



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:

Thursday, Oct. 18 at 12 p.m. CDT

“20 D-I-Y Tips to Identify, Prevent and Minimize Threats from Breaches in Dealership Security and Safety” Learn a painless process to significantly improve your ELR - Effective Labor Rate.

Car dealers are susceptible to four types of physical

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Tesla stores' legality challenged

After opening several stores without much push-back, Elon Musk's ambition to replicate the Apple experience in Tesla factory stores is now facing potential roadblocks.

The Illinois Secretary of State's office has informed Tesla that it is illegal to list Musk, the company's chief executive, as the owner of its new store in Skokie. Tesla has 24 locations in North America — including Oak Brook and Skokie, plus a service center in Chicago — and 34

stores worldwide.

In addition to Illinois officials, dealer associations in a handful of states say Tesla's stores violate state franchise laws that prohibit factory ownership of dealerships.

The protesters say Tesla's factory-owned stores present unfair competition for rival dealerships, are inconvenient for consumers needing repairs and, if left unchallenged, ultimately threaten the franchise system. Most of the boutique-style stores

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Service writer OT efforts quashed

Congressional legislation to prevent a government shutdown, signed into law Sept. 28, includes an extension of a federal overtime exemption for service advisors through March.

Service advisers have since the late 1970s been exempt from the rules governing federal time-and-a-half pay requirements. Although not directly involved with selling cars, service advisers are classified as sales staff,

meaning dealerships aren't required by law to pay them overtime if they work more than 40 hours a week. (Mechanics and parts salespeople also are excluded from federal OT rules.)

But the Labor Department last year decided to reverse course, saying the department was siding with the AFL-CIO and other workers' rights groups in their interpretation of the rules, which

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loss, not including internal theft and embezzlement; undetected losses; sudden catastrophic losses like arson, major vandalism, sabotage, and employee violence; routine theft, pilferage, and vandalism that adds up to big bucks; and slip-and-fall and other public liability claims plus avoidable workers comp claims.

While the losses from individual incidents may seem relatively small, the aggregate dollars lost to these issues dwarfs the losses from known risks like embezzlement and fraud, according to FBI and other law enforcement figures.

So join DealersEdge for a fascinating look at the soft underbelly of dealership security and safety during a special webinar that will show you not only the array of risks car dealers face but, more importantly, how dealers can avoid tens of thousands of dollars in losses at little or no cost to the store.

You will learn how to take command of security and safety in the dealership by measurably reducing the risks in each loss category, plus:

- Why so much crime against dealerships goes undetected
- What's right and what's wrong with security cameras
- How to identify hazards and reduce public liability claims
- What is one simple step to control unauthorized access by vendors
- Why hiring security guards is usually a bad idea
- Why much of what you know about dealership exterior lighting is wrong
- How to deal with employees who show signs of "going postal."

Thursday, Oct. 25 at 12 p.m. CDT

"21st Century Process for Closing More Sales - For Sales & Internet Managers" Speaker Jennifer Suzuki recently presented a smash-hit webinar on how to move prospects from email to the phone and ultimately to a face-to-face appointment in the showroom. Registrants learned how to create more qualified "ups!"

Now learn Jennifer's 21st century process for improving your ability to convert that 'up' into a profit-producing sale. Sales and Internet managers spend a lot of time and money creating those closing opportunities for their sales staffs. Now learn Jennifer's process to help transition salespeople to new levels of performance. You will learn:

- The proper staffing levels for your dealership sales departments
- Phone call structuring tips for all salespeople
- How salespeople can create 'added value'
- A process for managers to wring more value from the add-on features of call tracking and CRM systems
- Plus 10 more Key Tips for dealership Sales and Internet managers

Auto loan rates at record lows help drive sales in United States

When it comes to car loans, money is cheap. Historically cheap.

Yogesh Mathur discovered that when he was in the market for a minivan for his soon-to-be-born baby. To keep his monthly bill reasonable, the software engineer in Wheeling figured he would have to come up with a large down payment.

Instead, Mathur got money for free: a no-interest, 60-month loan from Toyota to purchase a \$27,683 Sienna minivan. Mathur figures the free financing is saving him \$1,000 to \$3,000.

Overtime

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says service advisers should be eligible for overtime pay.

The change, while not trumpeted in the headlines, could have affected an estimated 45,000 service advisers — also known as service writers, service managers and service salespeople — in dealerships across the country, according to the National Automobile Dealers Association.

Congressional interven-

"It's great," Mathur, 32, said in a telephone interview. "I didn't have to empty out my pockets just before a new baby (arrives)."

Banks, bolstered by loose monetary policy, are charging U.S. consumers the lowest interest rates on new-car loans since the Federal Reserve began surveying them in 1971. Attractive rates helped spur a 9.5 percent jump in light-vehicle sales in September and maintained the fastest pace since the "cash for clunkers" program three years ago, according to analysts surveyed by Bloomberg.

tion prevents the Labor Department from enacting the new policy for service salespeople.

"Reversing 40 years of precedence of overtime requirements for service advisers could force dealers to make potentially costly compensation and staffing changes," said NADA Chairman Bill Underriner.

"Altering overtime rules after 40 years with little to no justification hinders a dealer's ability to create new jobs," Underriner said.

The CATA Bulletin is produced by the
Chicago Automobile Trade Association
18W200 Butterfield Rd. Oakbrook Terrace, IL 60181-4810

The CATA Bulletin is distributed via blast e-mail every other Friday except during the Chicago Auto Show, when it is not produced.

Listings of items for sale are subject to the approval of the CATA. Candidates for employment must submit a full resume to the Editor.

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

David E. Sloan
Erik K. Higgins

President, Publisher
Editor, Director of Dealer Affairs

NADA launches national ad campaign against stair-step programs

By MARK SCARPELLI

CHICAGO METRO NADA DIRECTOR

The National Automobile Dealers Association kicked off a national print ad campaign Sept. 10 detailing the many negative aspects of manufacturer stair-step incentive programs.

The full-page ad, "Stair-Step Incentive Programs are Bad for the Auto Industry," began running in the Sept. 10 edition of *Automotive News*. The ad points out that "stair-step programs create too many negatives to justify their use."

Stair-step programs, according to the ad, "harm brand credibility; hurt dealers of all sizes; undermine relationships between dealers and their customers; have an adverse effect on CSI scores; and destroy consumer confidence in dealers – and in manufacturers' brands." The ad concludes: "There are better ways to structure incentives."

In other NADA news ...

- New-car dealers and their managers planning to attend the **NADA Convention and Expo** in Orlando, Fla., in February are encouraged to register during the advance registration period to receive a \$75 discount off the onsite rate.

Dealers also should register in advance to book the hotel rooms of their choice. With several conferences running at the same time in Orlando next February, hotel rooms will fill up quickly.

Seven of the 21 official NADA convention hotels already have sold out. They include the Westin, Hilton, Peabody, Embassy Suites, JW Marriott Ritz-Carlton and the Rosen Centre.

The 96th annual NADA convention will be at the Orange County Convention Center, Feb. 8-11, 2013.

Keynote speakers include John Krafcik, president and CEO of

Hyundai Motor America; inspirational speaker Mark Kelly, space shuttle commander of Endeavour's final mission; NADA Chairman Bill Underriner; and incoming NADA Chairman David Westcott.

Dealers will have an opportunity to meet face-to-face with top automaker executives at 26 dealer franchise meetings to discuss their marketing plans, sales outlook and new product launches.

NADA University will offer 58 different workshops for car and truck dealers and their managers, including 27 new speakers and 20 new workshop topics. More than 500 companies are expected to exhibit on the expo floor.

To register, including for hotel reservations with discounted rates, visit www.nadaconventionandexpo.org.

- The **NADA Used-Car Guide** now provides manufacturer-certified pre-owned (CPO) values for every qualified vehicle in its printed and electronic editions.

"We recognize the tremendous effort that manufacturers and new-car dealers have put into developing and raising consumer awareness of CPO programs," said Mike Stanton, vice president and chief operating officer of the NADA Used Car Guide.

"Our focus," Stanton added, "is to improve the accuracy of CPO values through the NADA's industry-leading data collection and analysis."

For more information, visit www.nada.com/b2b; or contact Charles Cyrill with NADA Public Affairs at (703) 821-7121 or ccyrill@nada.org.

In other news ...

- A declining supply of used vehicles, strong consumer demand and improving vehicle quality have resulted in **higher trade-in equity** on many used cars and light trucks.

"Higher trade-in equity on used vehicles will help facilitate the release

of pent-up demand for a growing number of consumers making the jump off the sidelines and into a vehicle purchase," said Jonathan Banks, executive automotive analyst with the NADA Used Car Guide.

"The equity position that consumers find themselves in today is better, and in some cases, dramatically better than it was three years ago," Banks said.

For more information, visit www.nada.com/b2b.

- Alan Batey, vice president of U.S. sales, service and marketing for General Motors, pledged to **improve communications with GM dealers** during a recent visit to the NADA.

Batey also discussed GM's Essential Brand Elements program and changing the culture at GM.

"The face of our business is our dealers. And that's the face of Chevrolet, Buick, GMC and Cadillac," Batey said in a two-part studio interview on NADA's AutoFocus with David Hyatt.

Batey, who began his career with GM in 1979 as a mechanical engineering apprentice for Vauxhall in the United Kingdom, said his biggest challenge today is communicating clearly to its 3,000 dealers.

