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Stage set for 2009 Chicago Auto Show, Feb. 13-22 at McCormick Place

The nation's largest auto show unfolds Feb. 13 for a 10-day run that unites an industry struggling in the current economy with a consumer base whose pent-up demand is growing.

"We're going to have an auto show that focuses on what an auto show is supposed to do: bring together sellers and buyers," said 2009 Chicago Auto Show Chairman Mark Scarpelli. "A year from now, let's look back and say 'Hey, you know what? I think this thing started to turn around in Chicago.'"

Local television stations NBC 5 Chicago (6 p.m.), Telemundo Chicago (5 p.m. and 5:30 p.m.) and WGN-TV (7 p.m.) will broadcast hour-long specials from the show floor on Feb. 14, and the city's other TV outlets are

sure to check in as the auto show unfolds.

This year marks the 11th consecutive year for NBC 5's live 60-minute auto show special. Over the years, the station has won nine local Emmy awards for its coverage. The WGN special, in conjunction with "MotorWeek," features its annual "first drive of what you can't buy anywhere" concept car report.

Telemundo appeals to the city's growing Hispanic community with two shows—at 5 p.m. and 5:30 p.m.—that will focus on two timely top-

ics: the economy and the environment, with special highlights on great deals on automobiles and information

on environmentally-friendly vehicles.

Chicago Auto Show organizers have taken extra steps to entice attendance during a

struggling economy, with increased ways for the public to enter free or at a discount. But even at full price, the \$10 ticket makes Chicago's among the nation's most affordable auto shows.

Get your can to the show

New this year, an agreement with Pepsi-Cola re-

sulted in area stores stocking 20 million Pepsi cans that include a voucher for half-price weekday admission. Patrons redeem the cans at McCormick Place.

Other longstanding opportunities for discounted weekday admission include the half-price vouchers provided by the CATA to all members in early January; Women's Day, on Feb. 17; and the annual food drive, Feb. 18-20.

Discounted parking is available on weekends at the Millennium Park Garage, where attendees can leave their cars for \$14 and ride a free shuttle to McCormick Place. Parking in the lots surrounding the convention center costs \$17.

Once at the show, attend-

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CATA donates \$60,000 to renovate Northwood University building

The NADA Automotive Marketing Education Center, on the Midland, Mich., campus of Northwood University, is undergoing renovation funded, in part, by a \$60,000 donation by the Chicago Automobile Trade Association.

The center is the home of the univer-

sity's unique Automotive Marketing/Management program, making it one of the most recognized buildings on campus. But after 36 years of use and only minor updates and renovations, Northwood President Keith Pretty said the facility needs \$2.8 million in improvements to bring it up to modern

standards.

Constructed in 1973 with funds donated by the National Automotive Dealers Association, numerous automotive associations, individual dealers and others allied to the auto industry, the building has served thousands of

SEE **NORTHWOOD**, PAGE 3

Next 2 months critical to industry future, NADA chairman says

With 2009 expected to be one of the toughest years yet for auto retailing, the incoming chairman of the National Automobile Dealers Association issued a call-to-action Jan. 26, urging dealers to make their voices heard in the debate over how to return the industry to economic viability and how new emission standards should be implemented.

"The nation's new-car dealers have already made strides in communicating the importance of the franchise network, the need for federal bridge loans and the necessity of stable credit markets. But the work must continue," said 2009 NADA Chairman John McEleney, an Iowa dealer.

"The next two months," he said, "are critical to the future of our industry as we know it—the future of GM and Chrysler, the availability of credit and the return of stability to our economy.

"In a 17-million-sales year, it may be enough for us to share that we sponsor Little League teams or that we helped to fund the new wing at the local hospital. In a 12-million-sales year, we've got to tell how we contribute to our community's bottom line."

Examples McEleney cited:

- "Tell how many of our employees' kids we helped send to college."
- "Tell how many people were able to get healthcare through us."
- "Tell how many people picked up lifelong skills—technical skills, people skills and management skills in the time they've worked for us."

"The unprecedented nature of the times we find ourselves living in has been both a blessing and a curse," he said. "It's drawn the kind of attention to our industry that we haven't encountered in years."

McEleney said some pundits characterized dealers as a drain on the books of automakers and suggested it was time to do away with the franchise system.

"We had to inform people about the model of our business," he said. "It's our money we invest in buildings and staff and training, not the manufacturers. It's our investments that are on the line to get their products distributed to buyers."

