



CATA Bulletin

DRIVE **CHICAGO** .COM
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'05 DOC fee is \$55.39

A reminder, the maximum documentary service fee that may be charged by Illinois dealers in 2005 is \$55.39.

The new fee was announced hours after the previous edition of this newsletter went to print, but the CATA notified all members Dec. 20 by fax.

Chicago sales tax rises to 9% on July 1

Sales tax on items purchased in Chicago, and on the autos that city residents purchase anywhere in Illinois, rises 0.25 percent July 1, bringing the total to 9 percent.

The Chicago City Council passed the measure in December when approving the 2005 budget.

But in what could amount to a double whammy, the Cook County Board in January will consider imposing a tax hike to help close a \$73 deficit in its 2005 budget.

Board President John Stroger told commissioners he has not made a final decision on which taxes to raise, but he is considering several, including the sales, hotel, and food and beverage taxes.

Commissioners last year turned back Stroger's attempt to raise the county sales tax and the tax on items leased in Cook County, including automobiles.

AYES program cultivates success stories for participating dealers and their student techs

BY **JIM BUTCHER**
ILLINOIS AYES MANAGER

The dawn of a new year is a good time to put aside the sales projections and inventory issues for a moment and consider long-term planning, upon which success depends.

Of the many issues a dealer faces, one that can fly under radar is the lack of skilled technical labor. Skilled automotive technicians are in short supply. The reasons are many, but suffice it to say that the easiest solution is to "grow your own" qualified technicians.

This may sound rather complicated, but I assure you it is not. The program about which I write is called AYES, or Automotive Youth Educational Systems.

The AYES program has everything in place for you to obtain the best qualified entry-level students. Their traits:

- No bad habits
- Eager to learn and earn and please their new employer
- Identified automotive service as their career goal
- 650 hours of automotive training in high school
- Qualified under the nationally recognized automotive training program
- Consistent results
- 74% retention rate in the industry
- Earned the recommendation of their automotive instructors

- Rated in the top 10% in their automotive training program

- Good driving records

You would be hard pressed to advertise for such credentials. We all know what walks in the door from an advertisement; sometimes, frankly, not much. In fact, the typical responder to an advertisement is another repair facility's failure.

The bottom line, the AYES program has everything already completed for you. This is a program sponsored and supported by your manufacturer. The best part is what it costs you, or, rather, what it doesn't cost you. Let's examine the cost.

The manufacturer bears most of the costs of the AYES program. The manufacturers donate new vehicles, curriculum, tools, instructor training, and advisory support—all to help you to "grow your own" entry-level technicians.

Your costs to employ an AYES student are:

- \$8 an hour during the student's junior summer of high school (full-time if possible, if you have the workload)
- \$8 an hour during the student's senior year of high school (part-time if possible, if you have the workload)
- \$8 an hour during the student's senior summer after high school (full-

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'05 auto show expands 43%, now world's largest show on 1 level

Bring your walking shoes to the 2005 Chicago Auto Show, which boasts 1.2 million square feet of exhibit space, about 43 more than last year.

The enlarged show will use the

McCormick Place North and South halls, which are separated only by the Grand Concourse hallway. It is believed to be the largest auto show on one level in the world.

Public show dates are Feb. 11-20. First Look for Charity, the show's black-tie benefit, is Feb. 10. Tickets for both events, plus information aplenty on the show, is at

www.chicagoautoshow.com/

All CATA members whose dues are current will receive packages this week with materials to help promote the show and tickets to attend.

The shipments are trackable, so call the CATA if a package does not arrive by Jan. 14.

Overholt sets sights on big dealers, playing matchmaker for trial lawyers

Self-styled whistle-blower Duane Overholt is creating a nationwide referral service that will funnel complaints of dealership fraud from consumers and employees to trial lawyers, Automotive News reported.

Overholt, a former car salesman, drew attention to himself last year when featured in a "Dateline NBC" report criticizing dealership F&I practices. He will launch the service, Stop Auto Fraud Attorney Referral, this month with a TV infomercial before the annual NADA convention.

From the report: "(Overholt) wants to embarrass major dealers and public dealership groups that he says victimize buyers with dishonest finance and insurance practices." His program will air initially in five states.

