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Upcoming DealersEdge webinars

The Chicago Automobile Trade Association has established a partnership with DealersEdge to provide high-quality training and informational webinars that offer the content to CATA member dealers at a significantly discounted rate.

The rate for CATA members for the weekly presentations is $149, half what is charged to users who do not subscribe to DealersEdge. Webinars premiere on a near-weekly basis.

Even for dealers who hold an annual membership with DealersEdge, the new relationship with the CATA represents a savings because DealersEdge offers its Webinars to its own members for $198. Regular annual membership fees are $397, and normal webinar fees are $298 for non-DealersEdge members.

Once purchased, DealersEdge webinars and accompanying PDF files can be downloaded and viewed later—and repeatedly. No matter how many people watch at your location, each connection costs a CATA member just $149. A telephone connection is not needed; and the fee includes both PowerPoint slides and audio.

To register for any of the DealersEdge webinars, go to www.cata.info. On the tan bar across the top of the screen, click on Education/Careers and follow the drop-down menu to CATA-DealersEdge webinars.

Coming topics:

Premiering Thursday, Aug. 7 at 12 p.m. CDT

"The Habits & Practices of the Exceptional Service Manager" Some Service Managers are Business Builders. Others treat business like it is something that just happens. Learn what makes some Service Managers truly exceptional.

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CATA, DriveChicago partner with Scout Automotive Marketing for trade-in valuation tool

The Chicago Automobile Trade Association and Scout Automotive Marketing have partnered to make car shopping on DriveChicago.com an even better experience for consumers.

The deal, which places Scout's Trade Express trade-in valuation tool on the DriveChicago.com site, gives shoppers a more accurate trade value for their car, with data provided by NADA Guides. Additionally, Scout will be providing Chicago-area dealers the opportunity to add the Scout Trade Express tool to their websites, further increasing the opportunity for shoppers to get the best value for their trade.

With the growing emphasis on used cars and more accurate trade-in value for consumers, dealers are turning more and more to on-site trade-in tools that offer pricing information that benefits both buyer and seller. NADA Guides, a partner in

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Avoiding 2014 ComEd increases

By Tom Jankowiak
Utility Management Group

When choosing an electric supplier other than Commonwealth Edison, that supplier bills you not only for your electricity used, but also for a number of ComEd- or state-mandated charges. The largest of those charges generally is the capacity charge.

The primary driver behind the capacity charge is the spikes in your usage; the greater your spikes, the higher your capacity charge. It changes every June, and after being relatively low for the past two years it increased about 340 percent this year. While there is no way to avoid this increase, there are three ways to minimize its impact.

1. Historically, suppliers

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Energy

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have offered pricing based on individual customer profiles, so your capacity charge was specific to your account. One of the changes we've seen is suppliers offering pricing based on pooled capacity charges.

Customers at the upper end of that spectrum, which includes many auto dealerships, can benefit greatly from this program as the pool average often is lower than your individual capacity charge. When pricing accounts, we obtain both custom quotes and pooled quotes to confirm which option offers the greatest benefits.

2. If you're utilizing older lighting or HVAC systems, you can benefit from upgrading those systems. Utilities currently offer rebates to help offset those costs, and the return on the upgrades can be as quick as 18 months. The most important things to consider when reviewing quotes are the quality of the equipment and the accuracy of the analysis, including the cost of electricity and number of hours the lighting or equipment is used in calculating the ROI. If either of those two numbers used are greater than your actual numbers, the realized ROI will be longer than what was quoted.

3. Your capacity charges are calculated by measuring the spikes in your usage on the five days during the year when electric usage is at its highest, generally during the summer months. ComEd does not disclose which five days will be used. There are, however, organizations that notify you when they believe those days will be called, allowing you the opportunity to reduce your usage on those days and therefore lowering your capacity charge for the following year. This service is not an exact science, but the more experienced organizations are fairly accurate.

The average dealer's annual electric usage being significant, so even minor changes to your usage or rate can translate to thousands of dollars in annual savings. Analysis of the above mentioned programs will allow you to confirm that you're maximizing your energy savings, takes little time and is risk free.

Changes to Supplier Offerings

As previously mentioned, the supplier you select charges you not only for the cost of electricity, but also for a number of ComEd electric-related pass-through charges. Since no two suppliers now bill those pass-through charges the same, we recommend asking for all-inclusive pricing, as that's the only way to receive a true rate comparison. Under a true all-inclusive rate, all energy-related charges are rolled into a single rate. When comparing offers, it's important to confirm that all charges are included, as not all suppliers include all costs in their quoted rate.

The charges that should be included are energy, capacity, transmission, RPS, line loss, ancillary and both supplier and broker margins.

