



CATA Bulletin

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CATA readies for centennial anniversary

Although a mention by Willard Scott is unlikely, the Chicago Automobile Trade Association marks its 100th anniversary of incorporation on April 20.

At a time when just 8,000 vehicles traveled the nation's roads, local dealers in 1904 formed the CATA to advance business principles as relevant today as then, such as promoting honesty and dependability in dealer operations, and employing truth and accuracy in advertising and selling automotive products.

The CATA will commemorate the centennial anniversary at various occasions this year, including at the association's annual meeting on June



17. The Chicago Tribune has devoted complimentary space in its papers to mark the 100 years of service. Half-page ads will mark 25-year periods on April 12, 14, 16 and 20. The ads are reproduced on the insert in this newsletter.

"Dealers in this marketplace 100 years ago were prescient to form an organization to serve as a beacon for improved business methods and ethics," said CATA Chairman Casey Wickstrom. "When there's an even playing field, everyone—dealers and their customers—benefits."

The CATA is one of the nation's oldest dealer associations, predating even the NADA by 13 years.

AYES interns await matches with area dealers

Fifty-five apprentice technicians from six high schools stand ready for yearlong internships at area dealerships, as part of the Automotive Youth Educational Systems program. What's needed now are dealerships to pair with the students.

By their high school graduations, the AYES interns will have completed the following training periods: Braking systems, 105 hours; Steering and Suspension, 95 hours; Electrical/Electronics, 230 hours; Engine Performance/Driveability, 220 hours.

More than 850 students are enrolled in automotive programs at the six AYES-certified high schools; the 55 students eligible for an AYES internship have met qualifying requirements, including

- Recommendation of all of their automotive instructors
- Completed résumé
- Exemplary attendance and employability skills
- Exemplary initiative and dependability skills

SEE **AYES**, PAGE 4

Scarpelli seeks 2nd term as NADA director

Nominating ballots for NADA directors will be mailed April 30 to dealers in Cook, Lake and DuPage Counties. Ray Scarpelli, incumbent director for Metro Chicago and principal of Raymond Chevrolet in Antioch and Ray Chevrolet in Fox Lake, is seeking re-election.

Scarpelli, first elected in 2002 to complete an unexpired term, now seeks a three-year turn to represent dealers in those three counties. Vic Koenig, the NADA director who represents dealers in Illinois's other 99 counties, would be up for re-election next year.

Nominating ballots must be returned not later than May 21 in the pre-addressed, postage-paid envelope that will accompany the ballots. Ballots postmarked after that date will not be counted.

The names of all nominees who appear on at least 10 percent of all ballots cast shall be placed on election ballots. Those election ballots would be sent to dealers June 18. If only one candidate receives at least 10 percent of the votes on nomination ballots, that nominee shall be declared elected without further balloting.

Scarpelli serves on the NADA's Membership, Public Affairs, and Dealership Operations Committees.

"A big task," he said, "is making dealers aware of what the NADA does for them, and trying to get them to get involved and to stay involved."

Dealers must stay connected with lawmakers: AIADA president

Auto dealers, Marianne McInerney offered, know what is necessary to create business. But the American International Automobile Dealers Association president said dealers are stymied from creating business when they must contend daily with government regulations that number more than 130.

McInerney met April 2 with Illinois and Missouri dealers to review what the AIADA is doing on behalf of its members. She urged dealers to develop relationships with their federal legislators to achieve a favorable business climate.

"We're the best industry to speak on how to create jobs," she said. "We total \$700 billion in total sales, we're the nation's largest retail sector, we employ 1.2 million people nationwide, and we have payrolls totaling \$48 billion."

McInerney said she met recently with President Bush to seek regulatory relief for small businesses. Other matters before the AIADA:

- **Free Trade** International automakers have opened 23 manufacturing plants in the United States. "We can't achieve free trade by building up protectionist walls," said McInerney.

- **Estate tax** The tax would return in 2011, but lobbying efforts accelerated the phase-out date from 2010 to 2009. "The longer it's off the books, the harder it will be to return it to the books," she said.

- **Tort reform** Sixty percent of AIADA dealers last year were sued or threatened with frivolous lawsuits.

- **CAFE standards** Changes would have a sudden, significant effect on vehicle prices. McInerney said: "We can't allow the standards to be set by political whims. It needs to be done scientifically."

- **Lobbying** The annual AIADA Legislative Congress in Washington, D.C. is May 18-19. To register, see the association's Web site, www.aiada.org/

Illinois 'exempts' itself from proposed federal overtime exemption changes

Changes to the Illinois minimum wage law, enacted April 2, reject any U.S. Labor Department rules that would redefine overtime pay coverage for white-collar workers. Amendments proposed last year by the federal department would cut the number of workers who qualify for overtime pay.

Instead, Illinois law retains the current Labor Department definitions of who is considered an exempt executive, administrative or professional employee, for purposes of overtime pay.

