



Volume 105, No. 20

October 20, 2008

Federal bill to eliminate secret balloting on unionization drives to be examined Oct. 22 at free CATA presentation

“Perhaps the most audacious labor proposal in recent memory,” said David Radelet, “is much closer to becoming a reality than many know. The Employee Free Choice Act (EFCA) would strip away the right to a secret ballot election in union organization drives.”

Radelet leads the CATA’s employment relations counsel, Franczek Radelete & Rose. He will review the legislation and its impact at a free seminar Oct. 22. See the registration flier in this newsletter. Completed registrations must be faxed to the CATA.

Although the House passed the measure in March, 241 to 185, it is unlikely to pass during the 110th U.S. Congress.

But it could be resurrected in January by the 111th Congress, and Barack Obama has said he would sign the bill as president.

The EFCA would radically change the employment climate in America for the foreseeable future. The employment law council of the Illinois Chamber of Commerce, among others, is beginning a major drive to inform employers and urging them to become involved in the effort to stop the EFCA.

Among other things, the EFCA would eliminate the opportunity for employees to vote for a union by secret ballot when a majority of employees sign union cards and the National La-

bor Relations Board does not find illegal coercion.

A union then could demand that an employer begin bargaining with it 10 days after the union is certified as the exclusive bargaining representative for an appropriate unit of employees via the card check. If a collective bargaining contract cannot be finalized in 120 days, the matter would be decided by arbitration that would be binding for two years.

Arbiters, Radelet noted, would unlikely be educated on the nuances of dealership operations. He said dealers should prepare now for the EFCA by attending the presentation.

Record crowd attends CATA seminar on Red Flags Rule compliance

With the clock ticking closer to a Nov. 1 compliance deadline, a don’t-tell-the-fire-marshall sized crowd squeezed into the CATA offices recently for guidance on meeting the requirements of the latest federal mandate.

By Nov. 1, every dealership must draft an Identity Theft Prevention Program, and the dealership’s board or appropriate board committee must approve the ITPP.

If the dealership does not have a board, a senior management employee must approve the ITPP.

It’s all part of the Red Flags Rule, which is the Federal Trade Commission’s next step following the 2003 “Safeguards Rule.” The Safeguards Rule forces dealers to protect the sensitive information collected from customers, so that identity theft cannot be committed. The

Red Flags Rule examines the other side of the coin: If a dealer encounters an ID thief, take steps to halt any transaction.

The new Rule forces “financial institutions” and “creditors” to comply with the Rule. Dealerships are swept up in the matter because the FTC defines dealers as creditors.

In summary, if a dealer can’t form a reasonable be-

Inside

The NADA offers final Red Flags Rule Webinar, 12-2 p.m. Oct. 20.

lief under his ITPP that a credit report relates to the customer before him, the transaction must be aborted.

About 200 people packed the CATA on Oct. 3 for a review of the new mandate

SEE **RED FLAGS**, PAGE 2

CATA Employee Relations counsel renamed

The Chicago law firm that has represented the CATA's dealer members in labor, employment and educational matters since 2002 has a new name: Franczek Radelet & Rose.

"This is all very positive news," said Dave Radelet, the lead counsel for the dealers. "We still have the same great team of attorneys to assist CATA members in all labor and employment matters. Most important, we believe the new name better positions us to continue to deliver the unique blend of extraordinary client service and value that is the cornerstone of this firm.

"We like to think of Franczek Radelet & Rose as 'a new name for a tradition of excellence.'" The firm formerly was named Franczek Sullivan P.C.

It is one of the nation's leading law

firms specializing in labor and employment law, education law and employee benefits. Locally, the firm negotiates the agreements with the 701 and 731 unions, and provides general support to CATA members in all labor and employment matters.

Radelet is presenting an Oct. 22 seminar at the CATA about union organizing and the effects of the Employee Free Choice Act being considered by Congress.

There is no change in the firm's address, phone number (312-986-0300) or other contact information, so CATA members can continue to reach Radelet and his team as they have before. Full details about the firm and its client services and resources are on the Web site, www.franczek.com.

NADA to offer 3rd virtual Red Flags seminar

Due to the unprecedented demand—so far, more than 1,100 individuals and dealer groups have logged on to two NADA's Red Flags seminars—the National Automobile Dealers Association is offering another virtual seminar on what dealers need to do by Nov. 1 to comply with the new FTC Red Flags Rule. The seminar is 12-2 p.m. Oct. 20.

