



# CATA Bulletin



official Web site of CATA dealers

a biweekly newsletter

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## 8 candidates on ballot for 6 CATA board seats

Eight candidates, including three incumbents, have been nominated to fill six openings on the board of directors of the Chicago Automobile Trade Association. Each term lasts three years beginning this month.

Election ballots were sent May 25 to all CATA dealer members whose association dues are up-to-date. Completed ballots must be received by 12 p.m. June 8 by the CATA's auditing firm, Crowe Chizek & Co., which will tally the submissions. Results will be announced at the CATA's June 12 golf outing at Cog Hill Golf & Country Club in Lemont.

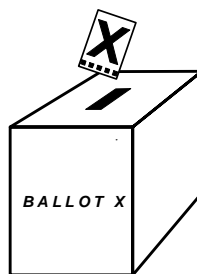
The incumbents on the ballot are **Mary Fran Dolan** (Freeway Ford-Sterling Truck Sales, Lyons), **Bob Loquercio** (Chicago Northside Toyota, Elgin Toyota, Elgin Hyundai), and **Desmond Roberts** (Advantage Chevrolet, Hodgkins). Loquercio is seeking his third and final term on the board; Dolan and Roberts are pursu-

ing their second terms.

Additional nominees include **Rich Ruscitti** (South Chicago Dodge-Chrysler-Jeep and South Chicago Nissan), **Monty Scher** (Rogers Buick-Chevrolet-Pontiac-GMC-Hyundai, Chicago), **Kurt Schiele**, president of the Elmhurst Auto Group (BMW, Jaguar, Scion and Toyota), **Tom Van Prooyen** (Schepel Buick-Cadillac-GMC-Hummer-Pontiac, Merrillville, Ind.), and **John Webb** (Packey Webb Ford, Wheaton; Webb Dodge, Glen Ellyn).

A committee comprised of former CATA board chairmen met in April to identify candidates for nomination.

The CATA board totals 18 directors. One-third of the terms expire each year. A director may serve a maximum of three three-year terms.



## Fixed Ops training launched by CATA

A new Service Management Bootcamp, leading to Service Manager 20 Groups, debuts this summer at the CATA. Instruction will be provided by NCM Associates, the founder of NADA 20 Groups.

The launch follows months of planning by the CATA board of directors, intent on helping service directors and managers to set and exceed objectives, and increase market share, gross profits, efficiency, increased self-satisfaction and resultant employee retention.

A four-day Bootcamp, meeting Tuesday through Friday in one week, would be followed by enrollment in a Service Managers 20 Group that would

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## CATA Learning U. gets instruction revamp

New instructors for CATA Learning University bring refreshed curriculum to the program that offers training for employees in several dealership departments.

Programming begins June 19 with a new three-day course for emerging sales consultants. As a unique element, the course's third meeting takes place three weeks after the first two days, to enable the recent hires to gain sales floor experience and share their

SEE LEARNING UNIVERSITY, PAGE 2

**Limited openings remain to play in the CATA annual golf outing, June 12 at Cog Hill Golf & Country Club in Lemont. To attend, see the registration form included in this newsletter or call the CATA at 630-495-2282. Shotgun play begins at 12 p.m.**



## Learning University

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newfound knowledge during the final session.

Other courses will be rolled out each month over the next year. The first several offerings are:

### Emerging Sales Consultant Training

June 19-20, July 11

July 19-20, Aug. 9

Aug. 22-23, Sept. 12

### Advanced Sales Consultant Training

July 12

Aug. 10

### Emerging Sales Manager Training

July 18

Aug. 15

### Experienced Sales Manager Training

Aug. 17

### Service Advisor Training

Aug. 16

Lee Eddy and Vince Tunzi, founders of the Bloomington-based Catalyst Performance Solutions, LLC, bring more than 40 years' automotive experience to their teachings of retail sales and management. The pair have trained, consulted and evaluated for Volkswagen of America, all General Motors divisions, Ford Motor Co., Mazda of North America, Toyota Motor Sales, J.D. Power and Associates; and many independent dealer groups.

