Rules issued on
ID theft ‘red flags’

A financial institution or creditor that holds any consumer account, or other account for which there is a reasonably foreseeable risk of identity theft, must develop and implement an Identity Theft Prevention Program to combat identity theft in connection with new and existing accounts.

The Federal Trade Commission and the federal financial institution regulatory agencies have sent to the Federal Register for publication final rules on identity theft “red flags,” one of two rules yet to be implemented under the Fair and Accurate Credit Transaction Act of 2003.

The final rules are effective Jan. 1, 2008. Covered financial institutions and creditors must comply with the rules by Nov. 1, 2008.

The agencies also issued guidelines to assist financial institutions and creditors in developing and implement-

See ID Theft, Page 4

Redesigned DriveChicago.com Web portal launches

More tools to help area customers find their next vehicle await on the refashioned DriveChicago Web portal, which launched this month.

The portal, which links to the Web sites of all CATA dealer members and only CATA dealer members, is a free service that is owned and operated by the Chicago Automobile Trade Association. The CATA is attracting customers to the portal with a radio and print advertising campaign.

New features include links for customers to determine the value of their trade-in, schedule a service appointment, obtain directions to a dealership and search for updated rebates and incentives.

Kurt Schiele, chairman of the CATA board of directors’ DriveChicago Committee, oversaw the redesign. “Our goal,” said Shiele, “was two-fold. One, we wanted to give consumers a retail site that not only helps them quickly find a car, but also helps them choose the car that is right for them. Second, we wanted to drive more traffic to CATA dealers through improved leads.

“The new DriveChicago.com is more than just a listing of new and used vehicles, it’s a realistic competitor to
Comparing actual, potential labor sales
Is your dealership’s service department firing on all cylinders?

In the service department, inventory is time—the highly marketable time of trained technicians. Technicians’ time must be managed skillfully to retain profits while giving customers value that exceeds their expectations.

Service labor, then, must be priced competitively and monitored against the mix of work the shop performs. Repair Orders should be analyzed daily to make sure that every RO is complete, that pricing is correct and effective, and that the Effective Labor Rate is where it should be.

Of the various labor-pricing options, variable labor rates based on job complexity is a good option. When a tech’s skills are matched to the job, labor is used efficiently and the dealership’s competitive stance is enhanced. Guidelines for the work mix are 60 percent competitive and maintenance, 40 percent repair.

Competitive labor comprises such services as lube, oil and filter changes (LOF); and tire rotations, and is billed at a low hourly rate, perhaps at or near the LOF rate charged by quick-lube shops and gas stations.

Maintenance labor is work the manufacturer recommends or requires. Including common but less competitive services—emission control or air conditioning service—maintenance labor is priced at a moderate hourly rate, perhaps at or above the existing warranty rate.

The maintenance rate is the target rate for the department and should never be lower than the warranty rate.

Repair labor, like fuel injection calibration and engine overhaul, comprises the least competitive, most specialized services charged at the highest hourly rate, which might be $8 to $10 above the maintenance rate.

Monitor performance. Use daily reports to study ROs and calculate the Effective Labor Rate, which is the dollar figure reached when dividing sales in each category billed by hours billed in that category. Analyze ROs monthly to determine what needs to be done to maintain an ELR that always exceeds target. Then use a month’s actual performance to calculate the monthly labor sales potential:

1. \( \text{Labor sales} \div \text{Hours billed} = \text{Effective Labor Rate} \)
2. \( \text{Number of techs} \times \text{Hours/day} \times \text{Working days/mo.} = \text{Clock hours available/mo.} \)
3. \( \text{Available hours/mo.} \times \text{ELR} = \text{Labor sales potential/mo.} \)

How does your actual total (dollar amount labor sales in #1) compare with your potential total (labor sales potential, #3)?

Among the many adjustments you can make to achieve potential—pricing tweaks, minimizing one-item ROs, upselling needed service and maximizing the use of menus, pricing guides, extended hours, work-mix scheduling—are improvements in facility utilization and in technician performance.

