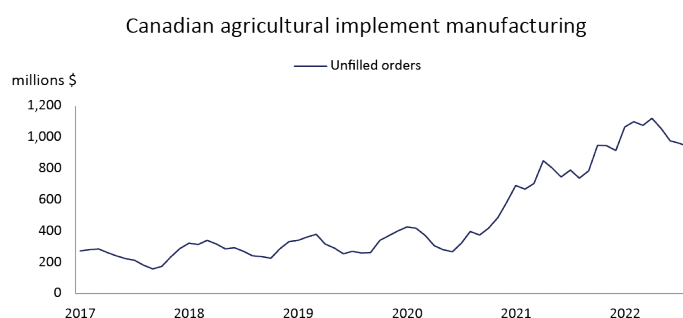
- **< 40 HP tractor sales to decline 0.4%**
- **40 – 100 HP tractor sales to rise 0.4%**

However, the wild card for 2023 sale projections continues to be the arrival of equipment from manufacturers. Canadian agricultural implement manufacturers are still recovering from supply chain disruptions (Figure 1). Strong demand for farm equipment since 2021 significantly reduced new and used inventories at the dealer level, creating further opportunities for manufacturing sales. Canadian agricultural implement manufacturing sales increased 10% in 2021 and are up 22.3% year-to-date in 2022 through the first 8 months. Canadian agricultural implement manufacturing sales are projected to rise 32.2% in 2023 due to strong demand and price inflation.



FCC Economics helps you make sense of the top economic trends and issues likely to affect your agri-business in 2023.

Figure 1: Supply chains are improving but are far from pre-pandemic levels



Source: Statistics Canada (NAICS 33311)

## Inventory is projected to remain tight

We are anticipating inventory levels will remain tight through 2024 as producer demand remains strong for farm equipment and manufacturers catch up on pre-orders. Inventory levels of new farm equipment have trended below the five-year average (tractors are down 42% and combines down 47%). Strong demand for farm equipment for the remainder of 2022 is expected to reduce inventory levels further and support higher prices. The good news is that equipment manufacturers are expected to adjust their production upward due to the changing economic environment as North American equipment dealers begin to rebuild their inventories. We expect farm equipment dealers to remain 100% sold on new equipment. However, individual dealer revenue remains uncertain and tied to deliveries and allocations from manufacturers. Overall, dealer sale revenue will come down to the number of trades that materialize once new equipment arrives.

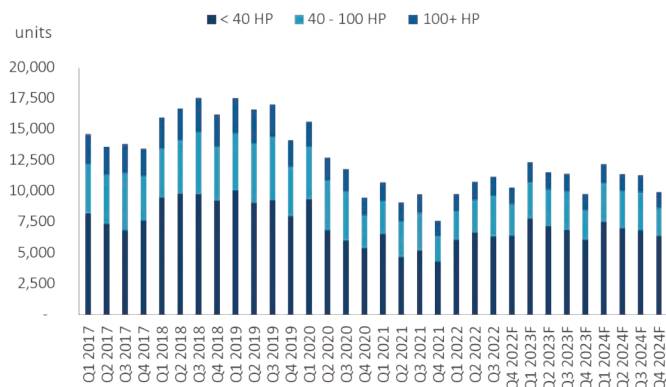
- **Combine inventory projected to remain pressured into 2024**
- **4WD tractor inventory levels are projected to recover slowly**
- **Inventory levels are recovering for smaller horse-powered units**



**LEIGH ANDERSON**  
is a Senior Agricultural Economist, specializing in monitoring and analyzing FCC's portfolio, industry health, and providing industry risk analysis.



Figure 2: Inventory levels are recovering for smaller horse-powered units



Sources: Association of Equipment Manufacturers, FCC Economic forecast

Figure 3: Combine and 4WD inventory levels projected to remain tight

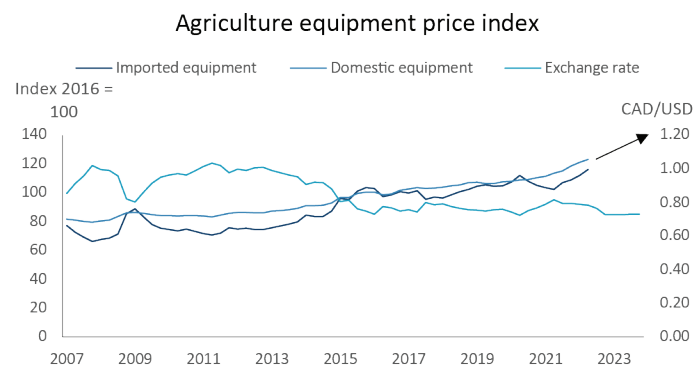


Sources: Association of Equipment Manufacturers, FCC Economic forecast

## Equipment prices

Farm equipment prices are expected to be higher in 2023 due to the depreciation of the Canadian dollar and inflationary pressures in the supply chain that occurred in the last half of 2022. The Canadian dollar has a direct impact on equipment prices. Most new tractors and combines sold in Canada are manufactured south of the border, so an expected depreciation of the loonie through 2023 should lead to price increases on farm machinery (Figure 4). Domestic manufactured equipment, including air drills and seeding equipment, tillage, grain carts, swathers and other “short-line” equipment prices, are less directly connected to the Canadian dollar.

Figure 4: Farm equipment prices are expected to continue trending higher



Sources: Statistics Canada and FCC Calculations

## Impact on used equipment and parts market

Supply chain disruptions because of the pandemic-related shutdowns directly impacted the availability of new equipment and parts. Strategic planning on farms meant having additional used equipment available in the event parts and services were unavailable. These farms either kept their older machines or sought used equipment at auctions. Dealers also shifted strategically to servicing or overhauling used equipment to ensure customers could continue using their existing equipment for another year or longer. Inventory in the used equipment market declined as a result. This has had a profound impact on the used equipment market. Throughout 2021-2022 used equipment (e.g., 4-5-years-old) was selling for prices like what they were worth two years earlier.

## Two key financial trends to monitor in 2023

### 1. Interest rates

Interest rates rose throughout 2022 from their historical lows as the Bank of Canada lifted its overnight rate from 0.25% to 3.75%. The Bank of Canada is committed to returning inflation to its 2% target. As a result, borrowing costs are forecasted to rise further in 2022 and possibly early in 2023. In some cases, farm operations have seen their interest expenses more than double. In other instances, prudent financial risk management mitigated the negative influence of higher rates on profit margins. Historically as interest rates rose, farm operators have lengthened their replacement cycle of farm equipment, and farm equipment sales have slowed. Given the backlog in deliveries of new equipment and low inventory levels, we expect that higher borrowing costs will not impact the demand for farm equipment in the short term. Farm income appears strong enough to offset higher short-term input and interest rate costs.

### 2. Canadian dollar

FCC Economics' current forecast of the Canadian dollar is to average USD\$0.72 through 2023. A declining Canadian dollar will impact both the used and new equipment market. A low Canadian dollar will push prices higher, forcing dealers to re-evaluate their prices on used equipment, given they will have demand from U.S. dealers and farmers, at least adjusting their USD sticker price.

We will continue to monitor these two financial trends. Check back with us in early December when our next Economic and Financial Market Update is released for the latest outlook.

## Bottom line

The 2023 farm equipment market will be characterized by a recovery in deliveries of new equipment as supply chains slowly recover. In addition, strong commodity prices will continue to support the demand for farm equipment, so higher interest rates and a lower Canadian dollar may not weaken the demand for farm equipment in the short term. We expect the used equipment market to stay robust for most of 2023 and 2024. Prices in the used equipment market may moderate as delivery of new equipment results in additional trades and inventory of new equipment slowly recovers. Revenue growth for Canadian equipment dealers will continue to come from service and parts as inventories recover for both new and used. **EDM**

**LEIGH ANDERSON** joined FCC in 2015 as a Senior Agricultural Economist, specializing in monitoring and analyzing FCC's portfolio, industry health, and providing industry risk analysis. Prior to FCC, he worked in the policy branch of the Saskatchewan Ministry of Agriculture. He holds a Master of Agricultural Economics degree from the University of Saskatchewan.

# Compensation vs. Culture

by BONNIE JOHNSON, AgCareers.com

**D**oes pay really matter? We'd like to think work motivation is about more than the paycheck. Sure, many people want to have a career where they can make a difference, find fulfilment, and develop professionally. There is plenty of emphasis in HR on company culture when discussing recruitment and retention strategies.

Agricultural employers reported in the 2022-2023 *AgCareers.com Agriculture and Food HR Review* they are using a positive work culture as the top method to compete against other employers.

If an employee feels they fit in, connects with the company's mission, and finds the workplace positive, they are more likely to stay. However, staff can start feeling undervalued if the compensation isn't competitive or they receive insufficient pay raises — that is when a fabulous company culture alone won't be enough to keep employees.

## Compensation Spotlight

Pay is important to employees, and AgCareers.com heard it directly from the source. When we surveyed candidates and employees in the 2022 *Benefits Survey* about what factor had the most influence on their choice of an employer, the salary/compensation package was at the top. We also asked participants what would influence them to leave their current job for a new one, and you guessed it — higher compensation was the most popular answer.

Dealerships need talented employees that are invested in the business. Likewise, employers need to invest in their employees to recruit and retain them. When asked what HR matter their employer should concentrate on, our followers responded that pay/salary was at the top



**Dealerships need talented employees that are invested in the business. Likewise, employers need to invest in their employees to recruit and retain them.**

of the list, boasting a double-digit lead over professional development, company culture, and diversity, equity & inclusion.

The tight labor market has resulted in various compensation issues that employers must tackle head on. Agricultural employers surveyed for the *AgCareers.com HR Review* were most concerned about rising wage rates. The second most common compensation concern was how to quickly adapt to changing market rates.

There are obvious positive implications for candidates and employees as more organizations navigate the market with salary increases. Looking back at the last year, more employers indicated salaries had increased compared to the prior twelve months. The likelihood of salary increases in the next year is also rising; in previous years, employers have been modest with their salary increase budget predictions.

