

# THE CUTTING EDGE

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From The President

## Our Industry Continues to Change

By Bob Titterington - Phoenix Mfg. Co.

As you may recall, our theme for this past year has been "Changes in Our Industry" -- how they may affect us and how our members can address these issues. I want to take this opportunity to reflect on what OPEAA has been doing to keep our members aware of some of the significant issues affecting our industry

In the last issue of *The Cutting Edge*, we reported that the Market Analysis Committee is developing an analysis of trends in the procurement, distribution, and sales of outdoor power equipment replacement parts. The Committee, under the leadership of Robbie Fogle, will report on their findings at the February Annual Meeting in Sarasota, Florida.

The theme of our Annual Meeting is "Global Sourcing and Supply: The Outdoor Power Aftermarket and the China Connection." Committee Chair David Duffee has arranged an outstanding program tied to this theme. Our keynote speaker will be Ben Reid who has considerable experience working with manufacturers and suppliers in China. OPEAA members Keith and Gregg Giddens of Liquid Combustion Technology will be on a panel discussion, "Realities of Importing from China," with Jack Woodruff as moderator. Even if you are not involved in trade with China, you need to be aware of how global sourcing and supply is affecting our industry.

In an article in the last issue of *The Cutting Edge*, Mike Whitehead of Sierra International expressed concern over the critical shortage of servicing dealers and trained technicians. Who is going to service warranty work for the Big Box retailers? OPEAA members should consider how this will affect their market for replacement parts.

As a side comment, you might find "The World Is Flat - A Brief History of the Twenty-First Century" by Thomas Friedman, to be relevant and very thought provoking. The author discusses the lightning-swift advances in technology and communications that put people all over the globe in touch with each other. He suggests we need an entirely new business model to compete with global producers.

I look forward to seeing each of you at our Annual Meeting, February 17-20, in Sarasota. I am sure you will find the program of value and enjoy networking with other OPEAA members and guests.

**MARK YOUR CALENDAR!!**  
**OPEAA 2008 ANNUAL MEETING**  
**FEBRUARY 16-19**  
**ELDORADO HOTEL - SANTA FE, NEW MEXICO**

## From The Executive Vice President



*Deborah Beck  
Executive Vice President*

The Outdoor Power Equipment Aftermarket Association (OPEAA) is an associate member of the National Association of Wholesaler-Distributors (NAW). NAW is a Washington, DC-based trade association that represents the wholesale distribution industry. NAW is active in government relations, political action, research and education, as well as group purchasing. The Association encompasses over 80 national line-of-trade associations representing virtually all products that move to market via wholesaler-distributors. Membership includes approximately 40,000 wholesale distribution companies, most of which belong to one or more of NAW's national, regional, state and local associations (such as OPEAA). This includes over 85,000 wholesale distribution company personnel.

OPEAA, in its efforts to create additional member benefits and offer valuable services to members, has belonged to NAW for the past several years. OPEAA members are eligible to receive a number of benefits from this membership. These benefits include opportunities for networking and benchmarking within the industry. Member companies are positioned to create programs for executives to learn from non-competing peers, and are able to post anonymous questions to the industry on any business subject using the "Ask NAW" service and receive nearly real-time answers.

NAW has a Large Company Emphasis Program that provides strategic networking opportunities and serves as a business resource. This includes programs designed for networking outside of traditional community lines with non-competing peers in the industry.

There are also numerous financial benefits through Hartford, one of the largest insurers of wholesaler-distributors in the U.S. They provide accredited claim and loss control professionals with 24/7 claim reporting to the industry, of which one third of the current customers are smaller businesses and one third of premiums come from mid-sized firms.

Flex Healthcare Insurance Programs also provide access to some of the leading health and ancillary insurance carriers that package account-based strategies to create focused healthcare solutions. A complete line of products, services, technology, and resources helps build programs to meet needs and budget, while also reducing exposure to the increasing costs of healthcare. More information can be found at [www.flexiblebenefit.com](http://www.flexiblebenefit.com).