This article was adapted from an NADA Management Education publication, “Service Department Performance Analysis,” which can be ordered at 800-252-6232 ext. 2, or www.nada.org/mecatalog.

Model year ’08 fuel economy guides available now online

Paper copies of the Environmental Protection Agency/Department of Energy’s annual fuel economy guide no longer are mailed automatically. The model year 2008 edition, available online, features fuel economy estimates based on updated EPA calculation methods.

Dealers must make copies of the guide available, free of charge, to customers who request them, so salespeople should know how to download copies as needed at www.fueleconomy.gov.

Dealers can send their e-mail address to fueleconomy@ornl.gov to get an updated electronic copy of the guide each year.

Paper copies can be ordered until Nov. 30 by calling the DOE’s Energy Efficiency and Renewable Energy Information Center at 877-337-3463 from 8 a.m. to 6 p.m. Central time.

Happy Thanksgiving!

The CATA office will be closed Thursday and Friday, Nov. 22 and 23, to commemorate the Thanksgiving holiday. Business hours resume Nov. 26.
AYES update, November 2007

BY JIM BUTCHER
ILLINOIS AYES MANAGER

Visits continue to service department managers about job-shadowing for our high school students. The purpose of job shadowing the AYES young people is to let them experience firsthand what working as a service technician is all about.

Job-shadowing plays a significant role in the decision making process for these young people. During job-shadowing, many students solidify their love for the automotive industry while other students choose alternate career paths.

Since successful employment is a two-way street that requires the satisfaction of both the employer and the employee, we want to afford every opportunity for these young people to view their chosen career without surprises.

Consequently, AYES has a success rate that is hard to beat. According to an AYES five-year survey, 92 percent of service managers said they would participate with AYES in the future if they needed entry-level technicians.

The AYES survey further found that 54 percent of our student interns were still in their original position as service technician, while another 20 percent of the students identified themselves as “still involved in the automotive industry on a career level” (not just working out of their home or garage). We attribute this high success rate primarily to the job-shadowing activities sponsored by the local dealerships.

Typical job-shadowing activities commence in November or December of any given year. Those students who still qualify for an AYES internship in the springtime are further required to job-shadow during their school’s entire spring break.

These measures ensure that intern candidates are highly motivated and very interested in an automotive career. I guess the question is, during your junior year in high school, where were you interning?

The AYES students want to be in your dealership during their spring break. This process starts with job-shadowing in November and December so that we can confidently place the correct candidates by springtime.

Job-shadowing costs your dealership nothing. Each school has an insurance policy for its students, should they become injured during a job-shadowing activity. Copies of those insurance policies are readily available for your records.

Local AYES schools include:
• Hammond Area (Ind.) Career Center
• Joliet Township High School, Central Campus
• Lake County High Schools Technology Campus, Grayslake
• Parkland College (High School Program), Champaign
• Streamwood High School
• Technology Center of DuPage, Addison

For additional information on the AYES program, please call me at 630-424-6020.

Service Managers Bootcamp schedule revised for 2008

Due to recent scheduling developments, the CATA has agreed to revamp its Bootcamp for Service Managers schedule for 2008.

The year’s new schedule will include two Bootcamp for Service Managers—one in the spring, one in the fall. The January Bootcamp is eliminated.

The Bootcamp for Service Managers is a four-day training program designed to increase profitability in the service and parts departments. Topics include increased service and parts efficiencies, setting and exceeding objectives, pay plan development and incentives, leadership development, productivity ratios, and more.

Lloyd Schiller of Dealer Service Corporation facilitates Bootcamp training. All Bootcamps and 20 Groups for Service Manager training programs are at the CATA headquarters in Oakbrook Terrace, with breakfast and lunch included.

The new 2008 spring/fall Bootcamp schedule will have no affect on the current 20 Groups for Service Managers schedules. Look for the new Bootcamp training dates in future CATA newsletters.

