



# CATA Bulletin

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## '02 Chicago Auto Show ready to roll

When the turnstiles to the nation's biggest auto show spin Feb. 8-17 at McCormick Place, the eyes of show patrons will be fixed on beautiful vehicles and dazzling displays, and the eyes of market analysts will be fixed on the patrons.

Manufacturers are coming off the second most successful year in automotive history, selling just shy of 17 million units. With the recent end of some highly successful factory incentives, the industry is waiting to see what

will happen in showrooms across the country.

"We've said for years that the Chicago Auto Show is the driving force for the spring market," said Greg Webb, chairman of the 2002 Chicago Auto Show. "Perhaps this year, that role will be more important than ever. I'm confident that this show will generate plenty of excitement to help keep the ball rolling."

More than 15 vehicles make their world debut at this month's Chicago Auto Show. Those introductions, coupled with at least 40 more that took their initial bows in Europe, Japan and North America, will trumpet what is new today in showrooms and what

might be in store for customers in the future.

Also new this year, three "eye in the sky" cameras have been placed in the McCormick Place rafters. Using the Chicago Auto Show Web site, [www.chicagoautoshow.com](http://www.chicagoautoshow.com), viewers can see real-time images of events on the show floor.

Dealers give back to the community on Feb. 7, before the show's public opening, with First Look for Charity. The 2001 event raised more than \$1.8 million for 17 area charities. One lucky attendee this year will win a special edition Ford Thunderbird, compliments of Ford Motor Co. Tickets are \$150 and

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## Leasing companies can take tax credits when retailing off-lease vehicles

A change to the Illinois Revenue Department's Form ST-556 allows a leasing company to take a tax credit when a vehicle the company originally purchased to lease subsequently is sold at retail by the company.

Form ST-556 has been changed slightly to report any qualified tax credits. The updated form is apparent by the revision date on the upper left corner of the return. The revision date is October 2001; it appears as R-10/01.

The changed ST-556 pri-

marily impacts leasing companies. However, it affects all businesses that file the ST-556 return because of the revisions made to the form itself. Dealers have to make certain adjustments to computer programs to use the new edition.

Now, dealers who both lease items in Illinois and retail the same items at the end of the lease may take credit for the previously paid tax.

If the original tax was \$1,000, and then \$600 is due

when the vehicle is sold, the business may report a \$600 credit on Line 10 of the revised ST-556. No balance remains for the other \$400; that difference is gone.

The new regulations change is different than an advance trade-in credit, which is established when a leasing company trades in an off-lease vehicle towards a future purchase of a vehicle to be leased. The new tax credit is allowed only when a leasing company sells an off-lease vehicle at retail.

Dealers should have received an informational bulletin from the Revenue Department in December that fully explains the new tax credit.

Form ST-556 must be filed with the revenue department to report the retail sale of items which must be titled—vehicles, watercraft, aircraft, trailers and mobile homes—in Illinois.

The tax credit change is not the result of any new legislation. For more information, call 1-800-732-8866.

## For cars in China, the selling ain't easy

Forecasting sales of cars and small trucks in North America for 2002 is difficult. But consider the same task in China, where changing laws, lower tariffs, rising unemployment and the general lack of confidence Chinese tend to have in their government all affect how many vehicles will be sold in coming years.

Consider that just 11 percent of Chinese own an automobile now and that it is a purchase almost always made after the family has paid off a home. Many predictions pointed to falling new-car prices upon China's inclusion in the World Trade Organization. Initially, that has occurred. But many call it a temporary condition and say vehicle sales will not increase significantly in China until cars become simpler to buy.

For instance, about 95 percent of vehicle sales in China are cash purchases because financing is so difficult to obtain. There are no automaker credit arms—at least, not yet—so anyone who wants to finance a car must do so through a bank.

Moreover, stringent lending rules of banks make it difficult to qualify for a loan. Efforts are underway to allow non-banking financial institutions to offer car loans in China, but those new regulations are not expected soon.

On the plus side, the Chinese government realizes what a booming auto industry can do for its economy and the State is expected to act to promote car purchases. Perhaps the greatest insight to China's car-buying future lies in its recent past. In 1990, China produced 500,000 cars. By 1995, production jumped to 1.45 million units.

However, the production rate slowed over the next five years, reaching 2.06 million vehicles in 2000.

Chinese consumers have demonstrated patience and they will wait to buy vehicles if they believe prices are too high. Prices, of course, will depend to a great extent on expanding vehicle imports and any government-imposed tariffs.