The current definitions of white-collar employees have long been criticized as outdated, cumbersome and difficult for employers to understand and apply. Moreover, if the Labor Department does issue the expected new rules, Illinois employers will face conflicting standards governing certain white-collar employees' status as exempt or nonexempt.

Of equal significance, the new Illinois law adopts a part

of the proposed federal changes addressing the minimum salary threshold for the white-collar exemptions. Illinois employees now are automatically considered nonexempt—and thus qualified for overtime pay—if they earn less than the minimum threshold of \$425 a week, or \$22,100 a year.

Previously, employees were automatically nonexempt if they earned less than \$155 a week, or \$8,060 a year.

What is important for dealerships to remember, however, is that this law impacts only those employees who are exempt from overtime requirements on the basis of the white-collar exemptions, such as managers and other administrative, executive, or professional employees. It does not change the present overtime exemptions for salespeople, partsmen or mechanics.

The changes to the Fair Labor Standards Act, proposed last year, remain under debate.

Save the date!

Circle Monday, June 14 on your calendar to participate in the annual CATA golf outing. The event marks its third year at Cog Hill and Country Club in Lemont. The outing features a shotgun format on three courses and limited tee times on the fourth course, the renowned Dubsdread.

Sign-up forms will appear in this newsletter beginning in the April 26 edition.

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18W200 Butterfield Road
Oakbrook Terrace, IL 60181-4810
630-495-CATA [2282] phone 630-495-2260 fax

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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 or search by topic at www.cata.info/

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

The issue of dealer reserves is far from reserved

NADA rebuffs '60 Minutes' exposé Chairman calls for F&I 'transparency'

The National Automobile Dealers Association charged that an April 4 "60 Minutes" segment on dealer reserves implied that deceptive practices are pervasive in the automotive retail industry.

"The actions of a very small minority of dealers do not characterize our profession," the NADA said in a statement about the CBS-TV show. "The '60 Minutes' piece was unbalanced, painting dealer reserves as a deceptive and pervasive industry practice. Dealer reserve is not only a widely accepted industry practice, it is fair compensation for a retail service dealers provide to our customers. In fact, dealers provide a competitive marketplace for loans and offer our customers the best route to a low cost loan.

"Because auto dealers work with large numbers of customers, we have access to multiple financing sources with low wholesale rates otherwise unavailable to our customers. Even so, we encourage car buyers to shop around to ensure they're getting the best loan for their needs.

"'60 Minutes' referred to unnamed studies that show deceptive practices. These studies are neither accurate nor balanced. One, the Cohen study, was

actually paid for by plaintiffs at the behest of trial attorneys who were suing dealers, hardly an unbiased effort.

"The overwhelming majority of the 1 million people we employ are honest, hard-working individuals characterized by integrity and dedicated to satisfying their customers. National customer satisfaction surveys reflect that reality, giving dealerships overwhelmingly high marks. However, like any business, there is room for improvement, and we're taking steps in that direction. We're educating consumers by providing a step-by-step guide to vehicle financing at dealerships nationwide.

"We've called for disclosure that the finance rate is negotiable and that dealers may retain a portion of the financing arrangement. And we're training dealers to do a better job of explaining the finance process to the customer. Every day, dealers across the country provide affordable, convenient financing to car buyers of all backgrounds within a highly competitive marketplace. Although improvements can be made, dealer financing will continue to benefit consumers.

"To malign all dealers with one broad stroke, based on the actions of a few, is unfair to your viewers and our industry."

When Charley Smith took the reins of the National Automobile Dealers Association in February, he said he knew that dealer-arranged financing would be a hot-button topic.

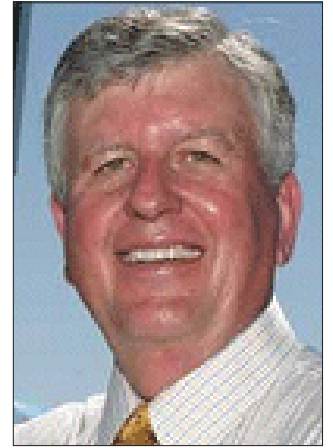
"I thought that issue would be the most difficult and challenging issue I would face as chairman. I haven't changed my view," Smith said April 1 to a gathering of Illinois and Missouri dealers.

"This issue is part of a well orchestrated attack on dealers by consumer advocate groups nationwide. This is the latest 'issue of the day,'" he said.

The attorneys general in Illinois and New York introduced legislation this year that would force dealers to disclose on their vehicle finance contracts that they make a profit on the transactions. And "60 Minutes" on April 4 aired a derogatory piece on dealer reserves.

Smith called for more transparency in the financing process, suggesting that dealers assure their customers that loan rates are negotiable. The NADA joined two other trade associations in February in calling for such voluntary disclosure. The CATA also supports voluntary disclosure.

"If we are to believe our critics," Smith said, "the problem is one of disclosure. But I believe the vast major-



Charley Smith

ity of dealers treat their customers honestly and fairly every day. Most customers don't understand financing, and that has caused misinterpretations that we have something to hide."