Any service managers interested in this training should call Jim Butcher at 630-424-6020.

Marketplace

Parts Director/Manager 12 years’ experience with inventory control, budgets, forecasting and variance reporting. Many revenue-producing, money-saving accomplishments to cite. Goal-oriented, independent, can lead diverse workforce. Thomas Stailey, 847-962-0947. Résumé on file at the CATA.
New-, used-vehicle margins gap widest in 25 years: NADA data

The gap between per-vehicle profits on new and used vehicles is the greatest it has been in at least 25 years, according to data of the National Automobile Dealers Association.

One result: Some franchised dealers are putting more emphasis on selling used cars than on selling their automakers’ new vehicles.

From January through August 2007, used vehicles averaged a net retail profit of $306 each, while new vehicles averaged a net retail loss of $17. The NADA data included new-car dealerships of all brands.

The profit gap is the widest since 1982, the first year for which the NADA supplied figures. Last year, the typical dealership netted $223 on the average used vehicle and lost $31 on the average new vehicle.

“It’s an unfortunate fact of life,” says Paul Taylor, the NADA’s chief economist. “Used cars are more important in recent years. The sales effort is up.”

Taylor said he expects the typical dealer will suffer a net loss on new-vehicle unit sales for the year, although he did not project a precise figure.

The subprime mortgage crisis and its effect on home values have lowered profits on the sale of new cars and trucks, Taylor said.

DriveChicago

CONTINUED FROM PAGE 1
cars.com and autotrader.com. And ours is a free service to CATA dealers.

“And thanks to our partnerships with companies like Experian, BlackBook Online, TimeHighway, DealerSkins, and DataOne Software, DriveChicago can offer dealers valuable services and increased showroom traffic at no charge.”

Mark Bilek, the CATA Internet director, said the redesign should generate more customer leads. “In the old format, there were 10 to 12 fields for customers to complete. Now there are just three,” Bilek said.

DriveChicago inventory also appears on the Web sites of Clear Channel Radio, WGN Radio, the Chicago Sun-Times, and the Northwest News Group.

All leads, either organic from DriveChicago.com or via syndication partners, is tracked, and dealers can upload their own images and inventories.

ID theft

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Count holidays as part of FMLA leave: appellate court

Holidays are to be counted against intermittent leave that extends one week or more under the Family and Medical Leave Act, a federal appeals court upheld recently in the case of a former Boston University employee against the university.

Linda Mellen, who after 26 years had ascended to BU’s financial manager for the School of Public Health, applied in writing for leave to care for her ailing mother. She requested to be out Aug. 4-Oct. 3, 2003; and again, if necessary, Oct. 28-Nov. 18. The gap encompassed 15 vacation days Mellen had already been granted.

The BU personnel director approved Mellen’s leave request, but said if she failed to return to work Nov. 19, she would be considered to have resigned voluntarily. But Mellen argued that since her leave was intermittent, only the days she actually missed from work, and not holidays, should be counted.

Mellen said she would extend her leave to Nov. 20 in light of the university’s Nov. 17 internal holiday.

A federal district court in 2005 ruled that Mellen’s FMLA leave had been properly calculated because holidays that fell within her leave period were properly calculated against it.

The court also determined that even if BU had improperly calculated her leave, Mellen needed prior approval for intermittent leave and should have requested additional days off rather than not report to work on Nov. 19.

A federal appeals court this autumn upheld the judgment for BU in the case, Mellen v. Trustees of Boston University.

The case represents the first published opinion on the consequences employees face when taking intermittent leave under the FMLA, where at least one of the weeks taken includes a holiday.

ID theft

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ID theft

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The final rules also require credit and debit card issuers to develop policies and procedures to assess the validity of a request for a change of address that is followed closely by a request for an additional or replacement card. Also, the final rules require users of consumer reports to develop reasonable policies and procedures to apply when they receive a notice of address discrepancy from a consumer reporting agency.

The final rulemaking is issued by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Federal Trade Commission, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision.