



Upcoming DealersEdge webinars

The Chicago Automobile Trade Association has established a partnership with DealersEdge to provide high-quality training and informational webinars that offer the content to CATA member dealers at a significantly discounted rate.

The rate for CATA members for the weekly presentations is \$149, half what is charged to users who do not subscribe to DealersEdge. Webinars premiere on a near-weekly basis.

Even for dealers who hold an annual membership with DealersEdge, the new relationship with the CATA represents a savings because DealersEdge offers its Webinars to its own members for \$198. Regular annual membership fees are \$397, and normal webinar fees are \$298 for non-DealersEdge members.

Once purchased, DealersEdge webinars and accompanying PDF files can be downloaded and viewed later—and repeatedly. No matter how many people watch at your location, each connection costs a CATA member just \$149. A telephone connection is not needed; and the fee includes both PowerPoint slides and audio.

To register for any of the DealersEdge webinars, go to www.cata.info. On the tan bar across the top of the screen, click on Education/Careers and follow the dropdown menu to CATA-DealersEdge webinars.

Coming topics:

Premiering Thursday, April 17 at 12 p.m. CDT

“New NLRB ‘Quickie Election’ Rules Make Dealers Vulnerable; What to do when the Union comes knocking” With a union-friendly White House and the power of executive rulemaking, many smaller bargaining units — like car dealers — become likely tar-

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Leased-vehicle tax bill nears law

Illinois Gov. Pat Quinn reportedly is poised to sign into law on April 17 a measure to change tax calculations on vehicles leased in the state. If he does, the change would take effect Jan. 1, 2015.

House Bill 2317, under which vehicles leased for one year or longer would have sales tax owed calculated on the monthly payment instead of the vehicle’s selling price, unanimously passed both chambers of the state’s General Assembly and was sent to Quinn March 6. He has until about May 5 to act on the bill.

The Chicago Automobile Trade Association and the Illinois Automobile Dealers Association have made several runs at the taxation

change on long-term leases, but officials with the Illinois Revenue Department always focused on near-term shortfalls in tax collection over long-term gains. Immediate gains would be seen in the proposed structure, under which dealers could not offer advance trade-in credits to their lease customers.

And with consumers enjoying lower monthly payments on leased vehicles, advocates project increased leasing activity.

Officials of the Illinois Revenue Department agree that Illinois should compute the sales tax in the same manner as 47 other states. The department indicated its position on HB 2317 to be

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Free employment litigation webinar

Wage and hour claims continue to be one of the fastest growing areas in employment litigation, which may involve disputes over overtime pay violations, exempt employee misclassification, and employee working off-the-clock.

The AIADA will examine top wage-and-hour pitfalls for dealers to avoid at a free webinar, “Wage & Hour: Employment Litigation,” at 12 p.m. CDT April 23. To register, go to <https://www2.gotomeeting.com/register/433082042>.

Webinars

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gets!

Upending representation procedures that have stood the test of time, the U.S. National Labor Relations Board has revised its proposed rules in an apparent effort to expedite the union election process. Unions are expected to capitalize on these regulatory changes by stepping up organizing activity in an effort to reverse decades of decline.

Labor law specialist Steven Bernstein J.D. will join DealersEdge for a workshop to review what you can legally do when the Union comes knocking. You will learn about:

- recent developments at the NLRB and their impact on dealerships
- the latest tactics employed by organizers targeting retail automotive
- the early warning signs of union activity and how to react
- practical and lawful steps to effectively communicate with employees
- “Quickie Elections” and how to operate within the new compressed time table
- how to implement lawful policies to protect your dealership from organization efforts

Premiering Thursday, April 24 at 12 p.m. CDT

“How Employee Satisfaction Can Drive Customer Loyalty and Retention” The proven way to improve customer retention is to focus on your employees and to create a great place to work.

Car dealers spend millions every year on customer retention products and services, and with good reason: Many studies show that increasing customer loyalty leads to higher profits. However, true customer loyalty starts with a transaction, and the people responsible for those transactions are your employees.

Join Mike Esposito as he examines how, by focusing on employee satisfaction, you can create organic improvements in customer loyalty and retention. You will learn:

- the critical difference between customer loyalty and customer retention
- why customer loyalty programs so often fail
- how to create a “great place to work.”
- why CSI has nothing to do with customer loyalty and retention
- a better way to track your store’s customer retention success

Fore!

