



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. 20 at 12 p.m. CDT

“The Real Impact of Factory Auto Stock Replenishment Programs - Study Results!” Programs like GM’s RIM and Chrysler’s ARO are now about 5 years old. They came with promises of huge benefits for the dealership. A study by PartsEdge reveals the true picture,

SEE **WEBINARS**, PAGE 2

NLRB delays union poster rule 2 months, citing need to educate

The National Labor Relations Board has postponed until Jan. 31, 2012, the effective date of a new rule requiring most private businesses to put up a poster that tells workers about their right to form a union.

The board delayed the original Nov. 14 compliance date in order to conduct more outreach, especially to small- and medium-sized companies, about which businesses are covered under the rule. Dealerships are impacted by the requirement.

“We got a lot of calls from

various businesses that are just not familiar with this law and are not aware they even fall under our jurisdiction,” said NLRB spokeswoman Nancy Cleeland.

The rule requires nearly every private business to post the 11-by-17-inch notice in a prominent location explaining a worker’s right to bargain collectively, distribute union literature and engage in other union activities without reprisal.

The poster includes language explaining that work-

SEE **POSTER**, PAGE 4

White named newest top car color

When it comes to car color, white is white-hot, according to PPG Industries, a leading international coatings company, which this month released its annual color trend popularity survey.

Twenty-one percent of 2011 model-year vehicles around the world are white, bumping silver, which fell to second place, where it’s tied

with black. Both silver—the most-popular vehicle for 10 years straight—and black were right behind, each with 20 percent of the market. Gray came in fourth at 13 percent.

North America figures nearly mirror the world’s: white, 20 percent; silver, 19 percent; black, 18 percent;

SEE **WHITE**, PAGE 4

Records retention

How long should credit applications, adverse action notices be kept?

By **DENNIS M. O'KEEFE**
CATA GENERAL COUNSEL

The Equal Credit Opportunity Act (ECOA) requires you to keep a copy of a credit application for 25 months after notifying a consumer about the action to take on the application. The Fair Credit Reporting Act (FCRA) does not impose a specific record-retention requirement related to adverse action

notices.

However, it is advisable for you to keep records of your procedures and the actions you took to comply with both the ECOA and the FCRA, as they can help you defend against customer complaints and lawsuits.

For example, if you can show that you maintained reasonable procedures to comply with adverse actions notice requirements under both statutes, you

will be better prepared to defend yourself if a customer claims you failed to give one in his case.

Because your records can be useful in defending a lawsuit, you should keep them for the maximum time period within which a consumer can bring a claim under the ECOA and the FCRA, which for both statutes is **five years** (emphasis added) after the date on which the alleged violation occurs.

Webinars

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and the numbers are shocking. The key question: How many of the part numbers automatically ordered would meet standard dealership phase-in criteria? Dealers and Parts Managers are not going to be happy with the results!

You receive answers to the following questions:

- We can tell the programs have provided more parts inventory “width.” But have these new parts helped to improve the off-the-shelf fill rates?
- Do ASR programs improve a dealer’s inventory for better customer satisfaction?
- Do ASR programs improve the dealer’s profitability?
- What can you do to unfreeze some of your frozen parts capital - some caused by ASRs?
- What can you do to improve the ROI on your parts inventory investment in spite of ASR constraints?
- Do dealerships really need ASR programs at all?
- What are the numbers to back up Chuck’s conclusions?

Thursday, Oct. 27 at 12 p.m. CDT

“How to Get In Front of the Smart Phone Wave in Your Dealership” If it seems like nearly everyone has one of these mobile devices it’s because nearly everyone does. Get a business plan to utilize Smart Phones to reach more customers for sales and service. More than 68 million people consider themselves frequent texters—and 97 percent of text messages are opened and read. Some dealerships report receiving 40 percent of their website traffic from mobile devices. This special webinar provides an in-depth review of mobile marketing strategies for car dealers to increase sales leads and service and parts customers.

Thursday, Nov. 3 at 12 p.m. CDT

“Car-Shopper’s Point of Decision Has Changed”

The decision point to buy nowadays occurs months ahead of the visit to the dealer. Your marketing/advertising budget needs to align with this new car-shopping reality.

In Memoriam

Joseph J. Gentile, whose philanthropy to charities, churches, veterans groups and his alma maters stemmed from a 51-year career in new-car sales, died Oct. 10. He was 87.