Discounts are also available on Facing the Forces of Change, a publication that provides wholesaler-distributors, manufacturers, suppliers, and their customers with insights regarding key business and economic trends affecting the wholesale distribution supply chain through the year 2012. It is the only major research study to analyze the future of wholesale distribution within multiple supply chains. This publication describes strategies and tactics that are useful in response to current trends using broad sets of data, including interviews with senior distribution executives, manufacturers, customers, analysts, professors, and association executives.

Membership also offers Solveras Payment Systems services which automatically deposits transaction funds into your bank account, and eliminates collection hassles on receivables of 60 days or more. The program includes negotiated group discounts and a full range of processing options designed to meet a business's unique payment needs. Some of these options include a secure virtual terminal that allows management of transactions from any computer with internet access, as well as free professional savings analysis for easy viewing of program savings with no enrollment obligation. More information can be found at [www.solveras.com/naw.html](http://www.solveras.com/naw.html).

Please take advantage of this important member benefit. Visit the NAW website at [www.naw.org](http://www.naw.org).

# **MEMBER PROFILE – Liquid Combustion Technology**

## **OPEAA Member Since 2001**

### ***Presenting at Annual Meeting – Realities of Importing from China***

Founded in 2001, Liquid Combustion Technology (LCT) is a US owned and operated company with approximately 300 employees worldwide and more than 30 years of engine manufacturing experience and new engine design. With headquarters and warehouse in the US, a privately owned factory in a strategic industrial area of China, sales offices in Australia, more than 5,000 authorized service centers in the United States and Mexico and a global supply base, LCT has access to the best global resources to ensure the ultimate in quality and customer service.

Despite a proven track record in quality manufacturing, customer service, low warranty claims and service after the sale, LCT is waging an uphill battle to overcome the stigma associated with import engines. Engines manufactured in China have been painted uniformly with negative broad-brush strokes in trade circles for the past few years. The most common complaints revolve around lack of quality control, warranty and service after the sale.

Instead of decrying all engines made in China as inferior and problematic, savvy end-users must look beyond the labels to the real issues. It's not the location of the plant, but the ownership that matters most. In fact, Briggs & Stratton, Honda, and other major small engine companies all have factories in China and procure their components from various locations within China.

The negative reputation of engines from China can be primarily attributed to the fact that many companies are simply importing Chinese engines and offering no service beyond the sale. Original Equipment Manufacturers (OEMs) report that it is nearly impossible to secure replacement parts and service after the sale. Furthermore, most importers are "trading companies" and have no stake in the factory. Thus, they have no definitive input on quality control issues, design improvements and emissions standards and testing.

Another issue is engine cloning. In an effort to reclaim the integrity of the industry and remove the stigma, small engine manufacturers, including Briggs & Stratton, Honda, and Tecumseh, are waging legal battles against companies who are cloning patented engine designs instead of bringing their own ingenuity to compete in the marketplace.

"We commend Honda for their efforts in aggressively defending their trade dress, intellectual property rights and patents. I can assure you that we will be doing the same to defend our designs and patents," said Keith Giddens, President of Liquid Combustion Technology.

LCT is a full-service manufacturer of small engines, building engines from the ground up, including concept, design, patent, engineering, manufacturing, sales, distribution and after sales service. LCT has been awarded a number of patents and currently has others pending. Further, LCT does not have any conflicts with any other engine manufacturer including Briggs & Stratton, Honda and Tecumseh.

LCT controls the quality of its product by closely managing the operations of its privately owned and operated factory. LCT also works closely with its OEMs to track issues through their quality systems and uses the feedback received to implement changes needed in operations for continuous improvement. Warranty data shows that LCT is under 1% defects which is equivalent to or better than industry leaders. In addition, Engineering Change Requests (ECRs) and Corrective Action Requests (CARs) are both web-based to expedite communications with its factory in China so necessary changes can be implemented quickly with minimal impact on production.

