



CATA Bulletin

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'02 sales on track as fourth best year ever

Strong light-vehicle sales in August, energized by wide customer incentives, still-strong net household assets and relatively low unemployment, gives the industry a shot at reaching 17 million sales this year, said the chief economist of the National Automobile Dealers Association.

Paul Taylor said net household income has continued to grow, albeit slowly, for the typical household, where earnings are key to understanding big ticket purchases.

"And we think there is a little peer pressure at work in households," Taylor said. "When there are at least six new cars in the driveways of a cul-de-sac of 15 houses, there are some subtle pressures at work for the other nine households.

"Consumers remain relatively confident, with confidence remaining in the 90s as an index measure. Compare that to the same confidence measure under 60 when Iraq invaded Kuwait or a low of 47 in the 1990-92 recession.

"For all they have been through in the last two years, consumers remain relatively confident."

The makers of other big-ticket consumer goods have instituted incentives, with zero percent financing available for appliances. However, most new-car buyers are buoyed by declining interest rates, not special incentives for

SEE SALES, PAGE 2

Dealers use AYES to groom student technicians

A simple understanding of AYES, the student technician program blossoming nationwide, is the biggest obstacle Jim Butcher faces when he talks to dealers about participating in the program. Upon understanding, a dealer's participation is likely, because AYES poses virtually no downside to a dealer.

Automotive Youth Educational Systems builds partnerships between dealerships and high schools with au-

tomotive service technology curricula. The mission is to create a pipeline of future technicians.

AYES sprouted in Illinois in 2001. Since then, 72 students at four area high schools have been paired with 69 participating dealerships. "That's just the tip of the iceberg," said Butcher, the AYES state field manager for Illinois.

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United Negro College Fund joins 'First Look'

The United Negro College Fund has been added as a charity that will benefit from ticket sales to First Look for Charity, the black-tie benefit of the annual Chicago Auto Show. The event in 2002 raised \$1.8 million for 17 area organizations.

First Look for Charity is held the evening before the Chicago Auto Show opens to the public. The coming charity event is Feb. 13; the 2003 show's public days are Feb. 14-23.

The prize vehicle next year is a 2004 Pontiac Grand Prix. The lucky patron in attendance who wins the car definitely will be the first on his block to own one; production on the '04 Grand Prix doesn't begin until the week of the event.

Tickets to First Look for Charity are \$175, and sales begin Oct. 1. Attendees can earmark their contributions to any one of the event's 17 participating charities, or a donation can be divided

evenly among the organizations.

Officials for the United Negro College Fund, whose Midwest area office is in Chicago, said they would use the money they raise from First Look for Charity for local scholarships in the name of the Chicago Automobile Trade Association.

Other participating charities: Advocate Hope Children's Hospital, ALSAC/St. Jude Children's Research Hospital, Alzheimer's Association, Boys & Girls Clubs of Chicago, Campagna Academy, Children's Memorial Hospital, The Cradle, and the Cure Autism Now Foundation.

Also, Ray Graham Association for People with Disabilities, Illinois Spina Bifida Association, Little City Foundation, March of Dimes Birth Defects Foundation, Ronald McDonald House Charities, Misericordia Heart of Mercy Center, and the National Multiple Sclerosis Society.

Guest book can boost CSI numbers

Twenty Group staff at the National Automobile Dealers Association compiled the submissions of participating 20 Group dealers into a book that can improve management techniques and overall department operations, and increase profitability. One suggestion: use a guest book for CSI improvement.

“Our CSI numbers from our sales department were good, but we found that there was an area that needed improvement. After reviewing returned customer satisfaction surveys, we found that our salespeople were not always introducing the customers to the service department.

“We asked our employees for ideas on how we might better ensure that our new customers were introduced to the service department every time. They came up with a three-stage plan that was implemented and seems to have made a great improvement in our scores.

1. “We put a guest book in our service department. Every salesperson is required to take the new customer to the service writers’ area, to introduce them to the service personnel and have them sign the guest book. This helps the salespeople remember the need for the introduction, and the customers just love the idea.

2. “The F&I department also prints a follow-up form that is given to the salespeople with every transaction.

The salesperson writes on this sheet any information that the service manager should know about the customer or transaction, and puts the sheet in the service manager’s in-box.

“If the delivery is after-hours or on a weekend, the salesperson writes ‘after hours’ on the sheet. The after-hours notation tells the service manager that the customer has not been introduced to any service personnel.

3. “The service manager has the responsibility of checking to see that there is a signature in the guest book for each follow-up sheet, and informing the sales manager when a customer has not signed the guest book or been introduced to the service department. The service manager then calls each customer to introduce himself.

