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AUTO SHOW

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NADA, Morgan Stanley offering key data to dealers

Wall Street giant Morgan Stanley and the National Automobile Dealers Association have arranged to make detailed economic analyses and forecasts available free to NADA members on the association's Web site, www.nada.org/

Morgan Stanley normally offers its in-depth information on industry trends only to clients. "We're excited that they're willing to share it with our members," said Andy Koblenz, NADA's chief operating officer of Industry Affairs.

The information can be found on a designated area of the "Members Only" section of the NADA site. The area has a hot link to connect the dealer to a special section of Morgan Stanley's Web site.

At the Morgan Stanley site, dealers have to complete a five-minute survey on trends at their dealership—Are sales up? Are profits up? and such—in order to review the industry research and analysis.

New data and a new survey appear each month. To verify an NADA member's Web site user name, call 703-827-7404.

Lawyers crafting next 731 union contract

Attorneys authorized to represent CATA dealers with unionized employees of Teamsters Local No. 731 gathered those dealers at the CATA July 2 to review negotiations to date on a new collective bargaining contract. The current deal expires July 31.

The 731 union organizes stockroom attendants, garage attendants, drivers and utility employees such as porters. One hundred thirty-four area dealerships are identified as employing 731-unionized workers.

Francek Sullivan, the employee relations counsel of the CATA, has individual agreements with nearly all of those dealerships to represent them in the contract negotiations.

David Radelet, the lead attorney for Francek Sullivan in the union negotiations, said affected dealers would be updated by fax as talks continue. Radelet can be reached at 312-786-6190.

Negotiations in 1998 were not finalized on the current collective bargaining contract until one month after the previous pact expired. Pay raises and other agreements were retroactive to Aug. 1, 1998.

Sale, installation of recalled parts prohibited

A ban has been instituted on the sale or lease of motor vehicle equipment that is defective or has been recalled for safety reasons, following recent events surrounding Firestone tires.

The federal Transportation Recall Enhancement, Accountability and Documentation Act amends the rules governing tire and automaker safety defect reporting. The act was implemented by the National Highway Traffic Safety Administration.

Under the new regulation, it is the dealer's responsibility to stay informed of recall notices, even if none are received. The ban does not apply to new or used equipment which no longer is reasonably suited for its original purpose, such as tires sold with holes drilled in their sidewalls.

While dealers should not install recalled parts on new or used inventory or service vehicles, the ban does not apply to the resale of used vehicles that may contain recalled motor vehicle equipment.

The regulation also clarifies that dealers may sell or lease recalled vehicles to customers, but cannot deliver them until the safety defects or noncompliance problems are remedied.

The restriction on delivery applies to vehicles in a dealer's possession when a safety recall notice is received. Vehicles delivered to customers before a notice is received are not restricted.

Defective Firestone tires have been linked to at least 174 U.S. deaths.

FTC's Safeguards Rule governs treatment of personal information

As part of its implementation of the Gramm-Leach-Bliley Act, the Federal Trade Commission has issued a rule to require financial institutions under its jurisdiction to safeguard customer records and information.

The Safeguards Rule applies to organizations that are significantly engaged in providing financial products and services to consumers, such as non-bank lenders and personal property appraisers. The Safeguards Rule requires financial institutions to develop a written information security plan that describes their program to protect customer information. All programs must be appropriate to the financial institution's size and complexity.

Security plans must:

• Designate the employee(s) to coordinate the safeguards;

• Identify and assess the risks to customer information in each relevant area of the company's operation, and evaluate the effectiveness of current safeguards for controlling those risks;

• Design a safeguards program, and detail plans to monitor it;

• Select appropriate service providers and require them (by contract) to implement the safeguards; and

• Evaluate the program and explain adjustments in light of changes to its business arrangements or the results of its security tests.

Experts suggest that three areas of operation present special challenges and risks to information security:

1. Employee training and management;

2. Information systems, including network and software design, and information processing, storage, transmission and retrieval;

3. Security management, including the prevention, detection and response to attacks, intrusions and other system failures.

