



# CATA Bulletin



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## BBB guide helps dealers protect customer data

To help small businesses comply with the Gramm-Leach-Bliley Act and related Safeguard Rules, the Better Business Bureau has launched a customer data protection guide called Security & Privacy — Made Simpler. The 22-page guide can be downloaded at [www.bbb.org/securityandprivacy/](http://www.bbb.org/securityandprivacy/)

BBB executives said they developed the guide to demystify the complexities of data security and give small businesses a non-technical road map to securing their customer data. A separate guide focused on protecting employee data will be released this fall.

“Small businesses aren’t quite in step with their larger industry counterparts in addressing data security,” said Steve Cole, president and chief executive of the Council of Better Business Bureaus. “They often believe they’re better protected than they really are, because they don’t have in-house experts to advise them on what else they should be doing beyond locking up their storefronts.”

The BBB guide emphasizes the importance of a comprehensive security and privacy plan, and suggests that simple steps—like shredding documents, spot-checking employees’ backgrounds and ignoring phishing e-mails—are just as important as buying new security computer software.

Included in the guide:

- illustrations of low-tech and high-tech data theft, from dumpster diving and phishing and hacking, and steps for

prevention;

- checklists for daily security practices, such as restricting access to sensitive records, keeping e-mails free of personal information, and training employees on new privacy and security policies;

- common sense advice: “If you don’t absolutely need a piece of customer information, the best policy is, don’t collect it,” and “If you possess customer data you no longer need, discard it—securely;”

- practical guidance on whom to notify in the event of a data breach, from law enforcement to potentially-exposed customers.

The BBB guide is a response to many small business owners who said they are unsure how to protect their data and comply with the Gramm-Leach-Bliley Act, which since 2001 requires that financial institutions ensure the security and confidentiality of customer data. As part of the implementation of this act, the Federal Trade Commission instituted the Safeguards Rule in 2003.

More than half of all U.S. small businesses experienced a security breach in 2005, the Small Business Technology Institute reports. Nearly 20 percent do not use virus-scanning software for e-mail; more than 60 percent do not protect their wireless networks with encryption; and two-thirds do not have an information security plan.

Small businesses, overall, make re-

SEE **BBB GUIDE**, PAGE 4

## Next AFIP tests are June 6, 7 at CATA

The next round of one-day AFIP-certification tests at the CATA are June 6 and 7. Self-study materials are issued upon registration, so earlier registrants will have the most time to study.

To register, call the Association of Finance and Insurance Professionals at 817-428-2434. Tuition is \$500, but CATA dealers get reimbursed 50 percent upon an employee’s successful completion of the course. That offer exists for all CATA Learning University coursework.

Certification by the AFIP implies a technical competence and ethical conduct, and is considered “the MBA of the F&I profession.”

The AFIP certification course is a college-level review and instruction on the federal and state regulations that govern the F&I process. Staffers who are AFIP-certified can generate dealership profit and dramatically reduce the chance of legal action in today’s litigious environment; they are bound to a code of conduct that holds them accountable for their actions.

“F&I is one of those unique occupations where stupidity will get you into as much trouble as dishonesty,” said AFIP Executive Director David Robertson. “Knowledge of the rules is essential.”

The process of applying to each deal the various customer conversion tech-

SEE **AFIP**, PAGE 4

## Consider AYES student techs for summer internships

By **Jim Butcher**

ILLINOIS AYES MANAGER

The calendar shows that it is placement time for our 2006 crop of AYES high school students at area dealerships. This year we have approximately 35 qualified students who are actively seeking summer internship experiences.

Intern experience begins with job shadowing in your service department. This year's group of highly motivated students is eagerly pursuing employment in your industry.

We need you to take the first step and job shadow these students. Job shadowing these students costs you nothing, nor does it obligate you to future employment of these students.

Insurance for these students is the responsibility of their local high schools. There are AYES programs operating at the following schools:

- Lake County High Schools Technology Campus, Grayslake
- Curie Metropolitan High School, Chicago
- Technology Center of DuPage, Addison
- Streamwood High School, Streamwood
- Parkland College, Champaign
- Hammond Area Career Center, Hammond Ind.

Due to compliance issues, we recently terminated the AYES program at Porter County Career Center in Valparaiso, Ind.

Should you require additional information regarding the AYES program, please contact me at 630-424-6020.

## 29th AIADA Automotive Congress May 22-23 in Washington, D.C.

International nameplate dealers will converge on Washington, D.C., May 22-23 for the American International Automobile Dealers Association's 29th Automotive Congress, May 22-23 in Washington, D.C. The annual Congress gathers dealers, dealership personnel and industry executives for the industry's largest legislative conference.

Attendees receive up-to-the-minute briefings on top issues, then meet with their congressional representatives. Two AIADA accolades, the All-Star Dealer Award and the Minuteman Award, are presented during the congress to outstanding dealers.

This year's conference dates might coincide with Senate debate on permanent repeal of the federal estate tax. The AIADA encourages dealers to visit the conference and share their stories with Congress.

Registration is \$495 for AIADA member dealers and \$250 for each additional employee. To register, call 1-800-GO-AIADA. Activities are at the J.W. Marriott Hotel in Washington, D.C.

Newt Gingrich, a former Speaker of the House of Representatives, will be the keynote speaker at the conference's luncheon on May 23. Gingrich will discuss the current political climate in Washington and share his perspective on current issues such as free trade and healthcare. He also will review the six standards he thinks politicians must meet in order to effect positive change in the nation's capital.

Other confirmed speakers include GOP Sens. Jim DeMint (South Carolina) and George Allen (Virginia). Allen has been mentioned as a potential Republican candidate for president in 2008.

<http://cata.drivechicago.com>

## CATA office now a Wi-Fi FreeSpot

New 802.1X authentication servers installed at the CATA grant free high-speed wireless Internet access to groups meeting at the building.

Two Linksys Wireless-G units serve the conference rooms on the building's two floors. The units are compatible with 2.4 GHz band 11 Mbps and 54 Mbps and with Wi-Fi protected access networks.

Meeting groups should consult CATA staff for wi-fi access codes.

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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

## Polk study asks: Traditional media obsolete among first-time buyers?

Traditional mass media has been rendered nearly obsolete among first-time vehicle purchasers, according to a recent study by the Polk Center for Automotive Studies.

Out of a variety of media outlets, 35 percent of first-time buyers said they consider the Internet to be their most important informational tool, compared to 8.2 percent who named television, 4.4 percent who listed magazines, 3.6 percent who cited newspapers, and 1.1 percent who utilized radio.

“First-time buyers’ dependence on Web-based media validates the need for an aggressive interactive strategy to court them on the manufacturer and retail level,” said Lonnie Miller of the Polk Center. “The Internet’s relevance in the 18-to-30-year age group has reached critical mass and is completely reconfiguring how car companies need to reach out to first-time buyers.”

Miller predicted that emerging technologies such as radio podcasts and video-on-demand would create new marketing opportunities, as increased bandwidth facilitates a convergence of cell phones, PDAs, Internet and broadcast tools.

“Harnessing model media technology will be the automotive industry’s most important marketing challenge and opportunity in the next decade,” said Miller. “Generation Y is tuning out traditional advertising and watching what they want, when they want.

“Creating breakthrough content and developing relationships with customers through emerging media technologies will separate the winners from the

losers in the next five years.”

The study also discovered that first-time buyers are independent in their decision-making and rarely compelled to visit the dealership where their parents last purchased a vehicle.

Sixty-five percent of respondents said they bought a vehicle without any influence from family and friends, and just 7 percent said they felt buying from the same dealership as their parents was of high importance to them.

Polk’s Jeff Martini added: “We were impressed that nearly two-thirds of respondents had the final say when it came to buying their first new or used vehicle. Similarly, 48 percent got the model of car or truck they set out to buy. We think this is important to help change the perception that parents always help dictate a first-time buyer’s vehicle choice.”

The Polk Center also reported that the No. 1 reason (26 percent) first-time buyers enter the market is due to a previously driven vehicle no longer working, which was not purchased by them. Another 19 percent said it was time to buy because they reached driving age.

Along with first-time buyers trending toward being autonomous with their purchases, study results also indicate there is a demand for an enjoyable customer service and dealer experience. Forty-two percent of those surveyed said dealer treatment is very important to where they buy.

“It’s humbling to see this segment call out the importance of how dealers treat them since so many first-time buyers continue to feel their first vehicle

purchase is all about getting what they want for an affordable price,” said Miller. “The results are a reaffirmation that buyers in this stage in their life walk into showrooms with expectations similar to more seasoned vehicle buyers.”

As for financing behavior, study officials said it continues to be an important factor for first-time buyers. In addition to customer service experience, monthly payment amounts, fuel efficiency, availability of affordable credit, cost of insurance and gas prices were mentioned by more than 25 percent of those surveyed as being very important in their purchase decision.

More than half of those surveyed said they took out a loan to pay for at least a portion of their purchase. In cases where the person was buying a new vehicle, 65 percent took out a loan, while 46 percent of those getting a used vehicle decided to finance in some manner.

Among those taking out a loan, more than 57 percent did so through their dealership, while nearly 34 percent sought financing through a bank.