Smith said dealers and their employees must be open with their customers. "Our customers will certainly remember the sales process, but nothing will stick in their minds more than how they were treated in the F&I department," he said.

Smith also touched on current processes to determine CSI scores. He said the surveys should be simplified and the rating procedures revised.

"I think one question could summarize all measures of satisfaction: How willing is the customer to recommend you to others or return to you himself?" said Smith.

AYES

CONTINUED FROM PAGE 1

- Identified the automotive industry as a career choice
- Willing to submit to drug testing
- No school discipline referrals (home or vocational schools)
- Acceptable home schools grades
- Clean driving record

“These students are truly the best of their automotive programs,” said Jim Butcher, the AYES manager for Illinois. “These 55 eligible students have qualified for an AYES internship due to their superior skills and based on the recommendations of their automotive instructors.

“It’s my belief that these interns will far exceed the dealers’ expectations” for student technicians.

Mentors, typically journeyman technicians, help the students during their internships.

The Porter County (Ind.) Career Center, which serves all nine county school districts, houses the Porter County Vocational School and the Porter County Alternative Program. The center in January became the area’s sixth high school to gain AYES certification, joining

Currie Metropolitan High School and Farragut Career Academy in Chicago, Lake County Technology Campus in Grayslake, Technology Center of DuPage in Addison, and Hammond (Ind.) Area Career Center.

Parkland Community College, in Champaign, this month becomes the seventh high school in Illinois and northwest Indiana to gain AYES certification.

Industry forecasts point to an industry shortage of 65,000 technicians, as the workforce ages. The AYES program is a great way to “grow your own,” Butcher said.

The AYES program is important because 25 percent of 18-year-olds say they already have selected a career path. Exposing the interns to dealership work could sway them to a career there.

“Dealer participation is absolutely vital to this program,” said Terry D’Arcy, the CATA director who is leading the association’s AYES participation. “The benefits for dealers from AYES are enormous. From what I’ve seen, investment in this program is returned tenfold.”

To discuss the AYES program, call Butcher at the CATA offices at 630-424-6020.

Congratulations!

Five local Acura dealerships were named to the automaker’s 2003 Precision Team-Dealership of Distinction for their winning attention to detail and dedication to service. **Acura of Libertyville, Arlington Acura in Palatine, Continental Acura of DuPage (Lisle), McGrath Acura of Westmont, and Muller’s Woodfield Acura (Hoffman Estates)** are among 61 dealers to earn the award.

Toyota Motor Sales U.S.A. bestowed the 2003 President’s Award on 10 area dealers for excellence in all facets of their operations. They are **Dennis Alf of St. Charles Toyota, Joseph Bredemann Sr. of Bredeman Toyota (Park Ridge), Ronald Colosimo of Oak Lawn Toyota, Kevin Keefe of Libertyville Toyota, Robert Loquercio of Elgin Toyota, Julius Marks Jr. of Classic Toyota (Waukegan), Cheryl Nelson of Continental Toyota (Countryside), Phillip Resnick of Schaumburg Toyota, Robert Rohrman of Oakbrook Toyota in Westmont, and Gerhard Schiele of Elmhurst Toyota.**

Saul Rosen, proprietor of Rosen Hyundai of Algonquin, earned most improved honors for the Central region among Hyundai Motor Finance Company’s 2003 Presidents Club award winners.

Ford Credit named eight local dealers among its 2003 Partners in Quality, for exceptional commitment to customer loyalty and satisfaction. Joining **Van Drunen Ford** in Homewood and **Village Ford Sales** in Bolingbrook are six dealers that earned Master Winner status: **Art Hill Ford**, Merrillville, Ind.; **Art Hill Lincoln-Mercury**, Merrillville, Ind.; **Dick James Ford**, South Holland; **River Oaks Ford**, Calumet City; **River View Ford**, Oswego; and **Sutton Ford**, Matteson.

Ettleson Cadillac in Hodgkins, **Steve Foley Cadillac** in Northbrook, **Grossinger Autoplex** in Lincolnwood, **Heritage Cadillac** in Lombard, **Patrick Cadillac** in Schaumburg, **Schepel Cadillac** in Merrillville, Ind., **Frank Shirey Cadillac** in Oak Lawn, and **Weil Cadillac** in Libertyville are among 108 dealers nationwide to be named 2003 Cadillac Master Dealers, for outstanding sales and customer satisfaction.

This year’s DaimlerChrysler Service Contracts Inner Circle includes **Mancari’s Chrysler-Jeep** in Oak Lawn, **Mancari’s of Orland Hills**, **Sherman Dodge** in Skokie, and **Southlake Dodge** in Merrillville, Ind.

Marketplace

Wanted Four-post Lift Rack, 1,600 pound capacity, with turning plates for truck servicing. Alignment equipment optional. Call Jack Cindric, Jacobs Twin Auto Plaza, 773-889-3030, ext. 5083.