With much attention being paid to the industry, it is incumbent upon dealers to inform the public about auto retailing's impact on local, state and national economies. Sales taxes collected at auto dealerships nationwide total billions of dollars each year. And auto sales make up nearly 20 percent of all retail spending in the United States.

President Obama on Jan. 26 directed the Environmental Protection Agency to review whether to authorize state efforts to regulate vehicle emissions. The NADA welcomes that review, McEleney said, but is urging the administration

to carefully examine how those rules would be implemented. He said that kind of review would indicate that the California Air Resources Board's rule is in direct competition with the federal CAFE program.

"We hope," McEleney said, "the president and the EPA administrator will realize that a single national fuel-economy standard is smarter than a patchwork of state regulations that will only further endanger our industry."

With the auto industry undergoing drastic changes, 2009 could be one of the most challenging years ever. But the auto industry is cyclical, and dealers will continue to succeed if they focus on things they can control, McEleney said.

"Our job is to protect and strengthen our dealerships so that as the cycle turns upward, we are in a position to thrive," he said.

Congratulations!

Leonard P. Cotton, owner of Joe Cotton Ford in Carol Stream, is one of nine dealers from the United States and Germany to win a 2009 Dealer Education Award bestowed by Northwood University. The winners are recognized for their efforts to improve education at all levels.

"There has never been a time when their contributions have meant more to their communities than they do today," said Northwood President Keith Pretty.

Marketplace

Controller/Office Manager Seeking position with progressive dealer who is profit-motivated, employee-focused. Will deliver solid management accounting skills and advice necessary to maximize bottom line in current economy, and provide sound Human Resource judgment. Peter Schwarz, 708-388-8606. Résumé at the CATA.

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

Jerry H. Cizek III
Erik K. Higgins

President, Publisher
Editor, Director of Dealer Affairs

Agent of (climate) change

Obama ends White House inaction, but better greenhouse gas solutions exist

President Obama (on Jan. 26) made an initial break from the frustrating inaction of President Bush on curbing greenhouse gas emissions. This reflected a welcome change in attitude at the White House.

Unfortunately, the regulatory action that Obama set in motion is not the best, or even the second-best, approach to curbing climate change. It risks creating conflicting standards across the country and further stressing the domestic auto industry while accomplishing less than could be achieved with a simple tax increase on gasoline.

Obama took two steps. He ordered the Transportation Department to issue interim fuel-efficiency targets for automakers to meet by the 2012 model year. This is a step toward achieving a national fleet average of 35 miles per gallon by 2020, as mandated by the 2007 energy law.

He also told the Environmental Protection Agency to review a request from California to grant it a waiver to implement its stringent tailpipe emissions law. The District of Columbia, Maryland and 12 other states have adopted the California standard. Six others are considering adopting it. Together they account for more than 45 percent of the sales of new vehicles in the United States.

The goal is to reduce carbon dioxide emissions from cars and light trucks in participating states by 30 percent by 2016. The Bush EPA rejected the waiver request,

despite support for it from EPA scientists and lawyers, in part because a “patchwork” of standards among states would be unwieldy and costly to industry.

It is a relief that talk of reducing greenhouse gas emissions is giving way to action. But there is a more effective way to reduce such emissions than to order Detroit to start making cars that people may not want to buy, or to let states issue such orders.

The answer is to change the incentives so that people want to buy fuel-efficient vehicles; then companies will make such cars, even without commands from Washington. We saw this principle in action last summer when gas prices rose; rail ridership and small-car purchases also increased, while SUVs went begging on dealers’ lots.

Obama and Congress could impose a gradual rise in fuel prices that would not shock the system. To avoid an anti-stimulatory effect, they could rebate the proceeds to taxpayers. Yet the action would send a crucial signal to automakers, auto buyers and investors in alternative energy. And that would establish what the nation and its auto industry ultimately need: a robust market for cars and trucks that reduce our dependence on fossil fuels and protect the environment.

This piece appeared as an editorial in the Jan. 28 edition of the Washington Post.

Northwood

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Northwood students, automotive groups, both retail and wholesale, as well as numerous companies, organizations and businesses related to the automotive industry and beyond.

“With its rich history and association to the automotive industry, the NADA Education Center has helped expand the understanding of this great industry,” Pretty said.

Hundreds of Northwood students use the facility for automotive marketing classroom purposes and for hosting external groups to campus, and more than 3,500 students use the facility throughout the year.

The center also is used extensively by companies that visit to recruit students and conduct interviews. The Northwood University International Auto Show utilizes the center as its central headquarters for coordinating all aspects of their student organized and operated annual show.