Compensation is also the top priority in employers' recruitment strategies. Agricultural employers participating in the *HR Review* noted that their number one method of attracting new talent was a higher starting pay for new employees.

Beyond the reoccurring paycheck, allowances and reimbursements are a valued supplement to an employee's income. Agricultural employers report that the most frequent reimbursement offered is for certification & training expenses, followed by a cell phone reimbursement. Tuition reimbursement and vehicle allowances are also common supplements. Looking specifically at allowances impacting the recruitment process, over 20% of agricultural employers paid relocation expenses.

## Competing with Compensation

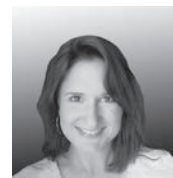
So, you want to compete and ensure you're not only hiring but also keeping the best talent? Salary benchmarking allows employers to see how their pay measures up to others. AgCareers.com offers the *Compensation Benchmark Review*, a trusted, confidential salary benchmarking tool exclusive to the agriculture and food industries. This tool allows equipment dealers to compare their compensation programs with other agricultural employers and equipment dealers by variables such as location or level of employment. **EDM**

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**COMPENSATION  
BENCHMARK REVIEW**

To find out more about the AgCareers.com Compensation Benchmark Review, visit: <https://www.agcareers.com/compensation-benchmark-review/> or email [compensation@agcareers.com](mailto:compensation@agcareers.com)

**It pays to review your employees' compensation.**



**BONNIE JOHNSON** is a professional marketing specialist. She supports the AgCareers.com team and brand through her extensive marketing and communications experience.

**BONNIE JOHNSON** has more than twenty years of professional marketing experience, including nine years with AgCareers.com. As a marketing specialist, she supports the AgCareers.com team and brand through marketing and communications efforts. This includes internal and external communications, email marketing, company branding, market research, and data analysis. Please send questions and/or comments to [bonnie.johnson@agcareers.com](mailto:bonnie.johnson@agcareers.com).





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# Success Can Be a Terrible Disease

by DR. LARRY COLE

**N**o, the title is not an oxymoron. But let me warn you, reading this article can “sting” your emotional health.

Let's complete a self-assessment. Listed below are six overriding behavioral characteristics of elite leaders. I'm asking you to stretch your imagination to rate how you think employees would rate your dealership's culture, i.e., not as you would like for them to rate your dealership's leadership characteristics, but what you think is a realistic assessment. (If you really want to know – ask your employees to complete this assessment.)

## Change Your Thinking and Your World Changes

The diseased syndrome that appears to be of epidemic proportions is – good enough is good enough. You don't see this syndrome in the six characteristics listed in the assessment graphic. If this attitude is prevalent in your dealership, you need to at least consider the words of Ray Kroc, the founder of McDonald's, who said, *“Are you green and growing or ripe and rotting?”* Good enough is good enough is ripe and rotting. I'm sure you would agree that is not a bright future for your dealership.

There are two sad realities. One is when a dealership's principals have this attitude that

drives the dealership's culture. This can be particularly challenging when multiple family members are in the business and there is a division among them about owning the good enough is good enough attitude. Second is the fact the leadership characteristics listed in the self-assessment are learned. All leaders came into this world through the birthing process, meaning leaders are born. But contrary to what many believe, leadership is not a DNA-produced characteristic.

Think in terms that the characteristics of elite leaders are natural resources residing in your body and waiting to be developed. The beauty of this reality is you can have as many of these characteristics as you desire. You only have to 1) be self-aware of the need and benefits of using these behaviors, 2) be willing to exert the necessary self-discipline and 3) be willing to practice daily.

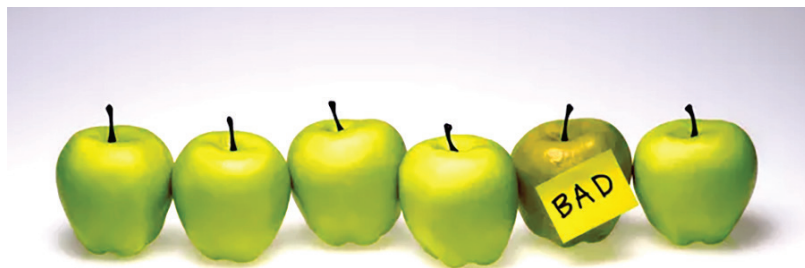
## Rut vs. Grave

Our behavioral ruts or routines serve a dual purpose. On the one hand, they provide considerable psychological security. I don't mean

to underestimate psychological security – it's important to all of us, and our bodies long for it. But, on the other hand, ruts can become our graves if we continue to do the same things every day and try to maintain the status quo.

Elite leaders know their leadership development requires an effort that continues forever. That is, every day, they use their dealership as a personal university to practice the technical acumen and leadership skills needed to succeed in this ever-changing world. These leaders are constantly challenging themselves to be better today than they were yesterday. Yes, they are comfortable with being uncomfortable as they continually push against their comfort zones. These leaders are humble and know they are green and growing because there is no future in considering oneself or the dealership to be ripe as decay sets in, which is a terrible experience.

One of your most important decisions is to decide your epitaph: What do you want people to say about you as you leave their world? Green and growing or ripe and rotting? **EDM**



Are you green and growing or ripe and rotting?

There are two sad realities. One is when a dealership's principals have this attitude that	LEAST CHARACTERISTIC				MOST CHARACTERISTIC			
Inspiring by creating a culture to achieve the dealership's vision for the future.	1	2	3	4	5	6	7	
Motivational by consistently showing appreciation for jobs well done.	1	2	3	4	5	6	7	
Challenging the process by focusing on continuous improvement and innovation.	1	2	3	4	5	6	7	
Caring by showing an interest in employee's personal and professional lives.	1	2	3	4	5	6	7	
Collaborating teamwork to help each other to succeed.	1	2	3	4	5	6	7	
Integrity by doing what is right, because it is the right thing to do.	1	2	3	4	5	6	7	



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North American Equipment  
Dealers Association's  
Dealer Institute.

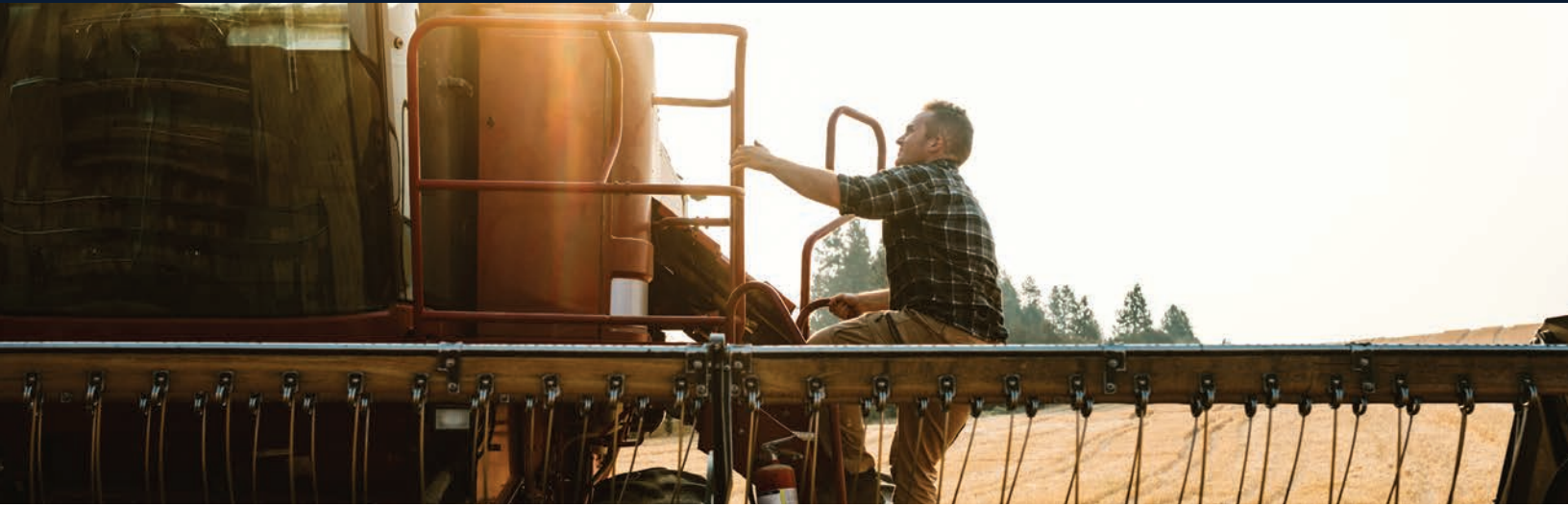
**LARRY COLE, PH.D.**, is a lead trainer for and consultant to the North American Equipment Dealers Association's Dealer Institute. He provides onsite training and public courses to improve business leadership effectiveness and internal and external customer service. Please send questions and / or comments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





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## Parts and Service Inventory – Same? Similar? Not even close!

by WAYNE BROZEK

**Y**ear-end is when most parts departments dread the AWFUL, TERRIBLE and DIRTY task of completing a parts inventory count.

When I first entered the business, inventory count was mine and several of my co-workers' reality. We had to spend hours after closing on Friday evening getting clipboards and ever-sharp pencils and start counting. Ohh, but the GOOD news was we received free pizza and cold beverages...not a very fair trade. But nonetheless, that is what we did. Count and count and count. We started again bright and early, in some cases, not even bright, but early on Saturday morning. We would look like we were preparing for turkey hunting by wearing camo and having dirt all over our hands and faces. We would then turn in our count sheets, and in some cases, we made silly mistakes just due to being tired of counting for hours.

Was that the best choice? Perhaps not, but that is how I was taught, so I continued that pattern for years. Once I became the parts manager, I decided that we needed to improve our accuracy, and the way I thought we could do that was to do DAILY parts counts. What a change that made in our accuracy and the health of our department. I learned that my counts were better, our shelves were cleaner, more organized, and our computer accuracy went WAY UP!