Circle the date, and watch soon for details about the annual CATA golf outing, **June 9** at Cog Hill Golf and Country Club in Lemont.

Circle April 24

CATA to host seminar on NADA Fair Credit Compliance Program

Recent allegations by the federal Consumer Financial Protection Bureau assert that finance sources which purchase credit contracts from dealers create a “significant risk” of fair credit violations when they allow dealers to exercise discretion in determining the amount they earn for qualifying and extending credit to consumers. The ongoing CFPB fair credit initiative has created uncertainty regarding dealership compliance obligations under the Equal Credit Opportunity Act.

The NADA Fair Credit Compliance Policy & Program, introduced in January, is based on a compliance program that two dealers adopted in 2007 consent orders to resolve Department of Justice allegations of unintentional credit discrimination. While neither the DOJ nor any other federal agency have stated that adopting this approach satisfies the requirements of federal law, it nevertheless provides a useful template for dealers to consider in developing their own approach to fair credit compliance. The publication contains: (i) a brief overview of this issue; (ii) general and specific instructions for completing the Fair Credit Compliance Program template; and (iii) the actual Program template.

Paul Metrey, the National Automobile Dealers Association’s chief regulatory counsel, will visit the CATA on April 24 for a special seminar to provide an overview of the NADA Fair Credit Compliance Program. Dealers and their appropriate managers are encouraged to register to attend.

This voluntary approach to fair credit compliance is designed to help dealers who adopt it to both promote their commitment to fair credit compliance and strengthen their ability to demonstrate that they have taken a consistent approach to the pricing of consumer credit.

Dealers who adopt this or a similar approach would individually establish a pre-set compensation amount their dealership would include in credit offers to every consumer, unless the transaction has any one of several predetermined and pro-competitive reasons for deviating from that amount.

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Review past editions dating to 1998 or search by subject at www.cata.info.

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Don't let employee handbook become a straightjacket

“Welcome to our dealership family!” many employee handbooks begin. “We’re extremely pleased to have you join our dynamic and growing company. Work hard and contribute to our success and you will enjoy a long and rewarding career with us.”

Most people would consider such statements a pleasant but harmless way to draw employees into the rest of the handbook. Those people would be wrong. The seemingly innocuous opening comments could form the basis of a lawsuit by some future discharged and disgruntled employee.

Employee handbooks are a useful tool for communicating the policies, rules and regulations of a dealership. They can be a valuable promotional instrument for attracting new employees to the company.

A handbook should answer most of the routine questions asked by new employees, thus saving managers’ time. They also can improve morale by reassuring a worker that everyone will be treated fairly. Plus, handbooks meet the legal requirements for disseminating information in larger companies.

Their most important purpose, however, is to protect the store in its dealings with employees by summarizing the relationship between the dealership and its workers.

Implied promises

Unless they are written carefully and updated regularly, employee handbooks can create headaches for the employer. The biggest problems arise from language that implies a contract with an employee.

Fuzzy or overly complicated descriptions in a handbook can make it difficult for a dealer to fire or even discipline a worker without risking liability for wrongful discharge. Companies can make two mistakes

when writing a handbook, say most experts in the field: saying too little and saying too much.

“Smaller companies have a tendency to paint themselves into a corner by making their handbooks contractual without realizing it,” said human resources consultant Ethan Winning. “The more they say, the more vulnerable they become” to charges that the company didn’t follow its own policies.

Handbooks that exceed 50 pages probably are full of implied contracts, Winning said.

Walt Olsen, an employment law expert in New York, said increased employment litigation can constrain common sense in normal business dealings. “It used to be,” Olsen said, “that if an employee wanted a guaranteed long-term relationship with a company, he had to get it in writing in the form of a binding contract.

“But many states have moved away from that idea, which has opened the door for creative lawyers to invent contractual rights of tenure.” Even a brief note saying “Good job” or “Well done” may be argued by lawyers and seen by courts as an implied contract.

The best handbooks

Three main components typify the best handbooks. One section gives general information about the company, its mission, work rules, and procedures. Another section describes what management expects from employees. A third section gives general information about salary and pay issues, em-



ployee benefits (medical insurance, vacation, time off, retirement), and employee services.

A handbook should be filed in a ring binder so that pages can be replaced and

added when policies change, without reprinting the entire book. The final page should be a tear-off page that the employee signs and dates to acknowledge receipt of the handbook. Keep that page with the employee’s other personnel records.