Webinars

Continued from Page 1

The days when service could get by just waiting for customers to appear on the service drive are quickly coming to an end. Vast improvements in vehicle quality coupled with the lengthening of manufacturer service intervals means you expect fewer cars in your service drive.

The best service managers are planning now to reinvent their businesses to adjust to the new reality in service. This workshop is focused on what makes these service managers stand out in the crowd.

Ed Kovalchick has traveled the country (and byond) and has met a lot of truly exceptional service managers. Join us for this workshop and hear Ed's take on what makes the best, the truly exceptional.

Premiering Thursday, Aug. 14 at 12 p.m. CDT **"Effective Dealership BDCs: What's Working & What to Avoid"** According to presenter Joni Stuker, there is a direct correlation between very successful dealerships and those employing an effective BDC strategy. Learn what is working for those who do BDCs best.

Joni tells us that roughly 70 percent of all dealerships have something they call a BDC. But only a quarter of them are seeing any real or full success from the effort and expense.

Join Joni as she explores what the most successful and effective BDCs have in common and how they make it work so well. You will learn:

- How to set daily performance standards
- Determining proper staffing levels & structure
- Effective strategies for recruitment, training and compensation
- All about "Hot Lead Follow Up Schedules"
- The Power of a LIVE T.O. - "Hold on...I have an idea!"
- Daily reporting to keep on plan
- How to work as a team with sales and service
- Where and how to start making a real difference with your BDC

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Review past editions dating to 1998 or search by subject at www.cata.info.

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Auto credit must remain affordable, accessible for car buyers

By Mark Scarpelli
Chicago Metro NADA Director

Franchised new-car dealers do much more than sell cars. We provide service for the long term. And we offer our customers competitive financing options.

Dealer-assisted financing provides great value and competitive advantages, which saves our customers billions of dollars each year. And the proof is in the numbers. Despite the fact that dealer-assisted financing is always optional, a large majority of consumers still choose to finance their vehicles through dealers.

But in March 2013 — without prior notice or public comment — the Consumer Financial Protection Bureau issued guidance that could eliminate the flexibility that dealers have to negotiate lower auto financing rates for the benefit of consumers. Instead, the CFPB is pressuring auto finance sources to compensate dealers with a flat fee, which would weaken the ability of car buyers to secure discounted financing.

Most troubling is that the CFPB has even admitted that it has not studied how this change would impact consumers.

Members of Congress have taken notice. Rep. Marlin Stutzman, R-Ind., introduced House Resolution 4811, "The Bureau Guidance Transparency Act," which passed the House Financial Services Committee on a bipartisan vote on June 11, thanks to strong grassroots support from the NADA and other industry trade groups.

The bill would require the CFPB to be more transparent by requiring prior public notice for other future guidance. The bill also would rescind the CFPB's auto finance guidance issued in March 2013, which threatens to eliminate a dealer's ability to offer interest rate discounts in the showroom.

To help address the fair credit risk to consumers, dealers and finance sources, the NADA released its **Fair Credit Compliance Policy & Program** in January. This optional program provides a dealership which adopts it with a viable means of managing its fair credit risk, while still allowing for pricing flexibility.

Chris Stinebert, the president and CEO of the American Financial Services Association, issued a statement on July 9 that strongly supported the NADA's program, calling it "a legitimate tool that helps provide lenders with evidence that there are legitimate non-discriminatory reasons for pricing differences."

The NADA is working to protect dealers — and our customers — by making sure auto loans remain affordable and accessible while still addressing fair credit risks. For more information on this matter, visit www.nada.org/cfpb.

In other news . . .

• Take advantage of the **August congressional recess** and invite your member of Congress to a dealership visit.

Members of Congress are in recess and have returned to their home districts through the Labor Day weekend. This is the perfect time to invite them to take a dealership tour, meet with employees and discuss legislative priorities. Elections will be held in November and the balance of power in the U.S. Senate is at stake, so now is a critical time to engage.

Advocacy is one of the most important aspects of a trade association. Despite the growth of social media, face-to-face meetings at the dealership with members of Congress are even more important today and can yield enormous benefits for dealers and for the NADA. Congress hears from many competing industry voices every day, so it is vital that the dealer's voice is heard.

The NADA's legislative office will assist dealers in setting up the visits as well as provide issue updates and talking points to use and share. The visits can be arranged around your busy schedules and typically last about an hour. For more information or to schedule a visit, contact Patrick Calpin, the NADA director of grassroots advocacy, at (800) 563-1556 or pcalpin@nada.org.

Trade-in

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trade-in values for decades, provides what it describes as the most "market-reflective vehicle pricing and information" and is nationally recognized for its impartial data.

Scout's trade-in valuation tool on DriveChicago.com delivers leads directly to CATA member dealers. It works in two different ways.