In addition, Overholt has hired a public relations firm to place opinion columns in newspapers across the country. Overholt said he would announce 17 lawsuits across seven states—some of which will target the nation's largest publicly traded dealership group, AutoNation.

The lawsuits reportedly will accuse the dealerships of illegally reducing sales employees' commissions by carving "packs" out of gross profits on new vehicles.

Overholt contends that the practice violates federal and state wage laws. Overholt served as a consultant to the plaintiff's lawyers in a 2002 lawsuit involving AutoNation, but the case was thrown out of a Florida court three times, with the judge punishing the plaintiff and his lawyers for filing a frivolous lawsuit. The trial judge ruled the class-action lawsuit lacked merit and ordered the plaintiff to pay AutoNation's legal expenses.

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The CATA Bulletin is published and mailed every other Friday except during the Chicago Auto Show, when it is not published.

Listings of items for sale are subject to the approval of the CATA. Candidates for employment must submit a full résumé to the Editor.

Review past editions or search by topic at www.cata.info/

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Parameters change for donated cars

Effective Jan. 1, if the claimed value of a donated car exceeds \$500, the taxpayer is limited to deducting the gross proceeds that the charity receives upon selling the car. Donors previously could deduct the “fair market value” of the vehicle.

Also under the new law, charities have 30 days from the date of the sale to notify the donor of the sale proceeds. If the charity keeps the vehicle for its use or materially improves the vehicle, the charity must certify that in an acknowledgement to the donor. In such case, the donor could deduct the vehicle’s fair value.

The change, which comes as part of the American Jobs Creation Act of 2004, attempts to close a loophole that saw some taxpayers deduct thousands for junker cars they donated to charity.

Cell phones added to do-not-call directory

Telemarketer intensions to publish a directory list this year of the nation’s cellular telephone numbers would expose those numbers to entreaties that would heighten unwanted interruptions and gobble minutes from monthly plans.

In response, the government is here, and it wants to help.

The Federal Trade Commission now includes portable telephone numbers on its national do-not-call registry. Posting a phone number on the registry stops most, but not all, telemarketing calls. Persons who register with the FTC still are subject to calls from political organizations, charities, telephone surveyors, and companies with which they have an existing business relationship.

One group of names that won’t appear in the directory are Verizon Wireless’s 39 million customers.

Verizon decided not to participate in the directory, citing privacy concerns.

The problem with other wireless carriers is that millions don’t realize they have already agreed to be listed. The fine print on some service contracts says so. Phone companies, then, must be taken at their word that they won’t enforce those contracts or sell the numbers to telemarketers.

Many people will want to be listed, like small businesses that depend on the cell phone for example. The directory service should become available on a growing basis as the wireless services submit the names of their subscribers, probably this spring or summer.

To register a cell number on the National Do Not Call list, managed by the FTC, go to www.donotcall.gov or call 888-382-1222 from the phone you wish to register.

Dealers, carmakers must know their customers in order to grow: study

Automobile consumers demonstrate needs, wants and preferences that are not always met by the industry. As a result, manufacturers and dealers are missing important opportunities to improve sales, profitability, and even customer relationships and loyalty, according to the sixth annual Cars Online study.

The global study revealed growth opportunities in areas such as marketing, Internet capabilities and after-sales servicing. For instance, as consumers move in market for a vehicle, they are more likely to respond to targeted direct-mail offers, a growing but still under-used marketing tool in the industry.

A strong Web strategy and execution also can affect buying decisions. One in two consumers said that having the Web features they consider most important—price and product information, cost calculators and vehicle configurators—would make them more likely to buy from a particular car manufacturer.

The research identified some key changes in the automotive buying cycle. For instance, although consumers may move into the market for a new vehicle up to 12 months before they purchase, they do not necessarily begin the research process until closer to the actual time of purchase.

And they often don’t “activate” (i.e. focus on specific

terms) until one to three months before their purchase. It is then that the role of marketing becomes critical for automakers to ensure that their vehicles are on the consumer’s consideration list.