CATA Learning University tuition now is \$360 per course, less than the rate previously charged, and 50 percent of the cost is refunded to dealers after an employee successfully completes a course.

"What we will be implementing with this new training

Training curriculum for CATA Learning University will be molded to address whatever CATA dealers indicate to be their greatest needs. Courses scheduled in the next year include:

Emerging Sales Consultant Training

Advanced Sales Consultant Training

Customer Contact Training: Lead Handling and Follow-Up

Pre-Driven Sales Consultant Training

Emerging Sales Manager Training

Experience Sales Manager Training

Pre-Driven Sales Manager Training

Financial Services AFIP Certification

Service Advisor Training

Marketing and Selling Cars in the Digital Age

program," said Eddy, "is a progressive and sequential learning experience that affords participants from every department and position the opportunity to improve their levels of performance, customer satisfaction and profitability to be among the best in the business."

Register for the June 19-20/July 11 class by calling the instructors at 630-748-6048. Beginning June 16, online course registration and payment can be conducted at [www.catalystperformancesolutions.com](http://www.catalystperformancesolutions.com). The Web site will identify all course outlines and training dates. Dealers also can visit the site to monitor the progress of their employees, or call the instructors.

Tunzi said: "Lee and I are very excited about this opportunity to share all of our learning and experience here, in the Chicago market, as this is our home and these dealers are our family. It is exciting to be able to focus all of our energies on dealers and employees in one of the largest and best automotive markets in the country."

## NADA marks September for annual safety seat campaign

September is designated Child Passenger Safety Month by the NADA, following the success of last year's initiative. The association encourages all dealers to schedule a child safety seat inspection event at their dealerships that month.

The National Automobile Dealers Association in June will send all dealers a how-to tool kit, "Building Child Passenger Safety Awareness in Your Community." The kit also can be downloaded at [www.nada.org/boostforsafety/](http://www.nada.org/boostforsafety/). The initiative is part of the NADA's broader Boost for Safety campaign to educate parents and children about proper child safety-seat use.

Hundreds of dealers hosted safety-seat events in September 2005. Feedback to the NADA about any events can increase everyone's success. Please send comments to [rwhite@nada.org](mailto:rwhite@nada.org) about any previous safety-seat events, how

well they were attended, and any value to the local community. Any comments could be used in this year's publicity.

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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 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

## Illinois Revenue Department examining dealers' trade-in tax credits

By DENNIS O'KEEFE

CATA LEGAL COUNSEL

As you may be aware, the Illinois Department of Revenue is currently involved in numerous audits of automobile dealers. The issue of tax credits routinely comes up in those audits. The March 13, 2006, CATA Bulletin discussed the Department's position that a third party trade-in cannot be used to offset the purchase where the trade-in and the purchase do not occur at the same time (i.e. an advance trade), especially as it relates to the actions of several captive credit companies creating new titling entities to facilitate lease securitization financing.

That issue notwithstanding, the CATA felt it important to provide the pertinent part of the Illinois Department of Revenue Regulations governing trade-ins. Those rules can be found in 86 Ill. Admin. Code 130.455. Those regulations are as follows:

a) Definitions:

**Advance Trade Credit** means a trade-in credit earned as the result of the trade-in of a vehicle on the future purchase of a vehicle where the purchaser is contractually obligated to make a purchase within 9 months after the advance trade.

**Dealer** means any person engaged in the business of selling vehicles at retail.

**Dealer Credit** means an advance trade credit maintained on the books of the dealer where the purchaser is contractually obligated to make a purchase within 9 months after the advance trade.