“From a loyalty building strategy, we think it will help lending institutions to be more empathetic to the financial challenges of first-time buyers,” said Martini.

A total of 366 first-time vehicle buyers (ages 18-30) participated in the study. Respondents said they were the primary driver of the one new or used vehicle they acquired since October 2003.

For complete study results, see [www.polk.com/](http://www.polk.com/)

### Marketplace

**Controller/Office Manager** Expertise in GM, Mercedes-Benz and Mazda dealership accounting . Financial management, reporting, analysis, inventory control, expense control, more. Reynolds & Reynolds and ADP accounting systems. James E. McCallister, 815-464-7665.

**For lease or sublease** Two 17,000 sq.ft. buildings, with storage lots, on Chicago Avenue in Evanston. Rent Negotiable. Call Rob Paddor, 847-651-6640

## Conduct self-audits to stay ahead of OSHA

Dealers should perform quarterly audits—on their own or with a consultant—for compliance with federal, state and local regulations on environmental, health and safety compliance.

The top environmental infractions over the last five years, in terms of the cost to dealers, have been:

- Failure to register motor vehicle air conditioning recycling equipment, used to recycle refrigerant, with the Environmental Protection Agency. Registration requires a specific form and location. As few as 5 percent of dealers are estimated to be registered.

- Failure to have all technicians certified to work on air conditioning sys-

tems and certified in refrigerant reclamation, in accordance with Section 609 of the Clean Air Act. All records must be kept on site. An estimated 15 percent of dealers are compliant.

Another matter is Department of Transportation hazardous materials training for parts personnel. Inspectors for the Federal Aviation Administration reportedly have visited dealers and asked for the names of employees who shipped DOT hazardous materials without certification.

Certification is critical because parts such as air bags, considered a HAZMAT, are shipped between dealers all over the country.

## BBB guide

CONTINUED FROM PAGE 1

active purchase decisions in relation to information security, and usually purchase products only after suffering an information security incident.

“The definition of a financial institution has been broadly interpreted and will, in most cases, include motor vehicle dealerships,” said Keith Whann, executive counsel for the National Independent Automobile Dealers Association.

Dealerships that fall under the definition of financial institution are prohibited from disclosing certain personal information about their customers to third parties unless they satisfy notice and opt-out requirements.

“For example,” said Whann, “if your motor vehicle dealership obtains a credit application from an individual and evaluates the information provided in the application to determine whether or not the individual qualifies for financing, you have provided a financial product or service. A motor vehicle dealership also provides a financial product or service if it provides a copy

of the application or the information contained therein to another lending institution.”

Whann said the information covered under the Privacy Act and the Safeguard Rules includes data which a customer provides on an application to get a loan; account balance information, payment history and credit card information; the fact that an individual has been a customer or has obtained a financial product or service from the dealership; information the consumer provides that a dealer or his agent would otherwise obtain in connection with collecting on or servicing a credit account; any data collected through an Internet ‘cookie;’ and any information from a consumer report.

“The only time you are not required to comply with the GLB and FTC’s Final Rule notice and opt-out requirements in connection with the sale or lease of a motor vehicle and/or related products or services from you is if the purchaser/lessee pays the total amount due via a credit card or with cash (provided that you do not sell a motor vehicle service contract or guaranteed automobile protection [GAP] product),” Whann said.

## AFIP

CONTINUED FROM PAGE 1

niques and an in-depth knowledge of the products is the ultimate determinant of whether all the requisites of a successful F&I transaction have been satisfied, said Robertson.

On June 6 and 7, the morning will consist of a review of the test material, followed by tests in the afternoon. The test poses 150 questions that must be answered in 200 minutes.

## Drop that taco; eating in car could be costly

While 60 percent of respondents to a survey said a clean exterior is “the most important attribute to the long-term value of their vehicle,” just 34 percent of the respondents said the same thing about their vehicles’ interiors.

Small surprise, then, that the survey, by Kelley Blue Book Marketing Research and Taco Bell Corp., found nearly 60 percent of all vehicle owners eat or allow someone to eat in their vehicles. And that could prove costly at trade-in time.

“Our research highlights a huge misperception among consumers, that the interior condition of a car has less importance than the exterior appearance in terms of residual value,” said Jack R. Nerad, executive editorial director and market analyst for Kelley Blue Book.

“Cars in excellent condition and appearance, both inside and outside, can be valued thousands of dollars higher than those in good or fair condition. Messy interiors could potentially cost owners thousands of dollars when it comes time to turn in or sell their vehicles.”

The survey also found that people who allow eating in their vehicle were less concerned with their vehicle’s overall appearance, ranking all vehicle attributes lower than those who don’t allow eating in their car.