



# CATA Bulletin

DRIVE **CHICAGO** .COM  
official Web site of CATA dealers

a biweekly newsletter

Volume 99, No. 22

November 11, 2002

## Voluntary arbitration bill signed by Bush

Dealers who enter into, modify or extend a franchise agreement after Nov. 2, 2002, are free to use arbitration in manufacturer-dealer disputes, following the enactment of legislation that day by President Bush.

Officials of the National Automobile Dealers Association called the voluntary arbitration bill their top legislative priority.

"This is the biggest legislative victory for the NADA in at least 50 years," said H. Carter Myers, III, NADA chairman. "We were persistent and we prevailed. This will help new-car and new-truck dealers all over the country."

Automobile and truck manufacturers no longer may use mandatory binding arbitration clauses in franchise contracts to circumvent dealers' state rights.

Dealers who voluntarily opt to proceed to arbitration will benefit from a provision in the law that applies only to motor vehicle franchise arbitration and requires the arbitrator to provide the parties with a written explanation of the factual and legal bases for any award.

Recognizing the pending law change, one or more manufacturers in October attempted to engage dealers in new franchise agreements which included mandatory binding arbitration, the NADA reported.

Lobbyists for dealers pressed Congress on the arbitration matter for years,

seeking to erase the disparity in bargaining power between manufacturers and dealers. The mandatory binding arbitration clause in dealer franchise agreements forced dealers to waive their rights under state and federal laws as a condition of obtaining or keeping a franchise.

Testifying before a House judiciary subcommittee in 2000, Delaware truck dealer Jerry Turnauer said: "Where arbitration is appropriate, as sensible, financially savvy businesspeople we'll voluntarily opt for it without having it forced down our throats for every foreseeable and unforeseeable dispute."

"Even though I have my life's assets at risk, I have more consideration under the law if I get a \$25 parking ticket than I am afforded (under mandatory binding arbitration)."

NADA officials said the legislation became law by overcoming a pressing Congressional agenda of midterm elections, appropriations bills, saber-rattling with Iraq and homeland security.

"We could not have won this battle without the continued involvement of dealers across the nation and the persistence of the NADA's legislative staff," Myers said.

"This confirms that dealers' grassroots involvement is a critical component of our success in Washington."

The new law passed as a rider to a Justice Department appropriations bill.

## 3 charged with odometer fraud; 30 more suspected

Police with the DuPage County Auto Theft Task Force arrested three Irish Travelers Nov. 2 on charges of odometer fraud, for rolling back mileage on a pickup truck and attempting to trade the vehicle in to a new-car dealership in DuPage County.

Irish Travelers, also known as "White Gypsies," are members of a nomadic ethnic group of uncertain origin. Illinois State Police Sgt. Joe Galvan said another 20 to 30 members are suspected to be in the area with 10 cars and trucks they are attempting to sell to dealers.

Galvan said police intend to file additional charges of felonious forgery against the three in custody for certifying the false odometer readings.

Used-car sales managers, appraisers and others involved in trade-ins at dealerships should examine vehicles for signs of odometer fraud, such as markings that suggest dashboard tampering or wear to tires or shocks that does not conform with mileage indicated on the odometer.

The Irish Travelers in custody had good credit ratings, but were notable for wanting to complete transactions quickly with their late model trade-ins.

Dealers who suspect odometer tampering should call Galvan at 630-587-8055.

## Performing a parts inventory reconciliation

Without a complete picture of his current parts inventory value, a dealer cannot make qualified decisions that ultimately affect the profitability of the parts department.

Getting the parts and accounting departments to work together results in a more cohesive team with more information on which to base business decisions.

Performing a monthly parts inventory reconciliation takes a coordinated effort that is well worth it from

both standpoints—teamwork and accurate information. The NADA offers a formula to compare the inventory dollars in the parts and accounting departments. The totals should match.

The formulas are excerpted from an NADA Management Guide, "A Dealer Guide to Performing a Monthly Parts Inventory Reconciliation." The guide can be ordered at 800-252-6232, ext. 2. Cost plus shipping is \$10 for NADA members, \$20 for nonmembers.