Pretty said Northwood is seeking funding support for the renovations from its alumni and from friends and associates in the automotive and hospitality industries.

NADA help a ‘hotline’ call away

In response to the challenging business conditions facing new-car and -truck retailers, the National Automobile Dealers Association has launched a new hotline phone service to help members seeking assistance with their financial and operational issues, including:

- Frozen capital
- Cash flow
- Absorption
- Warranty administration
- Accounts receivable
- Aged inventory
- Capitalization concerns
- Expense reduction
- Internal processes

The NADA has encouraged its members to use this free, confidential service, if assistance is required. Dealers can schedule an appointment with one of the NADA’s industry-leading consultants at www.nada.org/Lifeline or (888) 672-5147.

Chicago Auto Show ACE judges needed

Dealers and their general managers are asked in an annual appeal to participate as judges in the Chicago Auto Show's Award for Customer Excellence program.

The ACE judges evaluate all vehicle exhibits that involve area salespeople and recommend the top salespeople for \$100 cash prizes.

The incognito judges consider (1) the salesperson's initial impact, such as attitude, personality and interest in the

customer; (2) courtesy, such as asking the prospect's name and referring the prospect to a convenient dealership; (3) the sales presentation itself; and (4) the overall impression made. The prize can be won by only one salesperson a day at each exhibit.

For their participation, all judges are granted free parking and entrance to the show that day, plus a gift after judging. To serve as a judge, call the CATA's Erik Higgins at 630-424-6008.

Senate looks at breaks on auto sales tax till Dec. 31 as part of overall stimulus bill

As part of the broad economic stimulus bill on Capitol Hill, the Senate moved Feb. 3 to allow consumers to deduct the loan interest they pay on new vehicles bought this year.

Named the Auto Ownership Tax Assistance amendment, the legislation would allow consumers to deduct interest paid on auto loans and state sales and excise taxes from all interest payments on new vehicles purchased between Nov. 12, 2008, and Dec. 31, 2009.

Families who make up to \$250,000 a year could apply the relief to vehicles that sell for up to \$49,500. Individuals with less than \$125,000 a year also would get a break. On average, the bill would allow families to save about \$1,553 on a vehicle with a \$25,000 sticker price.

Legislation supporters said the auto incentive would help by immediately providing state and local governments with critically needed tax revenue; by saving "Main Street" jobs; and by providing relief to consumers.

"Most states and many municipalities rely heavily on motor vehicle sales/excise taxes," the National Automobile

Dealers Association wrote in support of the measure. "Sales of new and used cars, as well as parts and service, are the single largest source of sales tax revenue for almost every state, city and county government."

On Main Street, the NADA notes that more than 100,000 jobs were lost in the automotive retail employment sector in 2008, and that nearly 1,000 dealerships—with an average 52 employees—closed in 2008. "Without a specific auto incentive," the NADA argues, "many more auto jobs could be lost in 2009."

The NADA urges all dealers to contact their senators to support the legislation, introduced by Sen. Barbara Mikulski (D-Md.).

"Increasing consumer traffic in dealerships during this unprecedented economic turndown will help prevent dealership closings and keep workers employed," an NADA news release states. "This will help prevent foreclosures, shuttered storefronts and idle real estate, which only extends the recession."

Cambridge deflects unemployment claims

One hundred sixty CATA dealer members reported a combined 535 unemployment claims during the fourth quarter of 2008 to Cambridge Integrated Services Group, Inc., which formerly operated as the Martin Boyer Co. The company's efforts saved those dealers a total of \$1.41 million in benefits by contesting the claims.

Cambridge monitors any unemployment claims against its clients and contests all unwarranted claims and charges. The company counts about 230 CATA dealers among its clients.

Claims that can be protested and subsequently denied help minimize an employer's unemployment tax rate. The rate can vary between 0.6 percent and 6.8 percent of each employee's first \$12,300 in earnings. The 2009 average unemployment tax rate among Illinois employers is 3.1 percent, or about \$381 annually per employee.

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

For new enrollees, client fees amount to \$2.20 per employee, per fiscal quarter. For the fee, Cambridge 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.

The former Martin Boyer Co. has represented CATA members since 1978. To discuss retaining the company, call Schardt at 312-381-8241 or Bruce Kijewski, who manages client services, at 312-381-8236.

Auto Show

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ees won't have to break the bank to eat. In the North hall, Tailgate Alley will sell affordable cuisine. In the South hall, "Drive-by Value Meals" packages meals for four at deep discounts, thanks to Chicago Restaurant Partners.