## Auto Show

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can be purchased at the door.

Concern for others also is shown by the auto show's Food Drive, Feb. 13-15. Patrons who bring two cans of food receive a \$3 discount off the show's \$8 admission price. The food is donated to the Chicago Christian Industrial League.

Show hours are 10 a.m.–10 p.m. daily, except opening day, when the hours are noon to 10 p.m. Admission is \$8 for adults; \$5 for pre-teens or free when they accompany a paying parent; and senior citizens, \$5.

## Scam alert

North American Dealer Listing, which purports to "serve auto dealers around the globe," is circulating \$93 invoices for its semiannual service. At a quick glance, the N.A.D.L letters resemble a more above-board organization in McLean, Va., the NADA.

The N.A.D.L is insidious for presenting itself as a renewal invoice, appealing to dealers to "avoid reactivation fees by remitting now."

And although the listing service boasts of being a dealer's "source of sales referrals today and tomorrow," how or where a dealer would be listed is not identified on the invoice. N.A.D.L. indicates a Hendersonville, Tenn., return address.

## In Memoriam

William Hartigan Sr., founder of Hartigan Chevrolet and Heritage Cadillac, died Jan. 27. He was 75.

He operated Hartigan Chevrolet in Chicago briefly in the 1950s, then opened Heritage Cadillac, on Roosevelt Road in Lombard, in 1967. The Cadillac dealership now is operated by William Hartigan Jr., who is a director of the Chicago Automobile Trade Association.

In addition to William Jr., William Hartigan Sr. is survived by his wife, Jean; a daughter, Nancy; a son, Thomas; and five grandchildren.

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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 at <http://cata.drivechicago.com/>

**Jerry H. Cizek III** President, Publisher  
**Erik K. Higgins** Editor, Director of Dealer Affairs

## Back to the basics: The 5 principles of successful prospecting

Salespeople who worked in the new-car business in the late 1970s or '80s remember those years for the difficult economic conditions. The downturn forced them to create their own traffic; relying solely on floor traffic doomed them to finish at the bottom of the board. Aggressive salespeople pursued new prospects knowing that their future depended on finding new business.

The same atmosphere applies today. Salespeople who actively generate traffic can maintain high sales levels in the midst of economic uncertainty.

To most salespeople, prospecting conjures the impression of calling strangers, to little success. It is true that prospecting with such a mindset never is effective. Prospecting efforts must be practiced with enthusiasm to maintain positive results.

Five principles of prospecting, when implemented properly, will lead to a constant flow of prospects.

**Use your Business Cards.** A salesperson should never be without an adequate amount of business cards, the least expensive form of advertising. Rudimentary, perhaps, but the refrain, "I don't have a card on me," rings regularly in show-rooms.

Business cards should be placed in areas where people will see them. Business cards should be placed on every company bulletin board, in every bill paid, with every tip left at a restaurant, with each letter mailed, and under each windshield wiper at a grocery store parking lot. These

mines left in high traffic areas are sure to detonate eventually in the form of a sale.

**Focus on your owner base.** Manufacturers created CSI surveys to monitor customer satisfaction. Many salespeople conduct their presentations, delivery and any follow-up intent to achieve a perfect CSI score. In reality, they should aim to achieve perfectly satisfied customers.

Focusing on the customer base is key to prospecting because it leads to repeat business. Salespeople should not attempt to sell a car to a prospect; they should attempt to sell to a prospect his next five cars.

Such an attempt requires contacting the customer at regular intervals, to keep the salesperson's name in the customer's memory. Customers who remain satisfied return to purchase again.

**Seek and cultivate referrals.** Every salesperson asks people to send along prospective buyers. The tough part is getting referral sources to produce leads. Use many referral sources to maximize the flow of prospects.

Salespeople should solicit referrals from their owner base, social organizations, churches, schools, family and friends. Insurance agents and bank and credit union branch managers, with hundreds of potential prospects, can provide valuable referrals. Continuous contact with referral sources is the only way to get to the prospects they have.

**Conduct daily prospecting efforts.** As a rule, prospecting efforts don't generate a high or rapid return.

The objective is to increase chances for success in the long term. Make a prospecting plan and engage in four prospecting activities every day.