Section 1 (to be completed by the parts manager)

### Compute the Physical Inventory

The computer-generated or hand-counted inventory	\$ _____
Add new and used cores	+ _____
Add non-genuine parts	+ _____
Add pending credits	+ _____
Add service and body shop works-in-process	+ _____
Add miscellaneous adjustments not included in the computer inventory	+ _____
Subtract negative on-hand balances if the balances are not subtracted from the computer inventory	- _____
<b>TOTAL PARTS PHYSICAL INVENTORY</b>	= \$ _____

Section 2 (to be completed by the office manager)

### Compute the Accounting Inventory

The general ledger account balance for parts inventory	\$ _____
<i>If the accounting balance is taken after the parts inventory,</i>	
Add service and body shop ROs and parts invoices	+ _____
Subtract parts purchases	- _____
<i>If the accounting balance is taken before the parts inventory,</i>	
Subtract service and body shop ROs and parts invoices	- _____
Add parts purchases	+ _____
Add receipt of parts before inventory but billed after inventory	+ _____
Subtract receipt of parts after inventory but billed before inventory	- _____
<b>TOTAL ACCOUNTING INVENTORY</b>	= \$ _____

### ***www.cata.info***

Add [www.cata.info](http://www.cata.info) to your list of Web site favorites, and you'll have the link to obtain oodles of CATA stuff.

Review past editions of this newsletter, or use the keyword search for specific topics. Also, download forms to use with non-English vehicle transactions. The forms are translated for deals in Spanish, Polish, Korean and Russian.

#### The CATA Bulletin is published by the **Chicago Automobile Trade Association**

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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 at <http://cata.drivechicago.com/>

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

## Will she take her business elsewhere?

### *Selling to women—more than half your market*

By Joan Mooney

Glenda Elam was ready to buy a Mazda Tribute at a Southern California store but didn't want the optional side-step bars, already attached. The salesman said the bars couldn't be removed, so Elam agreed to his offer of a discount on them if she bought the car.

But Elam soon found the bars were only bolted on and promptly removed them herself. Furious, she went back and got a refund for the option and an apology from the sales manager. The salesman "probably figured he could make a few hundred dollars more and that, because I was a woman, I would never crawl under the car to see how they were attached," says Elam.

With such treatment, it's no surprise some women still hate to enter showrooms. And dealers still suffer the consequences of manipulative or abusive salespeople.

"If a woman feels like she's being talked down to or not being listened to, she won't try to work it out—she will just take her business elsewhere," says Lynn Kimmel, who owns three Saturn and two Cadillac stores in the Indianapolis area.

#### **R-E-S-P-E-C-T**

Women make up 49 percent of new-vehicle buyers and 55 percent of used, says CNW Marketing/Research, Bandon, Ore. But they also influence an estimated 80 percent of sales overall. It's a market dealers can't afford to ignore. So what do women want?

Well, for one thing, a little respect. Both Andi Voight of Sandy, Utah, and Laurie Tyler of Watervliet, N.Y., encountered prejudice when they bought their full-size pickups.

Voight, an avid off-roader, was

shopping for a Dodge Ram when the salesman told her, "That's way too much truck for a little girl like you." The 35-year-old, 5-foot-7-inch mother bought her dream pickup from another dealer.

Tyler, who wanted a GMC 2500 heavy-duty pickup to tow her horse trailer, also met skepticism. "I asked for the model with 4:10 gears, and the salesman looked at me wide-eyed saying, 'Why would you need that?'" says Tyler.

And when customer Arlene Henken of Simi Valley, Calif., and her husband were shopping for a new car, they immediately explained that the vehicle was for her, yet the salesman "didn't include me in the conversation or even make eye contact," Henken says.

She finally interrupted, "This is going to be my car and you are completely ignoring me. There is no way I'd buy a car from you."

At Cerami Pontiac-GMC/Isuzu, Paramus, N.J., dealer Sandy Cerami reminds old-line salesmen that these days, in fact, wives are more than likely to control the buying decision—and the checkbook.

#### **One strategy: Women on staff**

Cerami saleswoman Rachel Katic has found many female customers relieved to see her in the showroom (though women make up only 7.5 percent of dealership salespeople, says NADA—unchanged for the past seven years). They tell her, "I went to three dealerships. [The salesmen] asked, 'Is there a particular color you want?'" The Cerami store gets many referrals from happy women customers who have bought from its two saleswomen.

Dealers agree that many women buyers prefer to deal with saleswomen. Dealer Kathleen Sims, Coeur d'Alene

(Idaho) Honda, says having saleswomen gives customers a choice—and saleswomen are particularly diligent about follow-up. At Moore Auto Group, Williamson, W. Va., the saleswomen are among the top 10 percent in performance, says dealer Betty Jo Moore, who calls them good listeners.

#### **Do women hate to negotiate?**

Then there's the haggle issue: Many women buyers simply prefer not to, says Miriam Muley, director of GM's Center of Expertise for Diversity and Growth Markets. "Salespeople need to be sensitive to [that]."

Dealer Annette Sykora, Smith Ford/Mercury, Slaton, Tex., thinks many women are "afraid they don't know how to play the [negotiation] game." Yet perhaps because women want to ensure they aren't taken advantage of, says Burnam Eubank, owner of Palmetto Jaguar, Charleston, S.C., they come armed with information and can be a very tough sell.