A fully stocked warehouse in the United States allows LCT to fulfill orders in a much faster timeframe than its competitors. In-stock engine orders often arrive in two days to one week depending on the shipping destination. Also, LCT maintains a complete and active inventory of all components needed to service its engines and ships components the same day a claim is filed utilizing a state-of-the-art, web-based warranty system.

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"I have sold LCT engines for the past year and have only had minimal problems," said Jack Woodruff, Immediate Past President of the Outdoor Power Equipment Aftermarket Association (OPEAA) and President of Battery & Electric Co., Inc. in Greenville, SC. "LCT personnel are easy to deal with and are attentive to customer needs. In addition to the reliability of the engines, I also appreciate their web-based warranty claim system where I can get parts sent to me immediately if needed."

Emissions are another concern often associated with imported engines and are a critical part of the small gasoline engine business. LCT routinely performs emissions testing and has found that not all import engines satisfy the requirement set forth by US governmental agencies such as the Environmental Protection Agency (EPA) and California Air Resource Board (CARB). LCT engines are EPA and CARB approved and consistently outperform competitor engines in side-by-side laboratory emissions testing performed at Carnot Emissions Services, Inc., a recognized emissions testing facility in San Antonio, Texas.

LCT offers a wide range of engine power from 2.0 HP to 13 HP horizontal shaft gasoline engines and 8.0 HP and 9 HP diesel horizontal shaft engines. These engines are designed for use in a variety of outdoor power equipment including generators, pressure washers, water pumps, compressors, blowers and tillers. LCT has sold more than 400,000 engines to regional and national OEMs. Their products, equipped with LCT engines, have been sold in retail outlets such as Costco, Home Depot, Lowe's, Pep Boys, and Sam's Club.

For more information on LCT, call 1-877-274-2214.

## Technology Changed Our Business

By Bob Titterington, Phoenix Manufacturing Co.

We have heard and read a lot about changes occurring in our business and industry. A major force driving these changes has been technology. Office functions in particular have been streamlined by technology. I don't think many of us really appreciate the new tools we now have available. I am prompted to reflect on how technology has affected my business over the past years.

The first activity that comes to mind is communications. When I started in business, all we had was a telephone (rotary dial type). There was only one long distance carrier available (AT&T). In time, other carriers became available and rates plunged. Then came answering machines followed by voice mail boxes. With the internet came email which provided a convenient alternate to the telephone. The cell phone is now common, as well as a variety of palm devices. The fax replaced snail mail, speeding up exchange of letters and documents.

Technology has brought other new tools for the office. In the beginning, we did not have copy machines, but resorted to multi copy forms and carbon paper. I used a manual calculator and a slide rule to figure percentages and markups. What a great tool the electronic calculator was when it came out. Much of my correspondence was accomplished through dictation to a secretary who then prepared the documents. Now I do most of my own correspondence on a PC, freeing up a secretary to do other work.

I purchased our first computer in 1981 which dramatically changed the way we did many office activities. Letters, memos, quotes, invoices, labels and a variety of other documents were soon prepared on the computer. Inventory records, customer records, and accounting journals were moved from paper record books and journals to the computer. In time, more sophisticated software became available like QuickBooks for bookkeeping. Word, Excel, Power Point, and other software replaced paper spreadsheets and charts.

Customer orders are now received via fax, email, and EDI - replacing snail-mail and greatly improving speed and accuracy. The PC has mostly replaced file cabinets for storage of records and documents. With electronic storage, we can now retrieve customer records, inventory, and financial data almost instantly without detailed, laborious searches.

What new tools will technology bring to us over the next five years?



## ***Susan Dove Promoted To OPEAA Vice President, Operations***

**By Deborah Beck, OPEAA Executive Vice President**

I'm pleased to announce Susan Dove has been promoted to Vice President, Operations, for the Outdoor Power Equipment Aftermarket Association. OPEAA has been managed by William S. Bergman Associates (WSBA) since the Association's inception, and Susan joined the staff in 2005 as Director of Administration. Susan will now serve as Vice President, Operations, for WSBA as well as its other clients.