**As our year-end closes out, I encourage the parts and service managers to ensure that the daily inventory processes align with what drives the utilization of those inventories to the highest levels. By performing daily parts counts, inventory health is improved.**

If you and your department are still dreading the once-a-year annual parts inventory, I feel for you. I truly do, and I must say, you need to break that cycle and learn to break that counting down into a daily discipline. Once you do, you will find that you count your inventory more like three times a year versus the dreaded one time a year, and your inventory accuracy will be much improved.

When I left the parts manager position and became a service manager, I still had an inventory to manage. Now it wasn't the same but similar. As a parts manager, I wanted to sell as much of the inventory off the shelf each day as possible, which was no different than when I was a service manager. It was lost forever if I did not sell the technician inventory between 8:00 am and 8:30 am - no chance of getting it back to sell again, unlike the parts on the shelf. For example, if I did not sell some seals from 8:00 am to 8:30 am, I could always sell them later. The pressure I put on myself and my service advisors to sell every minute of every hour, every day was incredible. That pressure was NOT



If you and your department are still dreading the once-a-year annual parts inventory, I feel for you. I truly do, and I must say, you need to break that cycle and learn to break that counting down into a daily discipline.

EVEN CLOSE to the stress I had placed on myself or my parts team to sell our inventory. So, perhaps the service inventory having no shelf life is not the same, but similar. Still, the pressure we have and the urgency I placed upon myself to sell it was not even close to the same.

As our year-end closes out, I encourage the parts and service managers to ensure that the daily inventory processes align with what drives the utilization of those inventories to the highest levels. By performing daily parts counts, inventory health is improved. If I monitored technician productivity 2-3 times a day, not a week, but a day, I could drive technician productivity up and, therefore, increase the utilization of that inventory. As a service manager, you need to look at the jobs your technicians are working on and how much time was quoted versus how much time is left to complete the repairs. Knowing what each technician is working on will only maximize your inventory health.

Reach out! We have several tools to help decide what your daily processes should or could look like to increase the health and utilization of both parts and service inventories. But you decide if your inventories are the same, similar or not even close! **EDM**



**WAYNE BROZEK** is a trainer with NAEDA's Dealer Institute.

**WAYNE BROZEK** is a trainer with NAEDA's Dealer Institute. Prior to starting his own consulting business, Wayne trained dealers all over the globe on ways to improve both their parts and/or service operations.

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





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## 7 tips on the preventative maintenance to get for your car this winter

by CHRIS LEAHEY, Federated Insurance

**D**riving is dangerous at any time of the year, but it's especially so in the winter. That's why it's important to be extra cautious during the winter and make sure you've taken every precaution possible before hitting the roads. Preventative maintenance for your car and company cars is an easy way to help you do that.

To help you out, here are seven suggestions of things you can check in your car and company cars before someone gets behind the wheel.

### Winter tires

Make sure you've switched out your regular tires for winter tires. There's a clear difference in performance between winter tires and all-season tires as soon as the temperature drops below 7 degrees Celsius. The special rubber compound in winter tires allows them to stay flexible and grip snow and ice for optimum traction. In fact, modern winter tires offer up to 50 per cent more traction than all-season tires.

But your job isn't done as soon as the winter tires are on your car. You should also check the air pressure in all four tires and your spare tire. In the winter, the pressure in tires tends to drop significantly due to the cold air, so routine checks throughout the winter months are a good idea.

### Batteries

Battery faults can cause breakdowns, especially during the winter when the drop in temperature can take a particularly high



It's important to be extra cautious during the winter and make sure you've taken every precaution possible before hitting the roads.

toll on a battery's life. In order to make sure your battery doesn't die during the season, especially when you're on the road, it's a good idea to have a service garage take a look.

Generally, the average battery life is three to five years. So, if you've had your battery for more than five years and you're experiencing difficulties with starting your car, you may want to consider getting a new battery.

### Vehicle fluids

Any time before driving this winter, make sure your gas tank is full in case a traffic jam or bad weather conditions force you or an employee to pull over and idle for some time. If you haven't changed the engine oil in your car or company cars in a while, it's also a good idea to do that.

Besides engine oil and gas, it's also important to always have a sufficient amount of windshield washer fluid and replace engine coolants after more than two years. The engine cooling system should be filled with a 50/50 mixture of antifreeze and distilled water to prevent freezing and boiling over. Be sure to refer to your car owner's manual to figure out which coolant is right for your vehicle.

### Wiper blades

Wiper blades are an important tool for winter driving to ensure that you can always see the road ahead of you. It's important to check your wiper blades early in the season and replace blades if they streak. We recommend changing your blades at least twice a year and you may even want to consider getting special winter wiper blades to prevent snow and ice buildup.

### Air conditioning system

While it might seem strange to make sure your air conditioning system is working in the winter, it actually plays a more important role than you might realize. It's your air conditioning system that defrosts and dehumidifies the inside of your car. So, when your heat is turned on in the winter, if your air

conditioning system doesn't work properly, it will not be able to defrost your windows and pull the moisture out of the inside of the car, which will leave a musty odor. So be sure to check that your air conditioning system is working, and while you're at it, have your block heater looked at too.

### Brakes

The last thing anyone wants is to find out their brakes don't work at the most inopportune moment. This is especially true in the winter when there's a higher chance of ice on the road. That's why it's important to check or service your brakes to ensure even braking. Pulling, change in pedal feel, or unusual squealing or grinding could mean they need to be repaired, so keep an eye (and ear) out.

### Lighting

During the winter, the sun sets earlier in the day so there's less daylight, especially during people's commutes home. Therefore, it's important to make sure your car's lights are in good shape and can easily illuminate your drive. Make sure to fix any bulbs that are out and consider replacing any headlights that are foggy or yellow. You can also look into an easy restoration kit for your headlights. Last but not least, be sure to clear away any snow covering exterior lights before you set out on the road.

On top of these suggested checkups, you should also make sure your car is equipped with an emergency safety kit. The kit, which can be thrown in the trunk of any car, should include items that would be helpful to you or your employees should the car stop working or you become stranded somewhere. This could include things like booster cables, a first aid kit, bottled water, and a blanket. **EDM**



**CHRIS LEAHEY** is the Regional Association Manager at Federated Insurance.





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# Dealer Statutes

## The Fundamentals of Association Advocacy

by ERIC WAREHAM



Going back to the establishment of dealer associations, there have always been two consistent reasons for their existence: advocacy and manufacturer relations.

**I**n the summer of 1961, Vince Lombardi strode into the first meeting of the Green Bay Packers training camp holding up a pigskin and famously said *"Gentleman, this is a football."*

In that short statement he reiterated how the fundamentals would be their focus. He wasn't speaking to a pop warner team, these were professional athletes who had narrowly lost the championship game a few short months prior. The anecdote is instrumental to any organization, no matter how large or successful, you must be good at the fundamentals to succeed.

In today's political environment, the world seems to be spinning faster and faster and it's hard to name something outside the purview of state and federal government to regulate. Staying on top of taxes, transportation, and trade just to name a few besides the largesse of government spending packages in recent memory is a task that can suck you in and consume all your time. All of these areas of policy are important and require close scrutiny to keep dealers apprised of what is happening. However, it's important to take a step back from time to time and evaluate what your core competency is.

Going back to the establishment of dealer associations, there have always been two consistent reasons for their existence: advocacy and manufacturer relations. On the advocacy side of the equation, the primary focus from inception to now has been on dealer statutes. The statutory framework providing the basis for the contractual relationship between dealers and manufacturers is the most fundamental aspect of a dealer association's advocacy efforts and that emphasis has not changed under the formation of the North American Equipment Dealers Association. It is as fundamental as the football, so to speak.

Not all state statutes are created equal. Be-

cause of the balkanization of state associations, there are many versions of state dealer statutes regulating the agreements between manufacturers and dealers. Statutes have been amended over the years to keep up with changing manufacturer contracts and business conditions too. Despite this, it's interesting to note that nearly every state has an independent statutory framework relating to equipment dealers that is separate and distinct from general franchise laws. This speaks to the nuances and intricacies of our industry that cannot be categorized with other types of franchises and the importance of the association as the only entity that represents the voice of the dealer in this area of legislation.

To understand and rationalize all the areas of importance in this area of legislation, the association developed the nine key principles relating to dealer agreements. The principles themselves can be found on NAEDA's website and there have been many articles written about them. Suffice it to say that these are not only principles that should be imbued in manufacturer contracts, they are also the elements that should make up dealer statutes.

In an effort to include the nine key principles in dealer statutes, model legislation was drafted over ten years ago to reflect the priorities of dealers. The process for creating the model bill included consultation with the manufacturers and culminated in a document that encompassed all of the nine key principles. The test for whether the manufacturers supported the model legislation came when a bill was introduced in Texas. In 2011, the model legislation was adopted by the Texas

legislature and the manufacturers did not oppose it. Shortly after, the model legislation was also adopted in Oklahoma. Since then, there have been several state updates to dealer statutes following pieces of the model legislation that demonstrate creating a cooperative process with the manufacturers has been the most reliable method to ensure success in the state legislature. However, it is worth noting there are instances where state legislation has gone further than the model bill and passed without manufacturer support.

The reality is many state dealer statutes are still lacking in fundamental areas that protect the dealer and provide a more equal footing in negotiations with the manufacturer that benefit the dealer and their customers. There are also calls from dealers to make dealer statutes more consistent in individual states as dealer's footprints expand across state lines. As a dealer driven, consensus organization, it is ultimately up to the dealers in each state to determine what their dealer statutes should look like.

Whichever direction dealers decide on, it is the fundamental responsibility of our association's advocacy efforts to pursue those outcomes. NAEDA has a dedicated government affairs team with decades of collective experience to make that happen. Even with all that expertise and the numerous legislative and regulatory challenges we are involved in, we continue to focus on the fundamentals and not forget what a football is. **EDM**



**ERIC WAREHAM** is senior vice president of government affairs for NAEDA. He has extensive legal and policy experience in both a trade association and the private sector.

**ERIC WAREHAM** is senior vice president of government affairs for NAEDA. He has extensive legal and policy experience in both a trade association and the private sector. Prior to joining the association, he was general counsel for an Oregon-based heavy civil construction company. He also served as the director of government relations and general counsel for an association in the wood products industry, has managed state and national political campaigns and held numerous positions in a state legislature. Wareham is a graduate of the Willamette University College of Law and Augusta University.