“These checks and balances and the use of the guest book have allowed this dealership to see dramatic changes in the survey responses.

Before instituting these procedures, they scored an 88 for the question ‘Introduced to the service department,’ against a national average of 91. The first month after they put these procedures in place, their score skyrocketed to 96, an eight-point gain and five points above the national average.”

For information on NADA 20 Groups and to join a group, call 800-252-6232 ext. 3.

OSHA issues new hearing loss rule, effective Jan. 1, 2003—or 2004

Employers and their health care providers need to prepare for a new rule on employee work-related hearing losses issued by the Occupational Safety & Health Administration that takes effect Jan. 1, 2003.

The new rule redefines what constitutes a “hearing loss,” as recorded on the employer’s OSHA 300 Log. The current analysis requires a qualified health care professional to compare the employee’s original audiogram (hearing test) and his annual follow-up audiogram.

The coming change lowers the threshold for what counts as a hearing loss, but several points apply to the current and revised standards:

- The standard applies only to those employees who are exposed to a minimum level of noise while working—roughly averaging 85-plus decibels over an eight-hour workday.

- The hearing loss must be work-related.

- The standard allows an employee’s hearing loss to be adjusted based on aging.

- The employee can be re-tested for hearing loss within 30 days, to confirm the accuracy of the initial test.

Officials of OSHA indicated they might seek comments on the new rule, which would delay the rule’s effective date until Jan. 1, 2004.

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Review past editions at <http://cata.drivechicago.com/>

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

AYES

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AYES, supported by nearly every vehicle manufacturer, exists to replenish technicians. The endeavor is vital; retirees from the field outnumber newcomers by 2,000 every year. The program provides a reliable and qualified source of entry-level technicians.

The success of AYES is due in part to strong support from the U.S. Departments of Labor, Commerce and Education. The AYES model is quickly becoming the Labor Department's model for manufacturer-sponsored initiatives, to be emulated by other industries.

Since assuming his new position in July, Butcher has visited many dealers to review AYES. He also speaks at manufacturer roundtables with service managers and technicians, and he will attempt to involve more schools in AYES by attending an October meeting of the Illinois College of Automotive Instructors Association.

"Some dealers consider AYES to be nothing more than another 'manufacturer initiative,' which they see right and left. But this is a manufacturer-sponsored initiative. They're paying for it. It's not a fly-by-night. It's going to be around, and it works," Butcher said.

Manufacturers contribute millions of dollars a year to fund AYES, and payback for them means their vehicles get serviced properly. In fact, all AYES participants benefit.

Dealers get an \$8 an hour student technician who they can grow in their own programs. Mentor technicians earn the student's book hours, which in the summer months can approach 30 hours a week.

Participating schools get new vehicles and repair manuals free from manufacturers, for student instruction. And the student technicians get to apply their classroom instruction in a workplace setting, accelerating their professional growth.

The Automobile Mechanics Local 701 also supports AYES. Butcher said about half the student technicians work at unionized dealerships.

Jack Smith, chairman of General

AYES for the future: The technical knowledge and skills needed by today's technicians are vastly different than those needed just 10 years ago, and competency will have to increase for today's technician to be successful in the future.

Projected market shares of electronic control systems

System	1990	2000	2005
Antilock brakes (ABS)	10%	100%	100%
Electronic transmissions	20%	95%	100%
Distributor-less ignition	20%	100%	100%
Electronic power steering	5%	60%	85%
Traction control (ASR)	5%	50%	75%
Active suspension	5%	30%	50%
Advanced diagnostics (OBD II)	15%	100%	100%
Multiplexing	0%	20%	50%
Navigation/crash avoidance	0%	30%	60%
42-volt system	0%	0%	100%
Fuel cell technology	0%	0%	10%
SIR (air bags)	0%	100%	100%

Source: Society of Automotive Engineers, 1993

Motors, developed the precursor to AYES in 1996. Smith said, "What we want the future to be is this: When a bright student with the right aptitude and a good work attitude comes in, the school counselor will say to him or her, 'Have you thought of an automotive career?'"

Butcher can be reached at the CATA at 630-424-6020.

Sales

CONTINUED FROM PAGE 1

which only select buyers qualify.

For dealers, sales volume and falling interest rates led to robust before-tax net profits, though new-car sales were not at the level of 2000, the all-time record sales year.

Net profit before tax for franchised new-car dealers is 2.4 percent through June, compared to 2.1 percent for the first six months of 2001, and 1.6 percent for all of 2000.

CATA meeting space free to members

Spacious and comfortable conference rooms of various sizes can accommodate the facility needs of CATA members at the association's Oakbrook Terrace office—for free.