A 1948 graduate of Loyola University, Mr. Gentile donated \$3.5 million to build a namesake arena at the school’s Lake Forest campus. He also attended St. Ignatius College Prep and donated \$1 million to that institution, generosity that was acknowledged by the 2000 dedication of Joe Gentile Drive in front of the school.

For 10 straight years in the 1970s, Mr. Gentile ranked as Buick Division’s No. 1 salesman in the country. But he said his proudest industry award was his 1995 nomination for the Time Magazine Quality Dealer Award.

While broadcasting the 1982 opening of Joe Gentile Chrysler in Barrington, sportscaster Chet Coppeck dubbed him the Baron of Barrington, a moniker Mr. Gentile embraced. He also owned an Elmhurst radio station, WJJG-AM, on which Mr. Gentile hosted his own morning talk show, with topics ranging from politics to sports.

Survivors include his wife, Carol.

The CATA Bulletin is published 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
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Study looks at ROI of factory image programs

By MARK SCARPELLI

CHICAGO METRO NADA DIRECTOR

In today's uncertain business environment, perhaps the single most important issue for dealers – and all business owners, for that matter – is expense control. As NADA Chairman Stephen Wade said in his convention speech earlier this year, “We’ve learned we can operate in ways we never thought possible . . . watching every penny, crossing every “t” and dotting every “i.”

In many ways, we’re still watching that bottom line like hawks as our industry slowly recovers. That’s why many dealers are worried about factory image programs that can require millions of dollars to upgrade facilities. In fact, Wade says it’s the one concern he hears about the most from dealers, regardless of dealership size or brand, as he meets with dealers around the country. These costs have a significant impact on our balance sheets, in many cases severely straining them and in some cases even persuading dealers to leave the business.

Manufacturers often justify image programs on the grounds that “the store image must support the brand” and “customers expect all our stores to offer a similar look and feel.” But there’s little hard evidence of the return on investment of such spending, either to the OEM or the dealer. As a result, we make facility investment decisions based on subjective factors, such as opinions and personalities, which – as you know – is no way to run a business.

That’s why the NADA has commissioned an independent, fact-based study to uncover both positive and negative factors that drive ROI – so that dealers like you and I are in a better position to make informed, rational decisions about our facilities.

We expect the study’s findings to be of use to dealers and OEMs alike, by moving the facilities debate away from opinion and assertion and more toward facts and data.

Glenn Mercer, an experienced independent industry consultant, is conducting the study, which is expected to be completed by year-end.

In today’s back-to-basics business environment, it’s absolutely necessary to “crunch the numbers” before making big decisions. Thanks to the NADA, we just got a little help.

In legislative/regulatory news:

- There are several important federal regulations that govern the **advertising of leases and credit**. Dealers, their advertising agencies and others responsible for the content of dealer ads should be familiar with these regulations. But dealers ultimately are responsible for ensuring that all of their ads comply with the applicable rules.

If you advertise consumer leases, then your ads must comply with the rules for lease advertising found in the Consumer Leasing Act and Regulation M (“Reg M”). If you advertise consumer credit, then your ads must comply with the rules for credit advertising under the Truth in Lending Act (“TILA”) and Regulation Z (“Reg Z”).

All required disclosures under Regs M and Z – not only the trigger terms, but also the required follow-on disclosures – must be made “clearly and conspicuously” to be compliant. For more information, see www.nada.org/regulatory_affairs/news/Featured+Stories/CreditAdvertReminder.htm

- The Federal Trade Commission has announced updated fees for telemarketers accessing phone numbers on the National **Do Not Call Registry**. Beginning Oct. 1, 2011, and ending Sept. 30, 2012, telemarketers must pay \$56, an increase of \$1, for access to the DNC Registry phone numbers in

a single area code, up to a maximum charge of \$15,503 for all area codes nationwide, an increase from the previous maximum of \$15,058.

- In late 2010, Congress passed the “Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010,” which **reinstated the estate tax** retroactively to the beginning of 2010. For people who died in 2010, it included a provision that permits their executors to opt out of estate tax and apply the carryover basis rules that applied before the estate tax returned.

The IRS recently issued guidance on this procedure, in the form of two publications: Notice 2011-66 (www.irs.gov/irb/2011-35_IRB/ar09.html), which establishes the timing and manner of the election; and Revenue Procedure 2011-41 (www.irs.gov/irb/2011-35_IRB/ar10.html), which provides guidelines on allocating basis increases among assets under the carryover basis rules.