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# Can the Impact of Leadership Training Be Measured?

by DR. LARRY COLE

**T**he short answer is yes. This white paper provides blueprint options to measure the degree leadership training with your leaders are put to work.

Leadership gurus tell us that billions of dollars are wasted each year on leadership training because the training was not put to use. Let me cite a couple such examples of waste.

Up-line leaders seldom have a clue about the subject matter offered in the training events attended by their down-line managers. One owner vented his frustration that the employees sent to Dealer Institute-sponsored leadership training did not report to him about the training event. Unfortunately, nor did he ask.

The participants attending the classes I teach develop a Leadership Improvement Plan specifying what they are going to implement upon returning to their dealerships with specific instructions to review these action steps with their supervisor and direct reports. The little data I have suggests these reviews typically don't happen. One dealership spent \$30,000 on on-site training and I was later told the dealer principal did nothing with that content. I could continue with other examples, but I'm sure you get the point.

Excuse my bluntness, but it's absolutely ridiculous to spend money to send employees to the training event and not do anything with it. Yes, I could use stronger language in the previous sentence, but I don't want to offend anyone. All of us, though, sometimes need a kick in the butt to help us recognize our foolishness.

**From a trainer's point of view, it is very frustrating that the hard work required to offer training is all for naught.**

There are many root causes for such negligence, but I'll only cite one – accountability seems to be a dirty word. I often ask class participants if the word accountability has a negative or positive connotation. It's disheartening to learn the majority respond negatively. In reality, accountability is a teaching tool to help employees learn the technical and interpersonal skill and, yes, leadership skills to be successful. What is negative about that?

Let's address four sobering facts. First is the growth and success of your dealership, which is dependent upon the growth and success of your people. If you question that logic, then tell all of your employees to go home and measure your financial success. How stupid of me to even suggest such a crazy idea, right? People are your most valuable resource.

Second is the importance of leadership. Leadership is about relationships that determine the level of employee engagement, customer service levels, and whether a dealership is a high-performing business or one that's infused with the disease of complacency and mediocracy.

Third is the message sent to employees when a dealership willingly throws money out the window via wasted training. It's always discouraging when employees tell me they don't know why the on-site training event is scheduled because nothing will change. In an attempt to exhibit a positive attitude, I tell employees that regardless of whether the dealership takes advantage of the training, the employees can and it's nice of the dealership to give them that opportunity.

Fourth is the return on the investment.

Research suggests people issues account for a 25% loss in a company's operating efficiency. One dealership's senior management team was discouragingly willing to bet their loss approached 50%. Let's examine real numbers.

Suppose it costs \$5,000 per hour to operate a dealership. Losing 25% efficiency costs the dealership \$1,250 per hour. I've been told a dealership's average net profit is about 2%. That means, a dealership would have to increase its net revenue of \$62,500 the next hour to generate a profit of \$1,250 for the previous hour's loss ( $\$62,500 \times .02 = \$1,250$ ).

I know this sounds cruel, but leaders are responsible for this loss of revenue when such inefficiencies are allowed to exist unabated. For example, the attitudes that conflict between parts, sales and service is normal and opens the floodgates to waste money.

The following three leadership skills are being used throughout this white paper to illustrate the measurement process:

1. **Leading change.** I've asked thousands of participants to illustrate the energy systems that are inherent in the change process. To date, not one participant has been able to do so.
2. **Empowerment.** This is a key tool to improve productivity and talent development.
3. **Real-time feedback/advice.** This is critical for performance improvement, yet most of the course participants in leadership classes readily admit this leadership responsibility is ignored.

## BLUEPRINTS

I should mention there are statistical formulas that will measure the return on investment and they are statistically sophisticated, complex and require the company to monitor several data points. Needless to say, that complexity is above my pay grade.

The late Don Kirkpatrick, a university





professor, author and past president of American Society for Training and Development, offered a four-level measurement system in his 1953 dissertation that has universal acceptance as the crown jewel for measuring the impact of leadership training. The four levels are listed below and each will be discussed in detail.

1. Satisfaction of the course content and quality of training
2. Learning the content offered in the course
3. Transfer the learning to the workplace (obviously critical)
4. Statistically measuring the impact

### Level I: Satisfaction

The first level is rating the satisfaction of the training event, e.g., instructor, course content, venue, supplemental handouts, etc. This level of measurement is widely used, but as you read this, you will see this measurement doesn't address a transfer of training to the workplace.

Dealer Institute training participants are asked to evaluate their satisfaction of course trainers as well as course content. Example questions include:

1. Did the course trainer competently present the information?
2. Would you recommend this trainer to others?
3. Was the course content relevant?
4. Would you recommend applying this content to your dealership?

The Dealer Institute uses a five-point Likert scale ranging from Strongly Disagree to Strongly Agree. Raters are also asked to make comments. The five-point scale is not the Holy Grail as there are seven- and 10-point scales available for your review when you Google Likert scales. Of course, the Dealer Institute is extremely pleased when the mean ratings for its courses and trainers approaches five on the Likert scale. Such information can be great marketing materials, but it tells us nothing about to what degree the content was learned, whether the content will be put to use at the dealership or the impact of putting the content to work.

I've had numerous conversations with participants concerning

putting leadership training to work upon returning to the dealership, especially when taking into consideration the dealership's culture. It's discouraging to hear when a dealership spends the money to send its employees to leadership training and then learning the workplace culture won't support the training. This topic will be addressed in more detail during the discussion on transfer of learning.

The Dealer Institute also asks participants to express their level of dissatisfaction or satisfaction with the course. Comments can also be quantified by quickly calculating the percent of satisfied comments from the pool of comments.

I'm closing this section while emphasizing the overall satisfaction with the course and its trainer are critically important variables leading to participants' engagement in the training events and facilitating the eagerness for the participants to learn the content.

### Level II: Learned

What did the participant learn? The answer to that question is of interest to both the Dealer Institute and the participating dealership. Obviously, learning is a prerequisite to ultimately using the content at the dealership. The Kirkpatrick model emphasizes learning the knowledge, skills, attitude, confidence, and commitment.

Dealer Institute's classes have several lessons learned opportunities embedded within the delivery of the training content. Several leadership examples are provided in the following paragraphs.

**Change Management** – The one constant every person faces is change, whether it's planned change, passive change that simply occurs over time, or change that is forced. Change is simply an energy system – the person is either going forward or retreating. There is no standing still as life's changes are much like a river where it's impossible to put your foot in the same spot twice. The current of change takes us somewhere. There is no standing still because time and life experiences create change.

Every leader is going to be a change agent and address change improvements needed within their level of authority whether the change is initiated within the respective department or from the senior leaders. The fact

is leaders need to learn how to sell change as opposed to dictating it.

Participants learn a seven-step process to manage the energy systems inherent in change. So, the question is, do the participants learn this seven-step process? In addition to being introduced to the change process, participants use the system twice during the class – using the content in an exercise with a personal subject and then in a breakout session with a dealership change.

Let me share a win with you. The staff from a given store attending the leadership course used constructing a new facility for their location as the example to sell change. That team did an excellent job and received an ovation. Fast forward. That team got its new store.

**Real-Time Feedback/Advice** – Role playing is an excellent tool to watch someone providing real-time employee feedback during a training event. The leadership class uses three different scenarios to observe the learning that occurred to deliver real-time feedback.

**Empowerment** – The empowerment process is challenging for some leaders for a variety of reasons and that is a subject for another time. The bottom line is delegating the degree of authority to make independent decisions. After introducing the empowerment process, participants role-play using the process to showcase their learning.

**Showcase At The Dealership** – An intriguing question that the training participant needs to answer is, *"Do I know what is expected of me when I return to the dealership?"*

In reality, participants are limited to what they can accomplish in a classroom, but there are a couple of great exercises that can be completed upon returning to the dealership. The best way to learn is to teach. Ask the participants to teach a class to other employees on a topic from the leadership class – change management would be an excellent topic. Or, have lessons learned discussions giving the participants an opportunity to showcase what they learned at a training event. Using participants to share information is a great way to multiply the benefit of sending an employee to training, and this can positively impact the financial return on investment.

Another excellent exercise to use upon an employee's return to the dealership is

CONT. ON PG 24



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### ABOUT THE AUTHOR

**LARRY COLE** earned a Ph.D. in Psychology from the University of Oklahoma. Larry was on the faculty of Arkansas Tech University and served as CEO of a Comprehensive Mental Health Center before founding his consulting company, TeamMax®, in 1989.

Since then, Larry has specialized in improving leadership effectiveness and teamwork while fostering the fact that frustration is your best friend. He created the TeamMax® Advantage methodologies to measure behavior change in real-time. Larry has authored 10 books, written numerous articles for professional, business and trade magazines, and written unpublished manuscripts, such as this one. He has worked in the agriculture industry for over fifteen years and wrote the first two books published in the integrator and poultry grower relations.

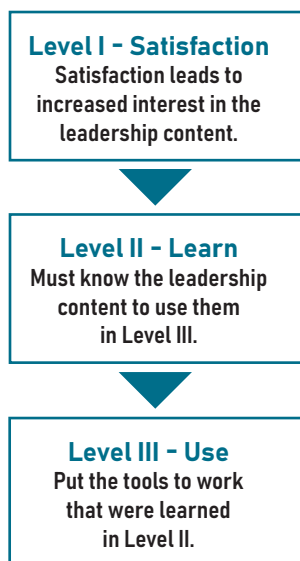
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CONT. FROM PG 23

labeled retroactive pre and post. That is, create a survey with lessons learned and ask the participant to rate the degree of confidence and commitment to engage these skills prior to the training event and subsequent to the training event. Yes, completing the survey after the training event is not the most accurate data, but it gives the dealership an indication that content was learned during leadership training.

## Level III: Transfer of Learning

What is the degree to which participants use what they learned upon returning to the dealership? Without a doubt, this level is critically important for a dealership to measure the return on its investment. Let's review the relationship between the three levels that have thus far been discussed.



One reason Level III is so critical is you will read that Level IV is more labor intensive. I hate to be skeptical, but only those leaders striving for elite performance will even consider Level IV measurement.

**FACT –** If transfer of learning is left to chance, you know what will happen – nothing. As previously stated, it is so depressing for course participants to tell me there is no way the leadership skills being taught can be used at their dealerships because their immediate supervisor is autocratic and doesn't want to try anything new.

Under such circumstances the two pieces of advice offered are: 1) resist allowing the immediate supervisor to dictate your leadership style (toxic leaders spread considerable poison throughout the dealership), and 2) remember

that life is too short to keep putting your body where your mind does not want to go.

It is absolutely critical that corporate leaders create a dealership-wide leadership development culture and an accountability process. The accountability process that is currently being used in dealerships to monitor technical performance, i.e., regularly scheduled reviews of the data is the same for leadership development, but the data changes.

To begin with, senior leadership needs to ensure the management structure implements the following points:

1. Every leader needs to know the leadership content taught.
2. Every immediate supervisor needs to discuss the content with their direct report who participated in the training.
3. Every immediate supervisor needs to discuss how the content can be applied within the dealership with special emphasis on the Personal Improvement Plan (you'll learn about that shortly).
4. Every immediate supervisor needs to implement the accountability process to review progress with their direct report on a regularly scheduled basis and coach for improvement.
5. An accountability report needs to be sent to corporate leaders at least quarterly and make the report an item on their meeting agenda to review progress throughout the enterprise.
6. Placing leadership development on corporate management meetings sends a powerful message about their seriousness for workforce development.

**Challenge –** I challenge readers to tell me which of these steps are impossible to do.

Here's another challenge to think about while discussing Level III measurements – create a leadership improvement plan for every leader within your dealership. I often run into resistance and told that developmental plans are needed for lower-level leaders. Every dealership needs to remember: 1) senior leaders being a part of a developmental plan provides an excellent, positive example for down-line leaders, and 2) seeing top-down change produces bottom-up commitment, i.e., actions speak louder than words.

Something to remember: Research published by professor and author Rob Brinkerhoff in 2006 showed that scheduled involvement of up-line supervisors in the transfer of the learning process increases the likelihood of a successful transfer of learning by over five-fold.

**Personal Improvement Plan –** Participants in leadership classes develop a Personal Improvement Plan. That is, at the end of each topic, they are asked to record what they can do to improve their performance within this topic. Each participant will have eight to 10 ideas listed and they are asked to reduce this number to the critical one to three leadership strategies. Participants are asked to review these with their immediate supervisors as well as with their direct reports while asking these parties to help hold the participant accountable.

Note that I'm using a few behaviors associated with three critical leadership skills within the following example of the Personal Improvement Plan.

Using the Likert scale, participants are asked to rate themselves after 30 days while

## PERSONAL IMPROVEMENT PLAN - SMART GOALS

**S = Specific**

**M = Measurable**

**A = Achievable**

**R = Realistic**

**T = Timeline**

**Date:**

**Instructions:** Use the following Likert scale to quantify the progress you've achieved through implementing your personal improvement strategies.

1 = I've not done anything

2 = I've started

3 = I'm making some progress

4 = I'm making considerable progress

5 = I'm proud of the progress made

STRATEGY	PROGRESS
<b>MANAGING CHANGE</b>	
Ensure that employees understand the "whys" driving the need to change and the advantages associated with the proposed change.	1 2 3 4 5
Employee input is sought for changes that impact the department.	1 2 3 4 5
<b>EMPOWERMENT</b>	
Ensure that employees understand their level of authority to make independent decisions.	1 2 3 4 5
Establish timelines to monitor progress.	1 2 3 4 5
<b>REAL-TIME FEEDBACK</b>	
Show recognition/appreciation to at least three employees today for a job well done.	1 2 3 4 5
Provide constructive feedback or teaching moments in real-time.	1 2 3 4 5



also being rated by their supervisors and direct reports. The multi-rater approach provides excellent feedback as to the progress being made. The results should be discussed with those who completed the ratings. Obviously, the immediate supervisor has editing authority to the behavioral strategies being implemented and measured.

Upon measuring significant progress, participants can return to their libraries of ideas listed in their Personal Improvement Plan for an additional set. Yes, leadership development is a continuing process.

**Performance Management System** – The Dealer Institute also offers a comprehensive Performance Management System that embeds both leadership development and technical performance objectives. In brief, technical and leadership development objectives are developed per quarter and employees and their immediate supervisors review the progress on a monthly basis. Yes, this is a comprehensive coaching workforce development system that can supplant the annual performance review. It's an excellent system, if I do say so myself. Please contact us to learn more.

FYI: I have a non-Dealer Institute client adopting this workforce development process and even developed a software program to facilitate its implementation with its 500 employees. Annual reviews will be simply used for salary adjustments.

**Self-Assessment** – Let's close this section with completing a Level III self-assessment on a scale from one to 10. Number 1 anchors the low end (or "Hell No"), meaning the dealership will put this much effort into a Level III measurement system, or 10 (or "Damn Right"), indicating the dealership can implement a Level III measurement system to improve the dealership's leadership development. Circle your number before proceeding with reading.

Hell No	No	Don't Know	Yes	Damn Right					
1	2	3	4	5	6	7	8	9	10

To become a talent development factory and an employer of choice, senior leaders have to score eight to 10. Imagine for just a moment that your dealership is recognized as the employer of choice in your marketplace. That could set you apart from the competition in this dog-eat-dog world search for talent.

## Level IV: Measuring Results

Level IV measurement answers the question: "Did the leadership training have a positive impact upon the dealership's performance?"

Yes, the question can be quantified with a Level III measurement. For example, on

a scale from one (Strongly Disagree) to five (Strongly Agree) indicate your level of agreement that the recent on-site leadership class had a positive impact upon the dealership's performance. But did it really? Metrics and statistics can provide the answer.

Listed below are several examples of leadership/people metrics that can help answer the Level IV question.

- Employee engagement
- Employee satisfaction
- Internal promotions
- Regrettable turnover
- Both customer and employee net promoter scores
- Intent to remain with the dealership
- Financial performance
- Safety performance
- Production rates
- Frustrations that interfere with performance
- etc.

There are several requirements to successfully implement Level IV measurements. One is that specific objectives need to be established. For example: 1) employee engagement at 60%, 2) employee satisfaction at 80%, 3) employee net promoter score at 80%, 4) customer net promoter score at 90%, 5) improve financial performance of the department by 10%, and 6) reduce frustrations that interfere with performance by 10%. Okay, I'm sure you see the picture and you probably also know what is next.

Two, once the objectives and expected results are established prior to training, benchmark data need to be collected. For example, suppose the benchmark employee engagement level is 37%, which is an actual number measured by a dealership. The dealership established the key performance metric of 60%.

Three, training is targeted to improve employee engagement and, at a later date, employee engagement must again be measured. Suppose the post-test showed the score increased to 45%. An 8% increase looks pretty good, but is it good enough? Statistical analyses could be completed to determine if that increase is statistically significant or perhaps occurred by chance.

Another step is to analyze the employee engagement results to identify strengths and

weaknesses. Then the dealership decides to develop strategies to strengthen its strengths or weaknesses that could drive improvements in the engagement scores. Hint: It is probably easier to strengthen the strengths than it is to strengthen the weaknesses. With that said, a weakness can have devastating effects on employee engagement dictating that it needs to be strengthened.

After implementing the defined strategies for a period of time, e.g., quarterly, a third measurement is taken to measure the progress. Suppose the engagement score climbed to 50%. Is that score good enough for now even though it is less than the targeted 60%? The dealership has to answer that question. Again though, statistical analysis would be required to determine if that is a statistically significant change.

The results can be even more complex for dealerships with multiple locations as the results will probably vary by location because of the dynamics between store leadership and employees (i.e., employee engagement is driven by leadership behaviors).

## A Success Story - We completed

an employee engagement survey for a dealership that gave us permission to discuss the methodology to put its data to work. The bottom line is the dealership wanted to improve its engagement scores. The statistical analysis showed the dealership's employee engagement score was driven by several leadership behaviors, including "I feel that my opinion/input is valued" and "I'm cared for as a person first and as an employee second."

The dealership organized meetings at each store to review the data and discuss what can be done to 1) show employees their input is valued and 2) show they are cared for as a person first.

After working on these for about three months another survey was completed to assess the progress. The following table shows you the comparison between the benchmark measurement of the percent of employees who somewhat or totally agreed with the statement and the follow-up. The data clearly show the managers' work

LEVEL IV MEASUREMENT		
LEADERSHIP BEHAVIOR	BENCHMARK	SUBSEQUENT
I'm cared for as a person first and as an employee second.	53.9%	78.8%
I feel that my opinion/input is valued.	78.8%	85.0%

clearly improved the scores.

The owners had established a goal to achieve 85% of the employees who would either somewhat or strongly agree with these two statements. The data show that goal was reached to show employees their input was valued.

This dealership recognizes that employee engagement drives employee retention and other metrics, such as reducing wasted time, net profit and customer satisfaction. The exciting news is the dealership intends to continue measuring on a quarterly basis to monitor results.

Another option for Level IV measurement is the *pulse survey*, a regularly scheduled employee survey asking employees to rate a particular metric. For example, the employee Net Promoter Score, which has become popular in the equipment industry, represents the degree that employees are likely to recommend their department/store/dealership as a place of employment to their family members and friends who want to work in a dealership. It's also used to measure whether customers are likely to recommend the dealership.

You can Google the mathematical formula used to calculate the score. Some research suggests that a Net Promoter Score of +/- 30% is good. I'm more optimistic and recommend dealerships set the bar higher.

Creating a Level IV leadership culture requires additional work, but the measuring and monitoring of putting the training to work can produce an exciting, major positive impact upon employee morale, performance, and net profit.

## Leadership Requirements for Level III and Level IV Measurements

The intent of this white paper is to illustrate the different measurement opportunities available to dealers to realize a return on their investment to provide leadership training. Though we recommend using Level IV measurements, we understand doing so requires extra effort that most dealerships will not do. With that said, we strongly recommend the use of Level III measurements, i.e., transfer of training.