Members and various line associations use the spaces regularly. The centerpiece of the building's first floor is a 2,600 square foot salon capable of accommodating up to 110 people seated theater-style. A soundproof wall can divide the salon in half.

On the second floor, an elegant board room can seat 26 people, and three

smaller conference rooms are suitable for 20 people or less.

And vehicles can be moved into the building's first-floor atrium. Line groups and dealers have used the atrium for walk-around demonstrations and sales contests.

To reserve space, Call the CATA's meetings coordinator, Pam Grace, at 630-424-6035. Several area caterers are approved to cater events at the CATA. Grace also can discuss catering needs.

Spaces may not be used for events at which an admission is charged.

Northwood University co-founder Turner dies

Arthur E. Turner, who in 1959 co-founded Northwood Institute, now Northwood University, died Sept. 2 at his Midland, Mich., home. He was 71.

Turner and his partner, the late R. Gary Stauffer, pioneered the "Northwood Idea" of private enterprise education focused on preparing graduates for successful careers in management.

From Northwood Institute's beginnings in Alma, Mich., the university has blossomed to open campuses in Midland, Mich., Cedar Hill (Dallas/Ft. Worth) Texas, and West Palm Beach, Fla.

Remembrances for the Arthur E. Turner Memorial at Northwood University may be forwarded to David E. Fry, president of Northwood, at 4000 Whiting Dr., Midland, MI 48640.

Marketplace

Office Manager/Controller

Hands-on self-starter with proven accounting, organizational and administrative skills, who believes in the team concept. Other strengths: communication, cross-training, employee motivation. James Bouvat, 847-263-7939.

NADA seminars to be hosted in Rosemont

One and one-half-day seminars focusing on sales and on maintaining customer databases will be hosted by the National Automobile Dealers Association at the Sheraton Gateway O'Hare in Rosemont.

"WOWing the New-Vehicle Buyer," achieved by making the customer's buying experience extraordinary, meets Sept. 23-24. Dealers and their salespeople will learn to increase gross profits with the right staff, business philosophy, training and inventory and, in the process, to reduce expenses and turnover.

The speaker, Joe Lescota, stresses employee and customer retention as well as profit-centering. Lescota is an

assistant professor at Northwood University.

"A Team Effort: Database Management and Customer Service," Oct. 23-24, teaches dealers, marketing personnel and IT administrators how to implement a dealership-wide database management standard to provide increased customer service, and to make the best use of the information that is collected.

Randy Barone, director of field services for American Financial & Automotive Services, Inc., is the speaker.

Registration for both seminars is \$499 for NADA members, \$649 for nonmembers. Additional NADA members are \$349 each. To attend, call the NADA at 800-252-6232 ext. 2.

Singletary added to NADA's 2003 convention

Chicago Bears Hall of Famer Mike Singletary will speak at the Sunday inspirational service at the NADA convention in San Francisco in February.

During his 12-year pro football career, 10 as a team captain, Singletary twice was named NFL Defensive Player of the Year and helped the Bears win Super Bowl XX in 1986. He also won the 1991 Athletes in Action Bart Starr Award, selected by his peers as leading a life of high moral character.

Singletary, a 1998 inductee into the Pro Football Hall of Fame, manages the Singletary/DeMarco Leadership Zone, which trains corporate leaders, and the End Zone, which teaches leadership skills to young men.

Convention registration can be conducted online at the NADA Web site, www.nada.org. Advance registration ends Dec. 6. The site also includes housing information and a schedule of events for the four-day gathering.

Seat belt use by drivers, passengers reaches all-time high 75%

Seat belt use continued an upward trend this year to reach 75 percent, its highest level since national surveys began in 1994, according to the administrator of the National Highway Traffic Safety Administration.

States with primary seat belt laws hit another milestone—80 percent belt use—and states with secondary laws averaged 69 percent, said the NHTSA's Jeffrey W. Runge. In states with a primary seat belt law, motor vehicle oc-

cupants can be stopped and cited by law enforcement officials for failing to wear belts whether or not another violation has occurred. In states with secondary enforcement, a vehicle must be stopped for another offense before the occupant can be cited for failing to wear a belt.

"Though we can't rest until seat belt use is 100 percent in this country, I am nevertheless pleased that we've reached another milestone," Runge said. "More and more, people are real-

izing that seat belts are absolutely the most effective safety device in a car."

The new data, drawn from a large-scale observational study conducted by the NHTSA in June, show a 2 percentage-point increase in seat belt use since 2001. That increase translates into an additional 6 million users.

Seat belt use rates in the Midwest, South and West are statistically similar, while rates in the Northeast continue to lag behind.