If a site visitor is looking at a specific piece of inventory on DriveChicago.com when requesting the trade-in valuation, the lead is sent to the specific dealer that lists that inventory. If the lead is generated on a generic location on the site, the tool asks the site visitor what vehicle she is interested in, then sends the lead to the new-car dealer of the intended model that is nearest to the site visitor's ZIP code.

For more information about the CATA's partnership with Scout Automotive, contact Mark Bilek, general manager of DriveChicago.com, at mbilek@drivechicago.com. Dealers interested in knowing more about Scout's multiple sales aiding products can contact Lee Morrell, director of sales and marketing for Scout, at lmorrell@scoutautomotive.com.

Tesla is wrong; franchise system is better

By John McElroy

The biggest irony of the automotive industry is that the companies that make cars and trucks don't know how to sell them.

Would car buyers be better off if the dealer franchise system was dismantled? The public seems to think so. Most consumers believe dealers are unnecessary middlemen who drive up the cost of vehicles. They're enamored with Tesla's way of selling cars in its own stores.

But the franchise system actually is tilted in the consumer's favor. The public believes Tesla's approach is better, but they are unaware of how the system actually works.

Car buyers are under the misperception that dealers make hefty profit margins. But the average dealer actually made only a 2.2 percent pre-tax profit last year. Top dealers make about 5 percent.

Dealers will happily take your used car as a trade-in, no matter what brand it is. What's more, dealers are consumer advocates when it comes to doing warranty and recall work because they get paid by the factory to do it. Do you think factory-owned stores would be so consumer-friendly? Of course not.

Warranty and recalls would represent higher cost, not more revenue. Speaking of company stores, over in Europe they have a kind of hybrid retail system, where factory stores are allowed to compete against the independent franchisees. It's not working.

That's the biggest irony of the automotive industry. The companies that make cars and trucks don't know how to sell them.

But the real danger is when Chinese automakers finally start selling cars in the American market. They could easily decide to side-step franchise laws because Tesla has set the precedent.

That could really wreak havoc in the car market, which would not be good for automakers or franchisees. But most important, it would not be good for consumers. Let's hope the public wakes up before it's too late.

Editor's note: John McElroy is editorial director of Blue Sky Productions and producer of the "Autoline" PBS television show and "Autoline Daily," the online video newscast.

Cars reflect popularity of bold, bright colors

Popular car colors are determined by everything from technology and social interaction to America's economic recovery, according to the BASF Color Excellence Group, which conducts trend research on what car colors will be popular in four to five years.

Its findings, revealed July 30, include the rise in popularity of certain blues, greens and oranges that reflect the blue skies, lawns and unpretentious warmness found throughout Midwest homes. And the always-popular white is gaining even more fans thanks to its association with hip, up-to-date technology.

"The car body is an expression of you to the world," said Paul Czornij, technical manager for the BASF Color Excellence group. "The colors we've chosen will highlight a car's beauty and create a strong color memory while reflecting both the driver's desires and the North American consciousness."

While automakers make color choices depending on body style and car type — think darker reds or blacks for luxury cars, whites and blues for electric vehicles —automakers are keying in on a few specific trends, Czornij said.

"They're really trying to push into more expressive, bold colors," he said. "Every one of them is trying to do something a little more different."

Those colors include highly saturated, bright reds — a color Czornij said is always popular. Detroit's Big Three also are looking at bright silvers, metallic and sparkly blacks and subdued whites.

Sedgwick deflects Q2 2014 jobless claims

One hundred thirty-eight CATA dealer members reported a combined 511 unemployment claims during the second quarter of 2014 to Sedgwick Claims Management Services, Inc., which has been serving CATA dealers under various names since 1979. The company's efforts saved those dealers a total of $954,584 in benefits by contesting the claims.

Sedgwick CMS monitors any unemployment claims against its clients and contests all unwarranted claims and charges. The company counts about 265 CATA dealers among its clients.

The number of claimants and affected dealers and benefit amounts were at their lowest numbers in years. Claims that can be protested and subsequently denied help minimize an employer's unemployment tax rate. The rate can vary between .55 percent and 8.55 percent of each employee's first $12,960 in earnings.

The 2014 average unemployment tax rate & new employer rate for Illinois employers is 3.95 percent, or about $512 annually per employee ($535 in 2013). The rate continues to inch down from 2007, as the Illinois economy continues to improve.

"The unemployment tax is really the only controllable tax, in that it's experience-driven," Schardt said. An ex-employee's claim affects the employer's tax rate for three years.

For new enrollees, client fees amount to $2.60 per employee, per fiscal quarter. For the fee, Sedgwick monitors all unemployment claims; files any appeals; prepares employer witnesses for hearings, as necessary; represents the client at any hearings; verifies the benefit charge statements; and confirms the client's unemployment tax rate.

To discuss retaining the company, call Schardt at (773) 824-4325 or Bruce Kijewski at (773) 824-4322.