I'm listing several essential leadership re-

The intent of this white paper is to illustrate the different measurement opportunities available to dealers to realize a return on their investment to provide leadership training.

quirements to successfully use Levels III and IV measurements.

**Confidentiality** – Raters must be certain the data and their comments are confidential which is why the recommendation is to use an outside vendor. We happen to know one. I've had clients read the comment section and exclaim "I know who wrote that." The dealership has options to discourage these attempts: 1) Encourage employees to refrain from using their clichés, 2) Don't ask for comments, or 3) Refrain from making judgments that can be challenging so keep your mouth shut. Having said that, themes in comments can provide valuable insights.

**Accept the Truth** – Elite leaders want to know the truth and prefer data that opens the door to improvement as opposed to receiving positive affirmations. I've had clients who openly stated, *"I don't believe those numbers."* Another favorite excuse is, *"The question must have been worded incorrectly or at least was confusing."*

**Share the Data** – Leaders have a responsibility to share the data with their raters. One dealership with whom I worked completed an employee satisfaction survey. The owners didn't like the results and quietly buried the report. Fast forward and you'll find that dealership continues to struggle with its internal culture today. Yes, talent has been driven away from the dealership.

We just completed another employee engagement survey and I received emails asking, *"Is this going to be another survey where we will never learn about the results?"* That's not a good reputation to have... and remember the dealership mentioned in the preceding paragraph that quietly buried its employee satisfaction report because the owners didn't like the results.

**Put the Data to Work** – A word of caution: Not using employee data is a morale buster for employees. Putting the data to work is relatively easy. Another company's data also showed

the importance of valuing employees by putting their input to work. In this instance, the company conducted a brainstorming session to identify what must be done. This showed employees their input was valued.

**Feedback is a Gift** – As previously stated, elite leaders seek feedback from every source and want information that can lead to further improvements. Not having or using data is like the blind leading the blind. It's been said that even a blind hog can find an acorn, but its success rate would be markedly improved with feedback to show the locations of acorns. When we look in the mirror to ensure that we look okay to go to work and make final adjustments this is putting feedback to work. We do it all the time even while driving to the dealership. It is the natural process of being alive.

**Talent Development** – Talent development is the signature of elite leaders. They enthusiastically lead by example to continue developing their skill sets and understand the importance of talent development throughout the dealership.

## In Conclusion

This white paper was written for two reasons – to share ideas that 1) you can use when sending leaders to a leadership class (preferably one offered by the Dealer Institute) in an effort to obtain a greater return on your financial investment and to help you develop talent, and 2) to organize my thoughts on this subject and to generate additional ideas to improve the quality of the courses that I teach.

Thank you for reading and please feel free to offer your thoughts and suggestions to improve this content. If I didn't provide the promised blueprints for the four measurement levels – then push back and hold me accountable at 501-269-1728 or teammax100@gmail.com. EDM





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# The Importance of Getting Right the Right to Repair

BY GEORGE WRAY

**T**he “right to repair” movement continues to pose challenges for manufacturers and designers of consumer products. It also poses challenges to dealership networks that are the conduit to the customer and are most often responsible for carrying out necessary repairs and warranty work. What started as a push to require consumer electronic manufacturers and designers to provide the necessary tools, parts, and manuals that would allow consumers, or a third party, to repair their own devices, has expanded significantly into a movement that now encompasses automobiles and appliances and, significantly, agricultural equipment.

From a consumers’ perspective, the right to repair is deceptively simple – I purchased the product, so I am entitled to repair it myself or take it to a technician of my own choosing for repairs. However, the increasing complexity of the technology in agricultural equipment, particularly with the growth of software as a product, has made repairing tractors and equipment more difficult and specialized.

The default position for manufacturers has historically tended to be to allow only authorized dealers to repair many products. By controlling the number of authorized repair locations, manufacturers have greater control over repair quality, which ultimately protects consumers’ safety, privacy and security, including cyber-security. There are also product liability risks, reputational harms with faulty repairs, and environmental worries.

While the right-to-repair movement would seem ideally suited to regulatory efforts, trends suggest that manufacturers and designers, as well as their distributors and dealers, are not waiting for governments to mandate action and may not require government involvement.

## The Right to Repair

Although it has been gathering momentum in recent time, the right to repair movement in the United States has its roots in leg-

islation such as the *Magnuson-Moss Warranty Act* (“MMWA”), which was enacted in 1975 and is enforced by the Federal Trade Commission (“FTC”). Amongst other things, the “anti-tying” provision of the MMWA clarified how written warranty provisions could be used when marketing products to consumers, while also making it illegal for a manufacturer to void a warranty or deny coverage if a customer has a repair or maintenance performed by an independent repair shop or using a third-party replacement part.

Recent initiatives at the federal level in the United States have given momentum to the right to repair movement, including: President Biden’s Executive Order on “Promoting Competition in the American Economy,” and subsequently, the FTC’s prioritization of right to repair objectives and agreement to sign onto the standards outlined in this Executive Order.

President Biden signed Executive Order 14036 on July 9, 2021, and addressed a breadth of anti-trust issues, including the right to repair. In particular, the Order called for the FTC to exercise its statutory rulemaking authority in areas such as unfair anti-competitive restrictions on third-party repair or self-repair of items, such as the restrictions imposed by manufacturers that prevent farmers from repairing their own equipment. (Executive Order 14036, “Executive Order on Promoting Competition in the American Economy”, July 9, 2021, the White House, the United States of America).

This Executive Order followed the FTC’s previous report from May 2021, entitled “Nixing the Fix,” which examined “consumer protection and anti-trust issues relating to repair restrictions, with particular emphasis on those imposed by mobile phone and car manufacturers.” The FTC noted that the MMWA had not kept pace with technological developments. Still, it plays, and will continue to play a role within the right to repair debate, as evidenced in three recent settlements in 2022.

In July 2021, the FTC voted to make right to repair a priority. It then set out to “scrutinize repair restrictions for violations of the antitrust laws” through monopolistic practices, and to consider whether repair restrictions such as digital locks are prohibited by s. 5(a) of

the *Federal Trade Commission Act* which prohibits “unfair methods of competition”.

Subsequently, in July 2022, the FTC reaffirmed its focus on illegal repair restrictions, noting that such restrictions “can significantly raise costs for consumers, stifle innovation, close off the business opportunity for independent repair shops, create unnecessary electronic waste, delay timely repairs, and undermine resiliency - harms that can have an outsized impact on low-income communities in particular.”

In Canada, the right to repair is being addressed at the federal level through proposed changes to *Canada’s Copyright Act*, which currently prohibits the bypassing of Technological Protections Measures (“TPMs”), also known as digital locks. This can restrict access to internal software information, and render non-authorized replacement parts unusable, effectively impeding the right to repair. Bill C-244, *An Act to amend the Copyright Act (diagnosis, maintenance and repair)*, is currently under review by the Standing Committee on Industry and Technology. Bill C-244 proposes a blanket exception to intellectual property legislation to allow parties to circumvent TPMs for the purpose of diagnostics, maintenance, or repair.

## Not Getting the Right Wrong in the Right to Repair

It is fair to ask whether legislating a right-to-repair is necessary. After all, many manufacturers already support a consumer’s right to repair their own equipment and provide technical support through on-board diagnostic systems and defined fault codes, technical manuals, product guides, training, and product information hotlines. In the automotive sector, for example, there is the *Canadian Automotive Service Information Standard* (CASIS), which is a voluntary agreement between manufacturers and aftermarket and independent vehicle repair shops to share their service and repair information with the automotive aftermarket industry on a level equivalent to that of their authorized dealers. Similar self-regulation and knowledge-sharing is in place in the U.S.

Consider also the evolution of the changes made by Apple towards repairs in the consumer electronic space. While Apple had



previously made its iPhone parts and tools available to third-party repair shops, in 2022, it released its SelfService Repair programs and made parts, tools, and manuals to repair its latest iPhone and Mac laptop models available to consumers directly. There are surely many motivators behind Apple's continued changes, including consumer demand, environmental concerns, as well as legal and business challenges.

In the agricultural space, John Deere also announced in March 2022 that it would enhance the capabilities and availability of existing diagnostic tools in order to facilitate easier repair. Further, John Deere began allowing customers and independent repair shops to purchase Customer Service ADVISOR (a digital database of operator, diagnostic, and technical manuals for John Deere Products) directly from the John Deere website. In 2023, John Deere plans to roll out a mobile device interface that will permit users to download secure software updates directly to embedded controllers on select equipment.

Concerns will arise surrounding the effect of warranties, and the effectiveness of Sale of Goods legislation that imply specific conditions into most contracts of sale, including that the goods are fit for a specific purpose and that the goods are of merchantable quality. Notwithstanding the presence of the *MMWA*, if consumers can repair their products independently, manufacturers will have to reconsider warranty provisions provided with a product. As it is, the *MMWA* does not extend to aftermarket parts in situations where such parts caused the damage being claimed under the warranty. Warranties – whether provided by the manufacturer or through Sale of Goods legislation – are meant to provide guarantees on the performance of a product, and will have to be rethought to address the prospect of personal repairs. Consumers are unlikely to benefit.

Any form of right to repair legislation must address the various legal and safety risks to ensure that repairs do not jeopardize compliance with safety legislation and standards. Modern farming is dependent upon specialized and increasingly complicated machinery, which is being overlaid with increasingly sophisticated

and data-driven agricultural practices. Tractors and other equipment are tested, designed, tested some more, then manufactured and sold to en-

sure its safe operation, often in accordance with strict laws and regulations to ensure the safe operation of the product. The repair of such equipment should also follow stringent safety concerns, as the faulty repair of a tractor can alter its performance resulting in health and safety risks.

Manufacturers and distributors (the latter of whom are likely to be considered learned intermediaries for the purposes of imposing liability) also face a duty to warn all consumers of potential dangers associated with the use of a product. The duty to warn extends to foreseeable product misuses, and product liability law becomes quickly complicated with the imposition of a right to repair. By the same token, users of products have a duty to read and heed warnings and instructions supplied with a product or bear the consequences of any resulting injuries. Could a manufacturer or distributor ever fully grasp the myriad ways in which its products and software, if opened to repairs by all consumers, could be modified? How the law would respond in these situations needs to be considered and understood.