- Scholarship America recently held an emotional “Evening of Remembrance” in New York to thank donors – including Bob Mallon of the National Automobile Dealers Charitable Foundation – that contributed \$1 million or more to support the educational needs of the **September 11 families**. Lauren Segel, the president of Scholarship America, said the event was organized for the families who wanted to publicly thank “those who contributed so much and so meaningfully in the dark days following the September 11 tragedy.”

Immediately following the 9/11 attacks, the NADA Foundation created the Survivors Relief Fund and launched a national fundraising campaign. In a matter of weeks, dealers contributed \$1.6 million, making it one of the Foundation’s most successful charitable campaigns.

Lead wheel weight ban nearing

As a reminder, an Illinois law effective Jan. 1 will forbid the use of wheel and tire balancing weights made of lead or mercury.

When Illinois enacted the law in July 2010, it joined six other states to use legislation to ban the wheel weights because of health and environmental concerns. The 18-month grace period was designed to allow dealers to sell or install their remaining inventories of the wheel weights. Other states have used voluntary bans.

While several wheel weight manufacturers have begun touting their alternatives to lead, the consensus in the industry is that steel is the superior alternative. Because of its high density, smaller size, cost advantage and environmentally friendly composition, steel significantly surpasses all other lead alternatives, including zinc.

Inventories of lead and mercury weights remaining after this year can be disposed of as fully regulated hazardous waste, or they can be recycled as scrap metal, which exempts them from hazardous waste regulation.

White

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gray, 15 percent.

The four colors are popular because they are available in every vehicle segment and because they look good on any type of car, said Jane Harrington, PPG's manager of color styling and automotive coatings. Plus, many buyers don't want to get locked into a too-trendy shade on a costly product they likely will own for a while.

Harrington theorized why white has become so beloved: It connotes cutting-edge.

"Silver, at one time, was considered high-tech, innovative," she said. "Think about white. What has Apple (introduced) their product in? White."

Automakers have charged PPG with developing 70 shades of automotive exterior colors for the 2014-15 year, including hazy sunshine, a soft yellow; peacock blue, a rich teal with a sparkle, and ovaltine, a pearlesque soft brown.

Poster

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ers also have a legal right not to join a union.

"We realize we need to do a lot more outreach to let businesses know that the National Labor Relations Act covers employers whether or not they have a unionized work force," Cleeland said.

The rule produced outrage in the business community and at least three major lawsuits that challenge the board's authority to require companies to put up the poster.

Businesses groups trying to block the rule—the U.S. Chamber of Commerce, the National Association of Manufacturers and the National Federation of Independent Business are

among them—claim the posters are a government effort to encourage workers to unionize.

Failure to put up the posters under the new rule would be considered an unfair labor practice. But Cleeland said the board is not trying to implement a "gotcha" rule and would probably issue a warning first if there is a complaint about a company's failure to comply.

The Notice must be posted in English and in another language if at least 20 percent of employees are not proficient in English and speak the other language.

The NLRB has translated versions of the notice posted on its website. If a translation of the appropriate language is not available, the employer will not be liable for non-compliance.

Sedgwick deflects 3Q unemployment claims

One hundred thirty-four CATA dealer members reported a combined 590 unemployment claims during the third quarter of 2011 to Sedgwick Claims Management Services, Inc., which has been serving CATA dealers under various names since 1979. The company's efforts saved those dealers a total of nearly \$1.3 million in benefits by contesting the claims.

Sedgwick CMS monitors any unemployment claims against its clients and contests all unwarranted claims and charges. The company counts about 250 CATA dealers among its clients.

Claims that can be protested and subsequently denied help minimize an employer's unemployment tax rate. The rate can vary between 0.7 percent and 8.4 percent of each employee's first \$12,740 in earnings. The 2011 average unemployment tax rate among Illinois employers is 3.8 percent, or about \$485 annually per employee (\$420 in 2010).

"With the downturn in the economy, unemployment remains at record highs (9.9 percent in Illinois through August) and a drain on the Illinois Department of Employment Security trust fund, markedly higher tax rates for 2011 and probably for a couple of years after that," said Paul Schardt, a Cambridge-Sedgwick senior vice president.

"The unemployment tax is really the only controllable tax, in that it's experience-driven," Schardt said. An ex-employee's claim affects the employer's tax rate for three years.

For new enrollees, client fees amount to \$2.60 per employee, per fiscal quarter. For the fee, Cambridge-Sedgwick monitors all unemployment claims; files any appeals; prepares employer witnesses for hearings, as necessary; represents the client at any hearings; verifies the benefit charge statements; and confirms the client's unemployment tax rate.

To discuss retaining the company, call Schardt at (773) 824-4325.