The Safeguards Rule can be reviewed on the FTC Web site, www.ftc.gov/ To determine if a company is considered a financial institution, check Section 313.3(k) of the FTC Privacy Rule and related materials at www.ftc.gov/privacy/glbact/index.html/

Many financial institutions' transactions with customers involve the collection of personal information such as names, addresses and phone numbers; bank and credit card account numbers; income and credit histories; and Social Security numbers.

The Gramm-Leach-Bliley Act, which took effect July 1, 2001, requires financial institutions to take steps to ensure the security and confidentiality of that kind of customer data that they collect.

Industry seeks federal funding to help develop fuel-cell technology

The American auto industry could fall behind its foreign rivals if government agencies do not help develop fuel cell-powered vehicles, industry executives told a U.S. House panel June 26.

Federal officials should boost funding for research into fuel cells, which produce electricity from hydrogen, and help automakers bring vehicles powered by the nearly pollution-free technology to consumers, the executives told an energy subcommittee.

"Other countries are hard at work putting the hydrogen-economy principles to work. The hydrogen economy is coming and the time to lead is now," said Roger Saillant, president of Plug Power Inc, a fuel-cell manufacturer.

State and local governments also must relax barriers that could stall increased fuel-cell use, said Byron McCormick, who oversees fuel cell operations for General Motors Corp.

"When we did the (EV-1) electric car in California, we were amazed at the number of conflicting regulations and requirements," he said.

GM and other automakers increasingly see fuel cells as the eventual replacement to the oil-burning internal combustion engine, but the technology so far has been limited to prototypes and experimental test vehicles.

The technology must be refined and hydrogen fuels made more widely available before consumers will see fuel-cell vehicles in showrooms. Lawmakers are concerned that foreign automakers could perfect the fuel-cell technology first.

"Japan is getting ahead of us," said U.S. Rep. Lynn Woolsey, D-Calif. "Are we going to be able to stay ahead and not lose?"

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Review past editions at http://cata.drivechicago.com/

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

said.

Is your dealership servicing the vehicles you sell?

Determining owner base
Annual new-unit sales x 5 years = Owner Base
Determining service potential
Owner base x 12 hours x hourly rate = Total Potential

The vehicles a dealership sells represent the dealer's service market potential, a number easy to calculate. First, determine the owner base, which represents most of the potential repeat service customers plus the dealership's new-vehicle customers. (See box.)

The average dealership retains less than 35 percent of its service market potential.

Then, multiply the owner base by the average number of service hours (including warranty) that customers require over a five-year period and the hourly rate. According to current industry data, today's average new vehicle will require 55 to 60 hours of labor during the first five years of ownership for proper care, maintenance and repairs.

The total potential on an annual basis, therefore, is 55 to 60 divided by five—11 or 12 hours per owner. (See box.)

How does your potential annual service compare with your actual annual service total?

The average dealership does not attain his potential. In fact, the average dealership retains less than 35 percent of its service market potential. How to retain more of the potential?

Shop the competition

Surveys show that consumers perceive non-dealer service to be cheaper. In reality, most dealership prices for common maintenance services are competitive. Shop the competition—independent general repair shops, gasoline stations, tire-service centers, mass merchandisers, service specialists (exhaust, transmission, etc.), quick lube shops and parts chains with service bays.

Determine exactly what they charge—including for parts—for such services as lube/oil/filter, tire rotation, front end alignment, front disc pads replacement, and air conditioning system service. Then make a "Competitive Pricing Board" that charts their prices and yours.

Display the chart at your dealership and in your advertising, mailings and menus. Give a copy to every customer. Prove to your customers that you're not just the place for factory-backed warranty service. Your dealership is the place for all vehicle services.

From "A Dealer Guide to the Three Ps of Effective Service Management," by the NADA Management Education Department. To order a copy, call 800-252-6232, ext. 2.