Furthermore, a concern about the modification of equipment may have negative consequences to the environment. Environmental concerns, expressed in the modern language of ESG and the circular economy, are forcing designers and manufacturers of all products to rethink the design and end-of-life of their products. Tied up in this is the right to repair, although it has a much less significant impact on agricultural equipment, which generally have a much longer operating lifespan than consumer electronics. Still, rethinking the structure of our linear economy to a "circular economy" has become more than just a trendy way of capturing a broad-based attempt to describe extending the life-cycle of products through the sharing, reusing, refurbishing and, in particular, the repairing of products. This is an interesting point in which the right to repair movement has intersected with the circular economy, not to mention with the growth of ESG principles. Again, right to repair legislation may not be necessary or the correct way to address environmental concerns.

The threat of cybersecurity attacks is even more pressing with the growth of connected tractors, smart equipment, and technologies. This concern is particularly significant within the agricultural sector, where worries about food security extend across borders. It is no longer too far afield to contemplate an attack on digital farm equipment that could dam-

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age large swaths of food and agricultural land. In fact, automated tractors have already been hacked. Food supply chains need protection. Legislation that permits the bypassing of digital protections, even if couched within a right to repair, may have unintended consequences for the world's food security that may not make it appropriate in the agricultural sector.

**What's Next**

While right to repair efforts continue to gain traction worldwide, including within North America, legislators must proceed with caution. The potential impact of legislation on the agricultural equipment sector demonstrates how things can go wrong or fail to consider the potential consequence. A review of right to repair efforts reveals that the by-products of such measures raise safety, privacy, security, liability, and quality assurance issues. These issues are likely to become more, not less, complex as technology becomes increasingly sophisticated.

Legislators need to get the right to repair, well, right. **EDM**



**GEORGE WRAY,**  
Toronto Partner and product  
liability specialist.

**GEORGE WRAY** is an experienced litigator in all aspects of products law. George brings deep understanding of risk and regulatory concerns for designers, manufacturers, importers and distributors of products across various industry sectors. From automobiles to consumer and industrial products and software, BLG's client trust George's practical approach to litigation to handle the most complex and challenging of cases.

# Conducting a thorough cyber assessment at your dealership

Assessment is the first step to prepare for and prevent cyber attacks on your dealership.

BY CHRIS LAW



Almost all small and medium-sized businesses, including dealerships, will be a target for cyber crime at some point.

**A**s they weather the storm of inflation and a possible recession, many Canadian dealerships are hesitant to focus their discretionary spending on any initiatives not directly aligned with selling vehicles. Dealership owners and managers must strike a difficult balance between focusing more resources on sales, while still investing in other departments less closely linked to sales, such as IT.

But how much is enough? Almost all small and medium-sized businesses, including dealerships, will be a target for cyber crime at some point. Cyber security is almost as necessary to protect the whole enterprise as insurance against events like flooding or hail.

The key is to be cost-efficient as you invest in cyber security. And getting an assessment is always the first step when it comes to purchasing or integrating cyber security into your dealership.

## What information needs protecting

Ask yourself: which pieces of data and information are the most important to protect? These are your dealership's "crown jewels." If these data are accessed or exposed in a breach, it would bring significant financial and / or reputational harm to your dealership.

It's natural, as a dealership owner, for you to assume you should just protect everything. But no dealership has the bandwidth or resources to protect all types of data equally. Cost-efficient cyber security means focusing on the crown jewels.

At the top of the list is your clients' financial data, especially personally identifiable data that includes names and birth dates. The worst-case scenario you want to avoid is clients' credit card numbers and insurance information being breached, published, or sold on the black market. Also among your top priorities is protecting employee passwords and physical devices.

Although they may seem important on the surface, data regarding product prices, employee compensation, inventory and parts suppliers, and emails probably will not cause substantial harm to your dealership if breached. There are easier paths to recovery with these being hacked than with the crown jewels.

## What are your greatest vulnerabilities

The next step in an assessment is to figure out where your dealership is most exposed — not only which types of cyber attacks are most frequent, but which are the most likely to be successful.

## Fraud

Not all forms of cyber attacks require sophisticated code that breaks firewalls. A common example we see in dealerships is fraud.

For example, an attacker fakes an identity as one of your regular suppliers or contractors, then alters the payment information to redirect funds. This type of attack puts you in double jeopardy — unknowingly sending money to a fraudster while becoming delinquent to your true vendor or supplier.

While this example may not be as frequent as an ordinary email phishing attempt, it can still be more dangerous if it has a higher success rate.

## Third Parties

Third parties you do business with, including insurers, can be another large source of exposure to cyber crime. Your crown jewels often get transferred between your dealership and your vendors; and any data that are misplaced or downloaded incorrectly could leave your dealership exposed to a breach. And this phenomenon goes both ways; you can be the source of a breach to your vendors just as they can to you.

In your assessment, ensure you're taking precautions to securely share data with third parties.

**CHRIS LAW** is a member of MNP's Digital Services team in Vancouver. A passionate information technology and cyber security leader, Chris develops pragmatic, innovative and proven solutions for a wide range of clients in fields that include higher education, health authorities, municipalities, transportation and retail.

With an extensive technical background and more than 25 years of IT and cyber security experience, Chris brings a keen understanding of company IT infrastructure, and demonstrated excellence in identifying risk and emerging issues to his role. An adept communicator, he is an effective team leader and liaison between boards, stakeholders and various levels of management.

Chris's areas of expertise include IT and cyber governance; strategic cyber roadmap planning; cyber risk, risk analysis and mitigation; change management and disruptive technology; network design and data centre architecture; incident response; high net worth cyber program; private cyber solutions and product integration. Chris is a sought-after speaker, cyber education instructor and lecturer. Chris earned a Bachelor of Science (BSc.) in computer science from the University of British Columbia in 1996.



**CHRIS LAW** is a Cyber Security Partner with MNP's Technology Solutions team in Vancouver.



### Internal staff

Your staff can also be a source of a cyber breach. Your assessment should include a review of the internal cyber awareness training you require from employees. There's more on this in the next section.

### How you're protecting yourself

The purpose of your assessment is to look at the tools, systems, and processes you're already using to protect yourself, and then determine the gaps between where you are and where you need to be.

### Insurance

Dealership owners understand the importance of insurance better than almost anyone. Your dealership probably has insurance to protect against floods, hail, theft, and other common threats. But does your policy include provisions for cyber security?

Not all policies cover cyber threats. During your assessment is the perfect time to review your policy and look for cyber coverage.

### Cyber awareness training

The most cost-efficient cyber security investment you can make is training. Make sure your staff, at all levels, understand these fundamentals:

- **Knowing how to create and use strong passwords**
- **Recognizing email phishing attempts**
- **Securing company hardware including phones and computers**
- **Not downloading company data onto personal devices**
- **Using secure wi-fi**
- **Detecting and preventing different types of fraud**

It's very uncommon for a breach at a dealership to come from rogue employees; but an employee who is untrained or careless can certainly expose your dealership to cyber threats. Thus, a little training makes a big difference.

### Incident response plan

Does your dealership have a cyber incident response plan? Your assessment is the perfect time to review your current plan or create one.

A crisis response plan can be the difference between minor incidents and worst-case scenarios. It should provide a step-by-step guide for how to react to a cyber incident: how to

shut down devices, contact external counsel, and keep damage to a minimum.

### Technology

Good technology is important, but having it in the right hands is even more crucial.

During your assessment, ensure you have the right cyber security tools for your dealership's needs. You don't always need the most expensive or sophisticated technology; you can save money by having the appropriate software for your situation, and the right staff and processes behind it. **EDM**

To learn more, contact:

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# Dealer Perspectives

## Tools for Today's Ag Equipment Dealerships

by MARK MOORE

*This article is Part 2 in a two-part series.*

**R**andy Tye has spent his entire career in the agricultural equipment industry, working in various sales and management positions and with major equipment OEMs. Tye recently brought his industry expertise to the Iron Solutions sales team.

The shock waves due to the global pandemic haven't been lost on the agricultural sector. Supply chain issues, short stocks of new equipment, and record demand in all segments are just some of the issues dealerships have had to face over the past several months.

Randy Tye, who served as vice president of inventory management for Mazergroup, dealt with these issues first-hand. Overseeing the largest New Holland dealership group in North America, one that encompassed 18 locations and more than 300 employees across Manitoba and Southeastern Saskatchewan, Tye noted a significant shift in how customers were purchasing equipment. He needed his salespeople to pivot to those changes.

"What we really learned is that we need to be looking further down the line for equipment to sell," Tye says. "Salespeople need to think about what their customers are going to need a year from now. That long-range forecasting includes new and used equipment, as well as parts. Very few are going to a lot just to buy a new tractor."

"We started putting more emphasis on pre-selling, even in the parts and services planning," he says. "We were making sure we were reaching out to people because during COVID especially, there was little to no face-to-face interaction."

That's a lot of information to process, and it can be overwhelming, especially in a dealership group with such a large footprint. Tye says software that manages both the customer relationship portion of the business and managing



"What we really learned is that we need to be looking further down the line for equipment to sell," Tye says. "Salespeople need to think about what their customers are going to need a year from now. Very few are going to a lot just to buy a new tractor."

dealer inventory is critical. And both need to be integrated to work together.

Customers can search for equipment across the region, or around the globe, all from the comfort of their desks. Dealers need to know what inventory is available, and current price trends, in order to meet a customer inquiry.

While this isn't necessarily a new phenomenon, the speed at which these transactions take place has changed. It's no longer a few phone calls or checking with several dealerships, a process that could take hours or even days if the right person doesn't answer the phone. Today, it's getting on a computer or smartphone to check inventory, review prices, and write an offer.

### A system for dealers

Tye implemented IronHQ into Mazergroup's dealerships. IronHQ is a unique Customer Relationship Management software and salesforce management platform tailored to serve agricultural equipment dealers, especially those with multiple locations.