Activities may include cold calls, working the service drive, calling lease renewals, or sending congratulatory notes following birth or promotion announcements in the local newspaper. Limiting the number of prospecting efforts while maintaining a daily prospecting routine helps the salesperson retain an enthusiasm for prospecting, even in the face of rejection. Enthusiasm, dedication and patience are key to success at prospecting.

**Unsold follow-up.** After implementing the tools to generate traffic, mentioned above, develop prospects into customers. Transform potential sales into sales. The principle of "unsold follow-up" requires the salesperson to maintain contact with a prospect until the sale is consummated. Follow up until they buy.

In today's fluctuating economic market, the necessity of prospecting cannot be overstated. Salespeople must return to proven techniques of the past to develop a powerful base of customers. Such a "power base" will, in turn, create a perpetual stream of business.

For details on invigorating the sales department, refer to "A Dealer Guide to Revitalizing Your Prospecting Efforts," a management publication of the National Automobile Dealers Association. Copies can be ordered by calling NADA Management Education at 800-252-6232, ext. 2.

## Rapidly growing Hispanic market less impacted by weakened Wall Street: study

Nearly seven of 10 Hispanics visit three dealerships when they shop for a new vehicle, and half shop at four or more stores, according to findings of the Spanish language weekly Chicago newspaper owned by the Chicago Tribune, ¡Exito!

To reach that fastest-growing segment of the local economy, language is key. In a study commissioned by ¡Exito! and performed by the Yankelovich Monitor, more than half the respondents said they prefer to speak Spanish in all situations. Two-thirds said they get more information about a product when it is advertised in Spanish, and they are more inclined to buy brands advertised in Spanish.

With a weakened stock market, many Americans are slowing their purchasing patterns. But Hispanic Busi-

ness reported in October that Hispanics are less affected by deflated stock portfolios than the general population because Hispanics hold fewer stocks.

The Tribune study, involving 822,000 Hispanic adults in the Chicago marketplace, found 53 percent plan to buy or lease a vehicle in the next 12 months. Of that audience, 72 percent said they read in Spanish, exclusively or occasionally.

And Hispanics, according to the Tribune study, are 9 percent more likely than the average buyer to obtain dealer financing for their vehicle purchases.

¡Exito! is a weekly publication distributed free on Thursday mornings. The newspaper, with a circulation of more than 95,000, reportedly reaches 75 percent of all Chicago and suburban Hispanic households.

## Northwood U. to hold management courses

Northwood University will hold four courses from its Automotive Marketing/Management curriculum in early March at the university's Midland, Mich., campus.

"Automotive Dealership Accounting," "Annual Business Plan (Budgeting & Forecasting)," "Parts & Service Management," and "Financial Statement Analysis & Corrective Actions" meet at the N.A.D.A. Automotive Education Center on the campus. The

courses range from two and one-half days to five days.

Many Northwood graduates are owners, general managers, sales managers and leaders in the automotive industry. Tuition for the Marketing/Management curriculum is reduced for Northwood alumni.

For more information and to register, call Susan Woodcock, at Northwood's Continuing Education Department, at 800-684-2786.

## Martin Boyer deflects unemployment claims

One hundred fifteen CATA dealer members reported a combined 431 unemployment claims to the Martin Boyer Co. during the fourth quarter of 2001. The company's efforts saved those dealers a total of \$736,528 in benefits by contesting the claims.

Martin Boyer monitors any unemployment claims against its clients. About 200 CATA dealers are clients of the company.

The 431 claims filed last quarter compared to just 289 in the fourth quarter of 2000, said Paul Schardt, senior vice president of Martin Boyer.

"Quits and discharges were up only about 25 percent last quarter, but lay-off claims tripled. This may be attributable to the closing of some Oldsmobile dealerships, downsizing and the slowing economy," Schardt said.

Claims that can be protested and subsequently denied help minimize an employer's unemployment tax rate. The rate can vary between .06 percent and 6.8 percent of each employee's first \$9,000 of earnings. The average unemployment tax rate among Illinois employers is 3.1 percent, or \$279 annually.

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

Client fees amount to \$2.10 per employee, per fiscal quarter. For the fee, Martin Boyer monitors all unemployment claims, files any appeals, represents the client at any hearings, verifies the benefit charge statements and confirms the client's unemployment tax rate.

Martin Boyer has represented CATA members since 1979. To discuss retaining the company, call Schardt at 312-456-6241.

### Bulletin on hiatus

The CATA Bulletin will take a one-issue break on Feb. 18, in deference to the Chicago Auto Show.

The next edition is March 4.