The result, other dealers agree: Women can be more particular than men in choosing a vehicle and making sure it has the features they want.

#### **Features for females**

Among vehicle features, CNW and J.D. Power surveys show, vehicle safety—including vehicle reliability and crashworthiness—is a higher priority for women than men.

Dealer Eubank finds that her female customers are also interested in comfort and ergonomics, in features such as the adjustable pedals on the new Jaguars.

Women are generally more conscious of design features that affect height and sight, agrees Mary Jackson, president of Women at the Wheel,

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## In Memoriam

Daniel "Danny" Gustafson, founder and president of Gustafson-Shields Advertising in Chicago, died Oct. 30 of a heart attack. He was 60.

Gustafson began his career in advertising sales at the Chicago Sun-Times. In 1982 he founded his own agency. Colleagues there credit Gustafson with creating many automobile marketing techniques that today are taken for granted.

He demonstrated the importance of dealership personalities and mascots, notably with Timmy "Extra, Extra" Long of Long Chevrolet in the 1970s. And he was an innovator in media buys that stress low cost-per-point yearly bulk buys in broadcast.

Gustafson is survived by family, friends and colleagues.

## Correction

An item in the Oct. 28 edition of this newsletter about Flikkema Saab misspelled the dealer's name. The principal of Flikkema Saab is Fred Zajeski.

The editor regrets the error.

## Marketplace

**General Manager** Progression of leadership positions using results-oriented approach. Proven problem solver who takes initiative. Excellent people skills, extremely knowledgeable in computers. Bill Farrell, 630-257-7195.

Résumé on file at the CATA.

## Union workers earn Thanksgiving holiday pay

Unionized employees of CATA members are entitled to a paid holiday Nov. 28, when dealerships are expected to be closed for Thanksgiving.

In all cases, employees must work their regularly scheduled day *before* and *after* a holiday in order to receive pay on the holiday, unless the employee is off-work or on an employer-approved vacation or leave.

Eligibility for holiday pay among probationary employees varies among the unions. Employers should consult the existing union agreements to confirm which employees are eligible.

Dealers with questions should call the CATA's labor relations counsel, Franczek Sullivan, at 312-986-0300.

## Women

CONTINUED FROM PAGE 3

Boulder, Colo., which conducts seminars for women buyers and for dealership staff. "Power seats are enormously important."

Another concern is ease of loading—as is cost of ownership, including fuel economy, insurance, interest rates, and credit terms, says Susan Pepper, marketing manager for Ford Motor Co.'s multicultural marketing office, which includes women as part of its focus.

### The showroom experience

Although features are important, they can't match good treatment. "Women's decision to buy is more driven by how they're treated, while men are more driven by the deal they'll get," says consultant Jackson.

Men are more interested in the bottom line, agrees Brad Steuert, general manager, Burt Lincoln Mercury, Englewood, Colo. For women, "the trust factor is paramount."

Women, adds dealer Kimmel, seem to like the "full-disclosure selling" in her Cadillac stores, where the trade-in value, the discount, and other financial

### Mechanics Local No. 701

Pay equal to one regular day's pay at hourly (not booked) rate.

### Garage Attendants Local No. 731

Pay equal to one regular day.

### Mechanics Local No. 1749

Pay equal to 8 hours pay at at hourly minimum rate or flat minimum rate.

### Teamsters Local No. 179

Pay equal to 8 hours at minimum hourly rate.

### Machinists Local No. 377

Pay equal to 8 hours at straight-time hourly minimum rate. Employees who work 10-hour days receive 10 hours pay at that rate, unless Thursday is the employee's normally scheduled day off, in which case 8 hours pay at that rate.

details are disclosed.

Good treatment, of course, can earn loyalty. In California, Libby Atwater was counting on a Toyota store to get her a Camry with a specific trim level and color: The shipment never arrived and the store didn't return her calls.

So Atwater turned to her second choice, a Honda Accord EX, and had such a positive experience at Honda of Oxnard that she ended up leasing there instead. When her lease was up last year, she leased another Accord from that dealership.

Even a mistake can be corrected and turned to advantage. Glenda Elam, who had bought the Mazda Tribute with the unwanted side-step bars, hesitated to go back to the store for service. But when she did, she got an apology from the salesman and extra accommodation from the service department.

Now, she says she'd have no problem buying another car there.

Reprinted by permission, NADA's AutoExec magazine, October 2002. Joan Mooney is a senior editor of AutoExec. Contributing writer Tara Baukus Mello provided research assistance.