"The key to our partnership with the dealers is open and honest communications," he said. Batey also discussed the recent visit by members of the NADA's Industry Relations Task Force to GM headquarters in Detroit.

"The NADA ... offered some great ideas on how we could improve communications to smaller dealers," he said. "We've taken that advice on board, and we're going to lay out a plan so that every dealer in the nation who wants to have face-to-face consultancy with us on a confidential basis can get it."

NHTSA warns about counterfeit air bags

Aftermarket bags could fail to inflate in crash

Millions of cars in the U.S. repaired after collisions could have counterfeit air bags that may not inflate properly in an accident, the National Highway Traffic Safety Administration reported Oct. 10.

NHTSA officials believe “tens of thousands of counterfeit air bags” may be involved. Most, if not all, of the replacement safety devices were made in China. NHTSA issued a consumer safety advisory that warns vehicle owners and body shops to their dangers.

The NHTSA is not aware of any deaths or injuries connected to counterfeit air bags.

“We want consumers to be immediately aware of this problem and to review our safety information to see if their vehicle could be in need of inspection,” Transportation Secretary Ray LaHood said in a statement.

NHTSA released a list of nearly 100 vehicles that could have counterfeit air bags. It includes certain model years of the Toyota Camry, Chevrolet Cruze, Honda Accord, Honda Civic, Ford Mustang, Chevrolet Volt, Ford Focus, Toyota Prius, Volkswagen Jetta and Nissan Altima.

The agency emphasized that of the millions of vehicles on the road, the vast majority does not have a problem. NHTSA said it didn’t know the full scope and scale of the problem, but believes “this issue affects less than 0.1 percent of the U.S. vehicle fleet.”

Not at risk are air bags that automakers install on the assembly line or those installed by new-car dealerships.

Only vehicles that have had an air bag replaced within the past three years by a repair shop that is not part of a new-car dealership may be at risk, NHTSA said. Air bags that automakers install on the assembly line are not at risk, nor are those installed by new-car dealerships.

Consumers whose vehicles have been in a crash and had their air bags replaced by a repair shop that is not part of a new-car dealership within the past three years — or who have purchased a replacement air bag online — should contact automakers’ call centers to have their vehicle inspected and their air bags replaced if necessary.

Dealers and automakers — who held conference calls with the NHTSA ahead of the public announcement — are bracing for an influx of worried owners. “Dealers will play a critical role in identifying and removing suspected counterfeits as well as easing the fears of consumers not affected by this issue,” said Frank Borris, who directs the NHTSA’s Defects Investigation office. “This issue can’t wait and we will be moving very quickly.”

It’s not clear how much a dealer inspection will cost, but it will likely be \$100 or more, auto officials said. Unlike for a safety recall, owners must pay to get their air bags inspected.

Electric cars: Friendly to the environment, or not so much?

Electric vehicles can help reduce harmful greenhouse emissions, but a new study suggests that, without cleaner sources of electricity, the environmental benefits would be limited.

Norwegian researchers embarked on a detailed assessment of the likely environmental impact of electric vehicles compared to conventional vehicles powered by internal combustion engines.

The scientists found that, judging by the likely global warming impact, switching to electric vehicles would be counterproductive in places where power is mainly produced from burning coal or heavy oil.

Even when electricity is derived from relatively clean gas, the scientists write, “only limited benefits are achieved.”

In addition to dirty sources of power, the environmental advantages of electric vehicles are dampened by the global warming impact of manufacturing them, which is about twice the comparable impact of conventional vehicles. Cleaner power and long-lasting electric vehicles are key, the study implies, lest the world just trade one set of problems for another.

Absent a cleaner power mix, the scientists write, “a more significant reduction in GWP [global warming potential] could potentially be achieved by increasing fuel efficiency or shifting from gasoline to diesel” in regular vehicles.

Tesla

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are in shopping malls, and Tesla asserts that they are not sales facilities.

In California, where Tesla is based, there is no legal factory-store conflict as long as it is placed at least 10 miles away from a competing franchise. Since Tesla is a new-

comer, that has been an easy law with which to comply.

The National Automobile Dealers Association and some local authorities scrutinizing Tesla would like to see the upstart go to a traditional dealer model if it wants to continue to do business.

“Tesla may not yet recognize the value of the independent, franchised dealer

system. But as its sales increase, the NADA is confident it will re-examine its business model,” Montana dealer and NADA Chairman Bill Underriner said in the statement. “Other companies such as Daewoo did. All companies should be complying with existing laws. ...”

Tesla has been dedicated to a maverick model since

hiring veteran Apple marketer George Blankenship in 2010. He was at the time touted as enabling Tesla to carry forward principles that were successful for marketing computers. Its stores are located in high-traffic retail areas in an attempt to put the Tesla concept in front of people who might not even be shopping for a car.