Here's how it works. It's a cloud-based system that provides total visibility, allowing dealers to manage both customer and equipment lifecycles. Dealers can monitor the entire sales pipeline, from leads to revenue. Sales teams have real-time information that can help identify trends, improve sales processes and ensure accurate inventory management.

Tye says one key value of the system is the ability to generate a quote quickly and accurately. "Instead of a quote going across several desks, it can be shared instantly. That's especially useful if a salesperson is working remotely. Because we cover such a vast geographical area,

we would be hard-pressed to do it any other way than online."

Working with customers can get complicated, especially when working remotely or across several dealerships. Consider a salesperson juggling information that can include: a new manufacturer's program, updated discounts and incentives, trade allowance, reconditioning costs, warranty information, and transportation costs. Leaving out one or more of these critical pieces of information can be detrimental to the sales process and a transaction's profitability.

As a central depository of all sales data, IronHQ can accurately develop a sales quote. "It does all the calculations instantly. It's faster and more accurate because we can pull all our relevant information without having to enter it manually," Tye says

In addition to the customer's name, IronHQ can also track equipment records. For example, at trade-in all relevant information about the machine is in the system, so an appraisal can be done without the need to start from scratch. "Having a database that can track customer equipment can also allow the salesperson to track down hard-to-find equipment so we can alert our customer to possible buying interest," Tye says.

### Built for the industry

With more than four decades in the industry, Tye has seen a lot of systems come and go. His main beef? Systems developed without the ag industry's input. "I've been to demonstrations where the CRM software couldn't differentiate between a precision drill for seeding or a drill for making holes in the wall," he says. "It's critical these systems are developed with the ag dealership in mind."

So, when using the system to send out emails to customers, they are on point. The menus and interfaces are a seamless addition to any ag dealership. "It's important that any tool work, and IronHQ is a valuable tool that works for ag dealers." **EDM**



**MARK MOORE**  
has more than 30 years of experience in agricultural communications.

**MARK MOORE** has more than 30 years of experience in agricultural communications. His work has appeared in numerous publications, including *Successful Farming*, *Progressive Farming*, *Farm Industry News*, *Corn and Soybean Digest*, *Hay and Forage Grower*, *No-Till Farmer*.



# How equipment is bought is changing. Are you adapting?



**41%**

Visit **multiple** dealer locations before buying



**38%**

Say their local dealer relationship **influences** purchase decisions



**31%**

AG dealers believe brand loyalty will continue to **decline**

Sources: EDA AG Equipment Buyer Survey and proprietary Randall-Reilly survey.

Today's dealer needs to deliver faster quotes and make deals faster to make more sales.

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- Inventory
- IronGuides valuation data



### ACCURACY

- Up-to-date Pricebooks
- OEM Programs
- Real-time Insights



### SPEED



“Sales people want to sell they don't want to have to go look for information. The more we put it in one place and make it easily accessible the more they can do what they're supposed to be doing and what they truly wanted to do.”

*IronHQ Customer, Delta Power Equipment, Mark Dawson, Marketing Specialist*

## Faster Quotes + Faster Deals = More Sales

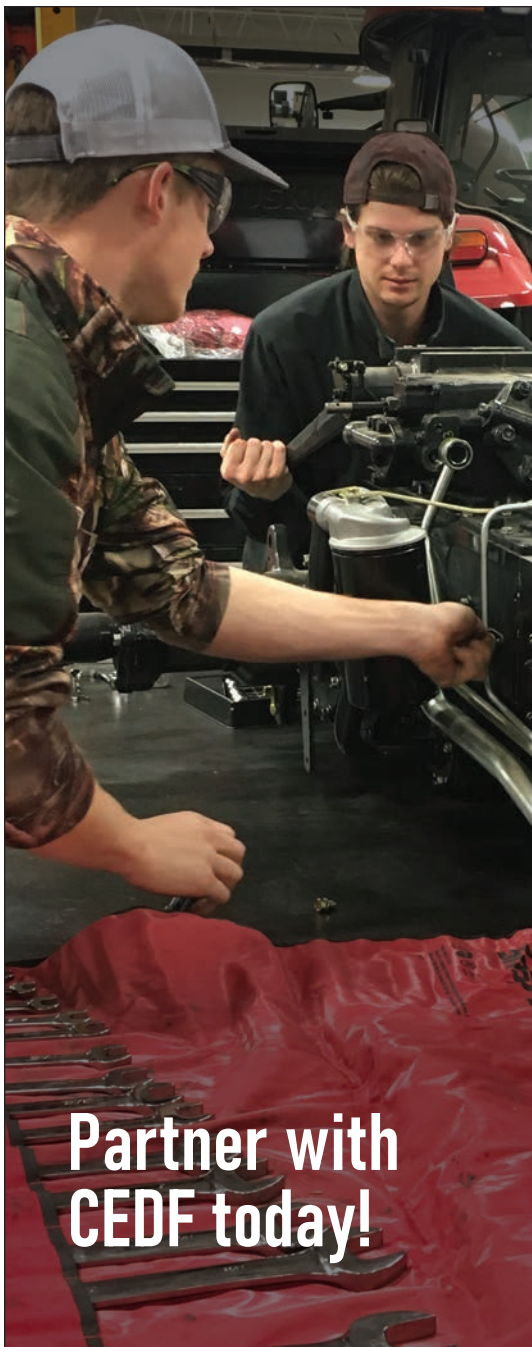
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## HERE'S WHAT YOU SOLD

### Equipment Retail Sales In Units



DATA PROVIDED BY THE ASSOCIATION OF EQUIPMENT MANUFACTURERS

Canada - DECEMBER 2022 Ag Tractor and Combine Report	DECEMBER			Y-T-D DECEMBER			DECEMBER 2022
	2022	2021	%CHG	2022	2021	%CHG	BEGINNING INVENTORY
2WD < 40 HP	1,394	1,679	-17.0	19,507	21,631	-9.8	8,678
2WD < 100 HP	722	750	-3.7	6,966	7,284	-4.4	2,922
2WD 100+ HP	436	497	-12.3	3,845	3,854	-0.2	1,543
<b>TOTAL 2WD FARM TRACTORS</b>	<b>2,552</b>	<b>2,926</b>	<b>-12.8</b>	<b>30,318</b>	<b>32,769</b>	<b>-7.5</b>	<b>13,143</b>
<b>TOTAL 4WD FARM TRACTORS</b>	<b>94</b>	<b>39</b>	<b>141.0</b>	<b>763</b>	<b>718</b>	<b>6.3</b>	<b>77</b>
<b>TOTAL FARM TRACTORS</b>	<b>2,646</b>	<b>2,965</b>	<b>-10.8</b>	<b>31,081</b>	<b>33,487</b>	<b>-7.2</b>	<b>13,220</b>
<b>SELF-PROPELLED COMBINES</b>	<b>166</b>	<b>130</b>	<b>27.7</b>	<b>1,975</b>	<b>1,784</b>	<b>0.7</b>	<b>268</b>





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## 2023 CEDF Scholarships – Watch for NAEDA's email announcement for this year's application.



**T**he purpose of the CEDF Scholarship Program is to assist in the training, re-training, or advancement of employees or potential employees of Canadian farm, industrial and outdoor power equipment dealers in order to create a larger pool of qualified, committed long-term employees for those dealerships.

### Eligibility

NAEDA's CEDF Scholarship Program is available to all employees or potential employees of Canadian farm, industrial and outdoor power equipment dealer members, subject to the following:

- Employees or potential employees must be approved by the dealer principal for training, re-training or professional advancement.
- The employee or potential employee must be enrolled and accepted in a higher education curriculum, which is approved by the dealer principal as training applicable to the dealership's needs.
- Scholarship recipients must be enrolled full-time in the approved course of study. An employee working towards certification in the ag industry.
- The dealer principal must be willing to provide matching funds in the amount of up to \$1,000 per recipient per year and must be a current member of Western Equipment Dealers Association.

### Awards

CEDF scholarships are currently set at up to \$1,000 per recipient per year. The CEDF Board, based on the availability of funds, will determine the number of scholarships and the amount of the scholarships available on an annual basis.

Scholarship funds will be divided at the discretion of the Board as follows:

- Ag Technician Programs
- Parts & Sales Programs
- Other higher education curriculum's approved by dealers as being beneficial to dealership operations, including but not limited to; business, accounting and management.

The CEDF Board of Directors will determine awards. If scholarship requests exceed funds available, the scholarship awards will be made by random drawing.

Scholarship awards are renewable for each subsequent year of the student's educational

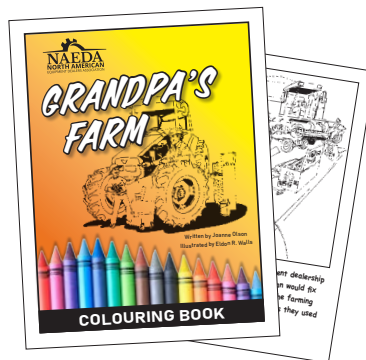
program, as long as the student remains eligible and the dealer principal agrees to participate with matching funds. Students must re-apply annually, and submit a progress report from their faculty advisor, dean or department chairperson.

Scholarship funds will be directed to the student to offset costs of tuition after the completion of their semester or school year. Any breach of enrollment or unsatisfactory performance in the course of a student's studies will result in cancellation of the scholarship, at which time any remaining scholarship funds will be returned equally to the dealer and association.

The online application can be found at [www.canadaequipfoundation.org](http://www.canadaequipfoundation.org)

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## ADVERTISER INDEX

CANADA EQUIPMENT DEALERS FOUNDATION	34
CORPAY	21
DAWSON TIRE	7
DEALER INSTITUTE	31
EQUIPMENT DEALER CONSULTING	27
FARM CREDIT CANADA	OBC
FEDERATED INSURANCE	IFC
FERRIS	19
INVEST NORTHERN IRELAND	13
IRON SOLUTIONS HQ	33
MNP	17
MONERIS	15
RITCHIE BROS.	IBC
UNIFIRST	35



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