And the winners were . . .

The following were winners of specialty hole contests June 10 at the CATA Annual Meeting & Golf Outing at Cog Hill Golf & Country Club in Lemont.

Course 1	
Longest Drive	Bill Boockford and Steve Pearl
Closest to the Pin	Pat Murphy and Chip Kramer
Longest Putt	Mike Weber
Course 2	
Longest Drive	Al Clements and Ryan Vest
Closest to the Pin	Mike VanDeven and Art Arndt
Longest Putt	Kevin Connors
Course 3	
Longest Drive	Rich Carusiello and Frank Flewelling
Closest to the Pin	Rob Dean and Frank Alfano

Unfortunately, none of our golfers walked away with the $10,000 Hole-in-One prizes.

Can't forget those blind bogey winners:

Ron Peterson, Keith Nesbitt, John Mann, Mike Buza, Anthony Kessel, Dan Martino, Ernie Olivier, Mark Schwartz, Bill Anderson and Marc Rockin.

Congratulations to all!

Tune in! **"Drive Chicago," with host Paul Brian, 9 a.m. Saturdays on WLS-AM 890. It's the CATA's own radio program!**

Trailer towing pamphlet free from NHTSA

The federal government has a new guide to help motorists tow trailers safely. Published by the National Highway Traffic Safety Administration, the brochure, “Towing a Trailer: Being Equipped for Safety,” gives tips on increasing safety and reducing the number of accidents.

Topics include selecting a tow vehicle, connecting a trailer, tire safety, loading and weight distribution, a pre-departure safety checklist and driving safety tips.

Dealers interested in obtaining a supply of the pamphlets for distribution to customers can call 888-327-4236 or go the NHTSA Web site, www.nhtsa.dot.gov/cars/problems/Equipment/towing/index/

Digital archive for auto industry gains national endowment funds

The impact of the automobile industry, and the auto itself, on American culture will be analyzed on a Web site and on-line archive operated by the University of Michigan, which obtained a $220,000 grant from the National Endowment for the Humanities for the endeavor.

The Web site will feature an archive devoted to auto industry engineers and designers, including a collection of about 300 interviews from the Henry Ford Museum. The interviews, from the 1950s, were conducted with people associated with Henry Ford.

In addition, the archive will present 100 interviews conducted in the ’80s with automotive designers, papers of American automotive designers and records of the Ford Motor Co.

The address of the new Web site has not been announced.

California lawmakers limit auto emissions

The California legislature passed a bill that would make the state the first in the nation to limit greenhouse-gas emissions by new cars and light trucks, sending the measure to Gov. Gray Davis—and, if he signs it, probably to the courts.

Environmental activists overcame strong opposition from the auto industry in getting California lawmakers to approve the measure, Assembly Bill 1493. Both sides spent heavily on the battle during the past couple of months, aware that if the bill becomes law, it probably will be copied by other states and will influence the debate in Washington over whether to toughen federal auto fuel-economy rules.

The debate over the California bill heated up after Congress this spring rejected environmentalists’ calls to toughen federal mileage standards significantly.

The measure, which the California Senate approved days before the state Assembly passed it July 1, is an amended version of one that had stalled in recent weeks.

Among other changes, the new version explicitly stipulates that California environmental regulators cannot reduce speed limits, restrict vehicle size or impose new taxes or fees—a response to auto-industry ads that suggested the earlier measure might lead to higher gas levies.

Marketplace

Auction: Jack Thompson Oldsmobile in Oak Lawn will auction all fixtures and equipment at the facility on July 17. For an inventory list, call Grafe Auction Co. at 800-881-6498.

GM/GSM Proven record of successfully operated dealerships. 20-plus years experience, all-around car man. John L. Hiebert, 630-365-1371.

General Manager Management of general, financial and sales operations. Strength in financial and sales management, financial investigations, federal and industry compliance, litigation support. Patrick McIntyre, 847-501-3949.