**Lease** means a true lease of a vehicle for a term of more than one year.

**Lessee** means any person that acquires possession of a vehicle pursuant to a lease.

**Lessor** means any person engaged in the business of leasing vehicles to other persons.

**Purchaser** means any person, whether an individual consumer or a lessor, that purchases a vehicle from a dealer.

c) Use of Trade-in Credits

(1) A dealer may reduce his gross receipts by the *value of or credit given* for a traded-in motor vehicle where: (Section 1 of the Act)

(A) An individual trades a motor vehicle he owns on the purchase of a new or used motor vehicle;

(B) A lessor trades a motor vehicle he owns on the purchase of a new or used motor vehicle for subsequent lease;

(C) A lessor or other purchaser trades a motor vehicle owned by a prospective lessee or a third party where the prospective lessee or third party assigns the vehicle to the dealer and provides written authorization for the trade to the dealer, for the benefit of the lessor or other purchaser. The written authorization provided by the prospective lessee or third party should be specific to the immediate transaction, identifying the vehicle to be purchased by the lessor or other purchaser. A prospective lessee or third party trade-in authorization may not be used in conjunction with an advance trade transaction; or

(D) A motor vehicle is traded-in as described in subsection (c)(1)(B) or (c)(1)(C) of this Section, and the dealer executes

the lease but assigns the lease to a purchasing lessor, if the following requirements are part of the transaction:

(i) the lease agreement states that the lease and vehicle will be assigned to the lessor making the trade of the motor vehicle, and

ii) title is issued directly to the lessor making the trade of the motor vehicle and not to the dealer so that the dealer remains outside the chain of title.

(2) A dealer may not reduce his gross receipts by the *value of or credit given* for a traded-in motor vehicle where: (Section 1 of the Act)

(A) The dealer is the owner (meaning the dealer holds either title or certificate of origin) of the traded-in motor vehicle;

(B) The trade-in vehicle was disposed of in a sales transaction predating the trade but was not identified by contract or written agreement as an advance trade-in vehicle as required in subsection (d) of this Section; or

(C) The party holding title and offering the vehicle or vehicles for trade on behalf of another purchaser or lessor, as described in subsection (c)(1)(C) of this Section, would not be entitled to the isolated or occasional sale exemption if such vehicle or vehicles were sold by that party, rather than traded.

(d) Advance Trade-Ins

A transaction may constitute an advance trade-in if, at the time the vehicle is traded to the dealer, the purchaser becomes contractually obligated to purchase one or more vehicles from the dealer within 9 months after the date of the advance trade-in transaction. Advance trade credits not used within the time specified expire and may not be used subsequent to the 9 month credit period. Advance trade credits are nontransferable.

(1) In order to apply the trade-in credit toward the purchase price of a vehicle, the documents recording the purchaser's contractual obligation to purchase need not specify the make, model or purchase price of a vehicle to be purchased, only that the purchaser is under an obligation to purchase within the specified amount of time.

(2) Advance trade-in credit given by the dealer to the purchaser in the amount of the *value of or credit given* for a traded-in vehicle at the time of the advance trade-in may be in the form of dealer credit or cash, and will not affect the purchaser's ability to apply the advance trade credit toward the purchase of one or more vehicles, so long as the purchaser is contractually obligated to purchase a vehicle from the dealer within the time specified. In completing the transaction, the purchaser may pay the dealer cash or other consideration for the purchase price of a vehicle or vehicles purchased. (Section 1 of the Act)

(3) Documentation evidencing an advance trade-in transaction must include the following: The contract establishing the *value of or credit given* for a traded-in vehicle, the obligation to purchase a vehicle, and the date of expiration of the advance trade-in credit; the bill of sale for the traded-in vehicle; and the appropriate sales or use tax return evidencing the purchase of the

SEE TRADE-IN, PAGE 4

## Fixed Operations

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meet three times a year for three years. The first Bootcamps are Aug. 22-25, Sept. 19-22, and Nov. 7-10. The subsequent 20 Groups would commence about 60 days after each Bootcamp.

Watch future editions of this newsletter for registration details and fees. The CATA is preparing significant tuition rebates to the dealer for service directors and managers who successfully complete the programs.