Avoid problems

Handbooks should carry a disclaimer that the manual is not a contract. Other disclaimers should remind the employee that:

- Employment is “at will.” That means either the employer or employee can end the relationship at any time for any or no reason.

- Disciplinary procedures are advisory and not binding, which permits the dealer to modify the procedures. Use short and general statements. Avoid detailed disciplinary and discharge language.

- Terms and conditions of employment may be changed at the dealer’s discretion.

- Rules and procedures governing the workplace should avoid an exhaustive list of all activities. Indicate that the list is not meant to be all-encompassing.

Review

Once written, employee handbooks should be updated at least yearly because state and federal labor codes may change.

Do U.S. drivers care about improving mpg?

The average fuel economy of new cars sold in the U.S. hit another all-time high in March, reaching 25.4 mpg. But do Americans really care?

The fuel-economy data comes from the University of Michigan Transportation Research Institute, which has been tracking the fuel consumption of new cars since October 2007. In its first study, the national average was just above 20 mpg. Last month, Corporate Average Fuel Economy hit 31 mpg.

The green-minded also should be happy to know that auto emissions still hover near record lows. There was a small uptick from February's all-time-low stats, but the distance Americans drove crept up slightly in March, so it's not surprising that emissions ticked up, too. (Americans drive about 3 percent fewer miles annually than they did in 2007.)

The real questions here are (1) Why is fuel economy increasing, and (2) Who cares?

The answer to item No. 1 is simple: science, competition, and federal regulations. The answer to item #2 also is fairly straightforward: "very few people, that's who."

Technology is giving consumers the ability to go farther on a gallon of gas. Smarter engines, hybrid powertrains, and lighter vehicles mean that some cars easily reach 50 mpg. As gas prices continue to rise, offering cars with higher fuel economy gives automakers a competitive edge. And of course, don't



forget the very important fact that the Environmental Protection Agency will require automakers to have a fleet-wide CAFE of 54.5 mpg by the year 2025.

The world's car buyers obviously make note of gas prices, and there's data to suggest that fuel economy remains the top criteria for new-car shoppers.

However, while that may affect consumers' choices within a certain segment — say, jumping from one carmaker's crossover to another's — that doesn't mean that consumers are going to move to a completely new style of vehicle — say, from an SUV to a compact. A 2012 study revealed that 42 percent of shoppers would refuse to change the type of vehicle they drive, even if gas were to hit \$10 a gallon.

That headstrong attitude, paired with the current construction surge, helps to explain why sales of pickups and SUVs are booming, even though the national average for a gallon of regular unleaded is \$3.57. Sales figures probably would relent a bit if gas edged above \$4, but the cynics have a hunch that any slump wouldn't last long.

In Memoriam

Frank Mauro Gesualdo, a World War II U.S. Navy veteran and patriarch of a family that operates 24 dealerships in Illinois, Indiana and Wisconsin, died April 1 at age 90.

Mr. Gesualdo, aboard the USS Hornet in 1942 during the Battle of the Santa Cruz Islands, survived 72 hours in the Pacific Ocean after the aircraft carrier was battered by Japanese bombs.

After founding multiple companies connected to the automotive industry, Mr. Gesualdo in 1968 opened Frank Mauro Oldsmobile at 105th Street and Michigan Avenue in Chicago, and then followed with dealerships in Evanston and Highland Park.

Survivors include his wife of 63 years, Rita; sons Mark, Ralph and Gregory; daughter Gina; and 11 grandchildren. Donations appreciated to St. Jude Children's Research Hospital, 501 St Jude Place, Memphis, TN 38105, (800) 822-6344.

Lease

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positive.

If the change is made, revenues are projected to increase \$14 to \$28 million, based on forecasts of increased leasing activity. Lease transactions in Illinois currently are about half the number in nearby states.

Save the date and get the charcoal! USO barbecues planned for July 19

Area dealers will be encouraged to host a Barbecue for the Troops on July 19, following last summer's inaugural effort during which 70 dealerships raised \$37,500 to benefit USO programs which support deployed troops, military families, wounded, ill and injured troops and their caregivers, and families of the fallen.

The USO, a nonprofit, non-political organization, has since 1943 provided Americans with a tangible way to express appreciation and gratitude for the dedication and sacrifice of the nation's troops and their families. More details coming soon!