The study, which surveyed consumers, dealers and manufacturers in the United States, Canada, Great Britain, France, Germany, Sweden, Italy and China, compared consumers’ actual needs, demands and preferences with dealers’ and vehicle manufacturers’ perceptions of them. The survey’s report focused on consumer behaviour, sales lead management, use of the internet, and after-sales servicing.

Among the key findings:

- Brand loyalty surpasses dealer loyalty. More than half of consumers say they are likely to purchase or lease the same brand of vehicle that they currently own, while about 40 percent will buy from the same dealer.

- What consumers really want from a dealer Web site is the ability to accomplish specific tasks, not indulge in cool features and zippy graphics.

- After sales/servicing represents an important opportunity to gain repeat customers and build brand loyalty.

- The automotive consumer base is increasingly segmented, with groups such as “utilitarian” and “trendy” buyers demonstrating different buying behavior.

AYES

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time if possible, if you have the workload)

- \$724 for a starter tool set program (Snap-on tools). This tool set belongs to you the dealer until the student completes manufacturer's training or until the student completes two years of employment after graduation from high school

- Uniform costs, (optional)
- Student book hours paid to the mentoring technician

As you can see, your costs are incredibly minimal to grow your own technicians. These students obviously start out slow, but over time should be producing 15 to 20 hours or more each week. Below is a breakdown on the cost analysis of hiring an AYES stu-

dent:

Hourly wage (\$8.00/hr.) x hours worked/week (40) = \$320.00

of hours sold (15) X labor rate (\$85.00) = \$1,275.00

Cost of labor paid to mentor technician (15 hrs X \$20) = \$300.00

Profit made from AYES student = \$655.00

Obviously, there are some variables in this equation, but it doesn't take too much to see that the AYES student can easily be profitable for your dealership.

What may be incalculable in this equation is the loyalty that is built in the student, not to mention the fact that you are providing and building for your future success. Future success is something that too many of us give little attention.

So how do you start this process? Call me at 630-424-6020.

Consider 'adopting' a school for Chicago Auto Show

Dealerships can plant a benevolent seed with students by sponsoring a school group's visit to the 2004 Chicago Auto Show. The measure can be a community relations plum and establish customer loyalty with young consumers.

Under the Adopt-A-School Program, a dealership can purchase tickets at \$5 each for students in a group. There is no minimum or maximum potential group size. See the flyer in the print edition of this newsletter.

High schoolers at or near driving age are logical students for a dealership to pair itself with. There are hundreds and hundreds of high schools in the Chicago area, probably more than one within each dealer's relevant market area.

Bill Stasek, proprietor of Bill Stasek Chevrolet in Wheeling, last year sponsored more than 100 students each from nearby Buffalo Grove High School, John Hersey High School in Arlington Heights, and Vanguard School in Wheeling. Accompanying chaperones are admitted at no charge.

"The schools look forward to the auto show so much, and they wouldn't be able to go without this program," Stasek said. "They really appreciate it, so it creates a lot of goodwill with the schools."

In the program, dealers contact a school's principal or assistant principal to arrange the weekday field trip. Stasek met the groups at McCormick Place and even popped for lunches for everyone.

Dealers interested in "adopting" a school should contact the CATA's Donna Young for more details, at 630-424-6045.

Factoid: 94% of dealers host Web sites

Ninety-four percent of dealers who responded to a new NADA survey said they operate a Web site, compared to just 47 percent of dealers in 1997. Of the active sites, nearly all are interactive, and more than two-thirds have completed a sale on the Internet, excluding delivery and payment.

Other features, and the percentage of dealers who offer them:

- View stock: 92%
- View MSRP: 79%
- Link to manufacturer Web site: 79%
- Schedule a service appointment: 67%
- Schedule a sales appointment: 63%
- Fill out finance forms: 62%

The results are part of the NADA's 2004 Internet Utilization Survey.

Marketplace

For Sale Suburban Dodge-Isuzu-Suzuki in Berwyn is soliciting bids to purchase its operating assets. Any sale is subject to approval by the Bankruptcy Court in Suburban's chapter 11 case. For information, call David Golin, 312-726-3100.

Controller Perform all accounting, including financial statements. Supervise payrolls, participate in major purchasing, perform semiweekly forecasts, annual budgeting. Manage staff to meet deadlines accurately. Anonymous; call CATA for résumé.