The Bootcamp instructor is Lloyd Schiller, a 13-time NADA Convention speaker who in 1983 formed Dealer Service Corporation. DSC is now an NCM Associates company.

Schiller said previous Bootcamp attendees, who registered through other state or metro dealer associations, saw their net profits subsequently increase up to \$20,000 a month, and their CSI

scores increase to top factory award status. Their technician efficiency also jumped as much as 50 percent.

“Not only did my department’s net profit double the first month after the seminar, my paycheck increased \$1,000 a month,” said Buddy Johnson, service manager of North Point Ford, Bastrop, La.

The Bootcamp agenda covers topics such as becoming a more effective manager, analyzing and improving key performance areas, understanding the keys to increased service department efficiency and profitability, service marketing and merchandising, and an analysis of repair orders.

Other Bootcamp topics:

- Creating direct performance-based pay plans
- Implementing quick service teams
- Setting parts inventory criteria for best repair order fill rates
- Increasing service sales through an Advanced Reception Process—Greet-

ing, Prime Item(s), Walk Around, Menu Presentation, Courtesy Visual Inspection, Line-Item Estimates, and Spending Limit Estimates

- Implementing hours-loading scheduling & dispatching for maximum efficiency

Twenty Bootcamp graduates, whose dealerships are comparable in terms of volume, profit potential and number of employees, would establish a 20 Group to meet over three years. Each 20 Group would operate autonomously and create its own bylaws and discussion items.

A traditional 20 Group agenda includes comparing dealership financial statements with those of similar-sized dealerships of the same franchise from different, non-competing markets. As an important distinction, the CATA’s Service Management 20 Group analyzes the participant’s dealership financials against national norms for the line.

## Congratulations!

Three Illinois dealers received the Mercedes-Benz “Best of the Best” award for 2005: **George Ponko**, Mercedes-Benz of Naperville; **Klare Sunderland**, Mercedes-Benz of Orland Park; and **Tom Marcham**, Mercedes-Benz of Westmont.

In recognizing its dealers and managers of the year, the Chrysler Group named **Mario Giannese** of Mancari’s of Orland Hills as the 2005 Service Manager of the Year among Chrysler-Jeep-Dodge franchises.

Ford’s Customer Service Division bestowed the 2005 Medallion Elite Gold Club Award, for outstanding performance in parts and service, to **Kevin Rydberg**, service manager of Elm Ford in Newark; and to three employees of Bredemann Ford in Glenview: Service Manager **Thomas Voth**, Parts Manager **Russell Howard**, and Service Advisor **Richard Cardamone**.

Hyundai Motor America saluted its dealer body’s top 50 service managers, a list which includes **Roger Fowler** of Ettleson Hyundai (Countryside), **Jeffrey Harris** of Rosen Hyundai of Algonquin, **Thomas Kuchynka** of O’Connor Quality Hyundai (Oak Lawn), and **Mark Strege** of Bob Rohrman’s Gurnee Hyundai.

## Trade-in

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new or used vehicle and recording the application of the advance trade-in credit. Advance trade-in transactions may not be structured so that the purchaser is not the owner of the automobile offered for trade. (Section 1 of the Act)

**PLEASE NOTE WELL, UNDER PARAGRAPH 130.455 (D) (3) IMMEDIATELY ABOVE, THE DOCUMENTATION THAT MUST BE RETAINED BY THE DEALER.**

## Marketplace

**GM Strong** finance background, extensive experience in both business and sales management, capable of directing all areas of dealership. Proven ability to motivate staff, consistent record of increased sales and profitability, great references. Michael Kalinsky, 678-849-0555.

**TIF District** The Village of Clarendon Hills created a tax increment financing district in December 2005 to redevelop a heavily traveled Odgen Avenue commercial corridor. Great for dealerships! Call 630-323-3500 ext. 26 or see [www.clarendon-hills.il.us/](http://www.clarendon-hills.il.us/)