Susan has an extensive background in the association management profession, having served as Executive Director of the International Mass Retail Association (IMRA) Foundation and IMRA's Senior Vice President of Marketing, Education & Conventions prior to joining WSBA.

As President of Dove Associates, Susan was Executive Director of the Foundation of the Wall & Ceiling Industries and also the Exterior Insulation Manufacturers Association.

Prior to starting her own association management firm, Susan was with the American Society of Association Executives for nearly fifteen years and was Director of Board & International Relations as well as Director of Personnel & Office Procedures. She also served as a member of the Board of Directors of the Foundation for International Meetings and Advisory Board for the Bacara Resort & Spa in Santa Barbara, California.

## ***Luther A. Armstrong, Sr 1922 - 2007***

It is with great sadness to announce the death of Luther A. Armstrong, Sr, who peacefully passed away in the presence of his family on January 8, 2007, at age 84.

Mr. Armstrong served honorably as a chief petty officer in World War II. After the war, he earned a degree in mechanical engineering from Tulane University in New Orleans, where he met Providence Pusateri, his devoted wife of 59 years.

Luther worked for Texaco for 30 years and he and Provy raised six children. When Texaco neglected to provide a line of lubricating oils specifically designed for the logging and timber industry, he retired and founded American Lubricating Company. Today, 25 years later, ALCO is a worldwide leader in outdoor power equipment lubricants and still uses some of the same formulations developed by Mr. Armstrong. The American Lubricating Company has been a long-time member of the Outdoor Power Equipment Aftermarket Association.

Luther was also a founding member, patriarch, and "Sauce Man" of Swine & Dine, a World Championship BBQ cooking team, twice winning the Memphis in May International BBQ Cooking Contest.

He is survived by his wife, Provy, his children, Chip, Sandy, Guy, Jean, Mike and Drew, 13 grandchildren, and 1 great-grandson.

# AWKWARD NEW YEAR

**By Charlie Cook**

**© National Journal**

**This column was originally featured in National Journal on January 6, 2007**

Democrats and Republicans alike will be feeling their way through the next month or two, trying to adjust to this New World Order. Back in control on both sides of the Capitol, Democrats must relearn how to govern -- and not just throw rocks, the primary occupation of the minority.

In their new minority role, Hill Republicans won't have to shoulder any responsibility - they can just throw rocks. And the circumstances of their losses underscore that. Although congressional scandals and the behavior of the Republican majorities certainly contributed to the GOP's loss of power, the war in Iraq was a much larger factor.

More than a few Republicans in Congress think that if President Bush had fired Defense Secretary Donald Rumsfeld earlier, they would still be in charge. It doesn't matter whether that assessment is accurate. Believing it makes a significant number of Republican lawmakers less willing to do Bush's bidding, particularly on tough votes.

The Democratic majorities must walk a tightrope. Their base expects decisive action, yet the party must be mindful of those voters who swung to their column in November and put Democrats in control. A not inconsequential number of House Democrats represent districts that have tended to vote Republican in presidential and congressional elections. Although voters in those districts may have been displeased with GOP rule of late, they haven't suddenly become liberals.

If Bush calls for a significant increase in the number of American troops in Iraq, he'll find himself standing on exceedingly thin ice. A December 8-11 NBC News/Wall Street Journal survey of 1,006 adults showed that just 23 percent of Americans approved of Bush's handling of Iraq; 71 percent disapproved. Pollsters Peter Hart and Bill McInturff also found that 35 percent of the public favored an immediate, phased withdrawal of U.S. troops; 44 percent supported the use of American troops only to train and support Iraqi forces; and just 16 percent supported the continued use of American troops in all aspects of the war.

A Cook Political Report/RT Strategies poll conducted December 14-17 asked 775 registered voters which of four Iraq options was closest to their view. The first was that the United States should "send more troops in now and finish the job." The second, "keep the number of troops the same but find a new strategy to finish the job." Third, "begin to wind down U.S. involvement and hand the job over to the government in Iraq." Fourth, "set a timetable to get most U.S. troops out of Iraq by the end of 2008."

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The option to "send in more troops," the one that Bush seems most likely to embrace, was supported by 21 percent of all voters (39 percent of Republicans, 18 percent of Independents, and 9 percent of Democrats). "Keep the numbers the same but find a new strategy" received the backing of 13 percent (17 percent of Republicans, 15 percent of Independents, and 7 percent of Democrats), bringing the total for either increasing troop levels or holding them steady to 34 percent (56 percent of Republicans, 33 percent of Independents, and 16 percent of Democrats). The third choice, to wind down, was by far the most popular -- drawing 36 percent support (25 percent of Republicans, 40 percent of Independents, and 43 percent of Democrats). "Set a timetable" was the choice of 24 percent (14 percent of Republicans, 21 percent of Independents, and 30 percent of Democrats).

Obviously, the situation is bad for Bush. But it is also awkward for Democrats. Voters expressed displeasure with the war, yet haven't amended the Constitution. The President remains Commander-in-Chief.

Congressional Democrats and party strategists generally agree among themselves that they should avoid anything that smacks of being unsupportive of U.S. troops, such as cutting off funding for the war. An alternative approach would be to pass legislation putting a ceiling on the number of U.S. troops in Iraq, eliminating Bush's surge option. The White House would inevitably get the Pentagon brass to defend the surge strategy, and Democrats are loath to take on the military. So, Democrats must find some way to be responsive to voters while not taking ownership of Bush's war. That's no easy assignment.

## **OPEAA 2007 Annual Meeting A Special Thank You To Our Sponsors!**

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## BILL NELSON SCHOLARSHIP ENDOWMENT

**Mission:** The mission of the Bill Nelson Scholarship Endowment (BNSE) is to honor Bill Nelson, one of the great leaders of the outdoor power equipment aftermarket industry, by providing educational scholarships annually, and to maintain the endowment to fund scholarships annually. The BNSE is a 501(c)(3) charitable organization, formed by OPEAA, and all contributions are tax deductible.

**Award:** The BNSE will award academic scholarships to outstanding high school graduates, college undergraduates, or graduate students pursuing any degree, with a preference for those in a business-related field. The awards are intended to supplement the educational expenses for students in the upcoming academic year. The amount, number and frequency of the awards will be determined annually by the Trustees.

**Eligibility:** Scholarships will be open to employees of OPEAA members, their children, stepchildren, grandchildren and adopted children. There will be no limitation on who can apply, other than the employee must be working full time upon submission of the application on behalf of themselves or their children, as defined above. Current part-time employees (but not their children) are also eligible to apply for a scholarship. The applicant must be planning to attend or already be enrolled in an accredited institution of higher learning. The scholarship can be reapplied for in successive years.

**Application Procedures:** An application for the BNSE must be received by April 30 at the OPEAA national office for the academic year beginning the following September. The applicant must be, at a minimum, a high school senior. Applicants must submit their ACT and SAT scores and a cumulative GPA, as of the most recent semester. The BNSE Trustees will receive all applications by mail and will meet following April 30 to review the applications and select the final recipient(s).

**Trustees:** The Trustees appointed for the BNSE are: Chip Armstrong, American Lubricating Co; Dave Errick, D.E. Errick Inc.; Ed Nelson, Rotary Corporation; Bob Phillips, Desert Extrusion Corporation; and Jack Woodruff, BECO/Battery & Electric Co., Inc. The Trustees have appointed Deborah Beck to serve as the Administrator of the BNSE.

**Tax Deductibility:** Contributions to the BNSE may be deducted as a charitable expense.

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