



CATA Bulletin



a biweekly newsletter

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Limited openings remain to play in the CATA's annual golf outing, June 11 at Cog Hill Golf & Country Club in Lemont.

See one flyer in this newsletter for more details, and another to order tickets; or call the CATA at 630-495-2282.

Shotgun play begins at 12 p.m.

General Assembly passes bill to boost DOC fee

Legislation to increase the Illinois DOC fee awaits the signature of Gov. Rod Blagojevich, after senators on May 22 passed the House measure.

House Bill 1657, which would take effect Jan. 1, 2008, would boost to \$150 the maximum documentary service fee that dealers can charge customers to complete necessary paperwork in vehicle transactions.

Under state law, Blagojevich has 60 days to either sign or veto the mea-

sure after it reaches his desk. He has not indicated an opinion on HB 1657.

The base DOC was \$40 when it was established in 1992. Annual adjustments tied to the Consumer Price Index have increased to \$58.48 the maximum fee that can be charged this year.

The array of federal and state regulations with which dealers must comply when selling vehicles is mounting, and dealers in at least 30 states reportedly are permitted to charge \$400 to \$900

in DOC fees.

Since 2001, for instance, new federal regulations dealers must adhere to include the Privacy Act and the related Safeguards Rule, the Patriot Act, and the Federal Communication Commission's National Do-Not-Call or -Fax Registries.

To comply with those and other laws, dealers must pay monthly or annual licensing fees for software or engage third-party vendors, and pay to train their employees about compliance.

State lawmakers face zero hour in budget talks

With adjournment scheduled for May 31, the Illinois General Assembly appeared headed to overtime, unable to craft a state budget before the calendar moved to June. This newsletter deadline was 1 p.m. May 31.

Unproductive meetings between Gov. Rod Blagojevich and the Senate president and House speaker—all Democrats—would give voice to state

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Vacancies abound at dealerships, ART study finds

An estimated 108,814 vacant positions exist at the nation's new-vehicle dealerships, three-quarters of them in sales and service, according to an Automotive Retailing Today study released May 22.

The ART study, which conducted an online survey with 742 dealerships, examined job vacancies, positions filled by women, recent hires of military veterans, and the influence of internships and summer season programs.

More than one-third of the respondents reported hiring at least one veteran since January 2006, and dealers have employed nearly 30,000 vets since January '04.

"The pool of veterans includes technologically savvy, motivated workers whose

skills and military training and certifications are easily adaptable to a variety of dealership positions," said Carter Myers, ART chairman.

Alas, according to NADA figures, salary figures for dealership positions in the Midwest—which the association depicts as Illinois, Indiana, Wisconsin, Michigan and Ohio—trail the national average in 27 of 30 positions measured. Only Shop Forman, Parts Counterperson and Marketing Manager exceed the averages among the country's nine regions.

About 197,500 women work at new-car dealerships across the country, about half of them in administration positions. Of note,

SEE VACANCIES, PAGE 4

NADA study measures practices that drive financial profitability

The policies and practices that take place within a dealership's "four walls" represent the No. 1 factor in driving performance, according to an NADA research project to define and corroborate best practices in dealership management.

What activities and behaviors drive your dealership's profitability? Although product and volume matter, the study found that the right internal policies and practices are the biggest differentiator of performance.

Analyzing survey responses across all the different factors that influence profit—region and demographics, brand and origin (domestic or European or Asian import), dealership size (measured by volume of new-vehicle sales) and structure (stand-alone store versus part of a broader network of dealerships), and operational practices—the study found that operational best practices are the single biggest profit differentiator.

Based on this study, the average-performing dealership in an average environment achieves, roughly, two percent net profit before tax. An improvement in each of the influencing factors, one by one, results in more profit:

- If the average dealership could be relocated to a better region with better demographics, net profit would be expected to increase three-tenths of 1 percent, to 2.3 percent.

- If the dealer had a better-selling brand, profit could increase another nine-tenths of a percent, to 3.2 percent.

- Improvements in sales volume and structure can add a full one percent to net profit for this dealer, bringing the total to 4.2 percent.

But the big jump can come with implementation of operational best practices:

- If the dealer's operations are consistent with best practices, net profit can increase by 2.3 percent, bringing the total for the hypothetical dealer all the way to 6.5 percent.

Obviously, most dealerships cannot change all the external factors that affect profit. They can, however, change internal factors. Therefore, finding No. 1 is vital to all dealerships.

The analysis suggests that regardless of size, brand, or region, an average dealer who transforms average practices—not poor practices, but average practices—into best operational practices can increase operating profit by more than two percentage points.

This article is adapted from NADA Management Education's "A Dealer Guide to Driving Dealership Performance," which provides more detail on the project. This guide can be ordered at www.nada.org/mecatalog or at 800-252-6232, ext. 2.

Marketplace

Controller 22 years' dealership experience. Manage office staff and back-end managers. Developed employee handbook, company 401(k) plan. Reconcile customer service issues; submit monthly, year-end financial statements. ADP-Elite, Reynolds & Reynolds. Donald Hunt, 708-342-2188.

Controller GM, Ford, Import, mega operations. Expense analysis, forecasting, human resource administration, vendor contract negotiation. ADP, ADP Web 1000, Reynolds & Reynolds. Peter Schwartz, 708-388-8606.

Résumés of both candidates on file at the CATA.

In Memoriam

George Sessler, who opened a namesake Ford store in Libertyville in 1961, died May 27 at age 81.

Mr. Sessler served in the Navy in World War II and was a member of the American Legion Post. He also was a member of MainStreet Libertyville and a charter member of Libertyville Covenant Church.

He is survived by his wife, Dorothy; children Christine, Carol, Constance and Cashton; and five grandchildren.

Memorials appreciated. Call 847-362-3009.

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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 dating to 1998 or search by subject at <http://cata.drivechicago.com/>

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

Latest on CAFE

By Ray Scarpelli Sr.

METRO CHICAGO NADA DIRECTOR

The NADA and the American Truck Dealers are directly engaged in the CAFE debate. On May 7, NADA/ATD sent a letter to each member of the Senate Commerce Committee, which was considering legislation that arbitrarily increases corporate average fuel economy standards for cars and light trucks and, for the first time, applied CAFE standards to medium- and heavy-duty trucks.

The bill, as passed by the Senate committee on May 8, does not take into account either the realities of the marketplace or consumer demand when setting these new CAFE standards. Also in the letter, NADA/ATD expressed concerns with the truck provisions in the bill because they disregard the economics of the truck market that already drive fuel economy in far more powerful ways than any CAFE mandate.

The bill, as passed by the Senate committee, would:

- Increase CAFE standards for cars and light trucks to 35 mpg over the next 12 years, with a 4 percent increase every year thereafter. The current standard for passenger cars is 27.5 mpg and 22.2 for light trucks.
- Require that medium- and heavy-duty truck manufacturers increase their vehicles' efficiency by 4 percent a year beginning in 2011.

Both Michigan senators—Democrats Carl Levin and Debbie Stabenow—the United Auto Workers, and several auto industry representatives have testified before the committee. Levin and Stabenow called on their colleagues to temper their approach to enhance the

nation's energy security by considering the effects that any CAFE legislation may have on the domestic auto industry.

The Alliance of Automobile Manufacturers and the Association of International Automobile Manufacturers called on lawmakers to ensure that any new mandates are not only technologically achievable, with adequate lead time to meet them, but also not harmful to one technology or manufacturer.

Dealers are encouraged to stay in regular contact with their senators to remind them of the important place the American consumer plays in this debate. The NADA's legislative office will ask dealers to contact key senators at the appropriate time. Additionally, ATD is working with the truck manufacturers, and encourages truck dealers to do the same, to present a united industry position to Congress on this issue.

In other legislative, legal and regulatory news:

Women denied sales jobs reap \$2.3 million in EEOC case

Following a lawsuit filed by the Equal Employment Opportunity Commission, a Midwest dealership chain has agreed to pay 39 female applicants \$2.3 million in back pay and damages. The dealerships also agreed to provide nondiscrimination training for managers, give priority to future female applicants, and file semiannual reports with the EEOC.

For help in "harassment-proofing" your dealership, see the NADA bulletin, "Sexual Harassment Protection Your Insurer Can't Provide," available online at www.NADA.org/mecatalog, or at 800-252-6232, ext. 2. As the bulletin states, and this EEOC action illustrates, sexual harassment can disrupt the work-

place, violate state and federal law, and be costly to the dealership in money and lost reputation. Also useful is the NADA management guide, "Diversity as a Business Imperative."

EPA Extends SPCC Compliance Dates

The Environmental Protection Agency this year eased the burden on dealerships storing liquids in aboveground tanks. Now, the EPA has extended the compliance dates for dealerships and others subject to Spill Prevention, Control and Countermeasure plans. Dealers who started operations on or before Aug. 16, 2002, must maintain their existing SPCC plan and amend and implement the plan no later than July 1, 2009. Those who began operations Aug. 17, 2002, through July 1, 2009, must prepare and put in place their SPCC plan by July 1, 2009. And those who will begin operations after July 1, 2009, must prepare and implement their SPCC plan before beginning operations.

For more information, see www.epa.gov/oilspill or contact NADA Regulatory Affairs at 703-821-7040 or regulatoryaffairs@nada.org.

In NADA news:

NADA Public Affairs Launches Mobile-Friendly Version of Web Site

NADA Public Affairs has launched a streamlined mobile version of its flagship Web site, www.nada.org. The new site offers easier access and better readability for users of mobile devices such as BlackBerry and Treo.

The mobile version enhancements includes consolidated page layouts to reduce or eliminate horizontal scrolling.

Budget

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Republicans, whose consent would be needed to pass any measure beginning June 1, when bills cannot proceed without a supermajority of 61 percent of legislators in each chamber.

Many legislators considered expanded gambling as the best source of new funding, but the influx would prove far less than the governor projected collecting under a gross-receipts tax. House members in early May trounced that idea, which could have shuttered one-quarter of the state's new-vehicle dealers.

The CATA joined many business groups in a media campaign to derail the GRT, and association members were urged to contact their legislators to oppose it.

House Democrats on May 30 advanced a limited-growth state budget plan, about one-tenth the size of what Blagojevich proposed in March, to pump new money into education but omit the expansive health-care program that the governor wanted to fund with a GRT.



Senators hashed the plan on May 31 as the midnight hour for adjournment neared, and the Illinois Republican caucus moved closer to relevance.

The Senate could pass the House plan and then wait for the governor to call a special session regarding his health care initiative, or they could attempt to move their own plan.

The GRT, which was part of the biggest proposed tax hike in state history, drew outrage in Illinois and interest in other states. "This is pretty cool for Indiana," John Mikesell, professor of public finance at Indiana University, said in April.

"A lot of us are rooting for Illinois to pass the thing because there will be so many opportunities to study the adverse impact on the Illinois economy."

and participate in internship programs, and three-quarters of them say it is an effective method to identify candidates for permanent positions.

The average new-car dealer employs 57 workers, ART found. That projects to an estimated 1.2 million employees across the country.

Vacancies

CONTINUED FROM PAGE 1

30,000 of them work in sales/F&I positions, and even more—34,000—work in service departments.

Sixty-eight percent of dealers said they offer summer/seasonal employment

Congratulations!

Phillip Resnick, proprietor of Schaumburg Toyota, has been named to Toyota's Customer Services Advisory Board, for excelling in handling customers' needs in Parts, Service and Customer Satisfaction.

Ford Motor Co. named 10 area dealers among its 2006 President's Award winners: **Arlington Heights Ford**, **Rod Baker Ford Sales** (Plainfield), **Bredemann Ford** (Glenview), **Buss Ford Sales** (McHenry), **Capital Lincoln-Mercury** (Matteson), **McCarthy Ford** (Chicago), **Wickstrom Ford** and **Wickstrom Lincoln-Mercury** (Barrington), **Willowbrook Ford**, and **Woodfield Ford** (Schaumburg).

Toyota Motor Sales, U.S.A., bestowed Signature Certification for 2006 upon **Arlington Toyota**, **Continental Toyota** (Countryside), **Elgin Toyota**, **Elmhurst Toyota**, **Fox Lake Toyota**, **Northbrook Toyota**, and **Pauly Toyota** (Crystal Lake).

DaimlerChrysler named **Sherman Dodge** in Skokie to the Chargers Club; and **Fields Chrysler-Jeep-Dodge** (Northfield), **Mancari's Chrysler-Jeep** (Oak Lawn) and **Mancari's of Orland Hills** to the Pacesetters Club.

Buick-Pontiac-GMC named 14 area dealers as Select Leaders, for excellence in sales, service and customer satisfaction: **Anthony Buick-Pontiac-GMC**, Gurnee; **Circle Pontiac-GMC**, Schererville, Ind.; **D'Arcy Buick-Pontiac-GMC**, Joliet; **Gillespie Pontiac**, Chicago; **Greenway Pontiac-GMC**, Morris; **Grossinger Buick-Pontiac-GMC**, Lincolnwood; **Haggerty Pontiac-GMC**, Villa Park; **Mike Haggerty Buick-Pontiac-GMC**, Oak Lawn; **Ray Buick**, Chicago; **Schepel Buick-Pontiac-GMC**, Merrillville, Ind.; **Suburban Buick**, Wheaton; **Paul Sur Pontiac-GMC**, Valparaiso, Ind.; **Village Pontiac-GMC**, Naperville; and **Wilkins Buick**, Villa Park..

Ford Genuine Parts' 2007 Play Ball winners for the first quarter include **Daniel Brown** of Ron Tirapelli Ford in Shorewood; **Deborah Martin** of Libertyville Lincoln Mercury Sales; **Gregg Schmied** of Webb Ford in Highland, Ind.; **James Shadowen** of Golf Mill Ford in Skokie; **John Wojtczak** of Sutton Ford Matteson; **Joseph Szostak** of Lynch Ford in Chicago; **Martin Gregory** of Al Piemonte Ford in Melrose Park; **Michael Gilliland** of Arlington Heights Ford; **Paul Spora** of Joe Madden Ford in Downers Grove; **Robert Staub** of Elmhurst Lincoln-Mercury; and **Scott Bellar** of Van Drunen Ford in Homewood.