The seminar will be presented live and online, and registrant participation is invited. The presenters include Bert Rasmussen, author of the NADA publication, "A Dealer Guide to the FTC Red Flags and Address Discrepancy Rules: Protecting Against Identity Theft;" and Paul Metrey, NADA director of regulatory affairs.

The seminar will address what must be done by Nov. 1 to comply with the Red Flags Rule, such as:

- Preliminary risk assessment
- Construction of a written Identity Theft Prevention program
- Knowing the indicators of identity theft (Red Flags) and how to detect and respond to them
- Training requirements
- Service provider oversight
- Involvement of dealership's board of directors

Dealers, general managers, CFOs, controllers, finance managers, sales managers, IT managers and outside compliance professionals are encouraged to attend. The fee is \$199 per computer connection. Be sure to have a copy of Rasmussen's guide at hand during the seminar.

To register, go to www.nada.org/seminars, or call 800-252-6232 ext. 2. To order the guide, go to www.nada.org/RedFlags.

Red Flags

CONTINUED FROM PAGE 1

by Bradley Miller, an attorney with the National Automobile Dealers Association. The NADA produced an invaluable pamphlet on the matter in August called "A Dealer Guide to the FTC Red Flags and Address Discrepancy Rules: Protecting Against Identity Theft."

"You don't have a duty not to do business with someone, but you do have a duty not to allow identity theft," Miller said.

Miller, in his presentation, continuously referenced the publication, which includes an ITPP template that a dealer would have to customize for his dealership. The NADA mailed the publication to all its members in August. Additional copies can be purchased for \$40 for NADA members; \$80 for nonmembers. Call 800-252-6232 ext. 2.

An ITPP must contain reasonable procedures to identify, detect and respond to "red flags" that indicate the possibility of identify theft. Senior management must be involved in approving the initial written program and implementing and administering the program thereafter.

The program must be updated periodically to reflect changing identity theft risks; staff must be trained to implement the program; and appropriate oversight of any service providers must be exercised.

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

The CATA Bulletin is published and mailed every other Friday except during the Chicago Auto Show, when it is not published.

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 <http://cata.drivechicago.com>.

Jerry H. Cizek III
Erik K. Higgins

President, Publisher
Editor, Director of Dealer Affairs

Promote fixed ops in tough economy: dealer roundtable

Contrasted to the rollercoaster ride on Wall Street, economists don't predict many near-term rallies for U.S. automobile retailers. Dealer gross profit was off 25 percent last month compared to September 2007, and Automotive News projects that one in five dealers could shutter by 2009.

With that backdrop, local dealers gathered at the CATA Oct. 13 for roundtable discussion in a presentation named "Mining Gold in a Down Market." The presentation was hosted by OneCommand, a CATA allied member.

Sales and service both drive revenue and profit in the current market, but Ron Fortt asked the audience how much of their ad budgets focused on parts and service, not sales. "You may need to shift the budget," said Fortt, OneCommand's vice president of business development.

George Schaffner, general manager of Saturn of Rockford, agreed that not all dealers are enthusiastic about their service departments. But his store renamed the department "Quick Service Plus" and advertises it independently of the dealership. Schaffner said the department's revenue has increased 30 percent annually since 2005.

"If 50 percent of my gross comes from the service department, then 50 percent of my ad budget should go to promoting the service department," he said.

Schaffner added that 60 percent of his service customers don't drive a Saturn. That requires broad training for his service writers and technicians, but he said the various maintenance schedules are available online.

Service can be the subject of calls to existing customers, whom Fortt said in the current economy might respond to a new-car pitch with "Are

you kidding me?"

"Tell your customer, 'In these times, you're going to want to hold onto the car longer, so let's get it in here and make sure it's running right.' And if the saleswoman can set the appointment, she'll get a positive vibe of 'Hey, I got him in on Tuesday,'" said Fortt.

Allan Cooper, another OneCommand executive, agreed on the benefits of reaching out to past customers. "Tell them, 'Hey we do value your patronage, even though we can't sell you a car now.' When we get through this cycle in 12 or 18 months, we have a positive relationship that could draw them back into the dealership," said Cooper.

Bill Nuccio, who operates Lamborghini Chicago, in Westmont, said he is close to instituting multiple shifts in his service department, but said he is "on pins and needles" about bringing on another employee because financing woes have devastated his luxury vehicle sales.

Fortt suggested that dealers should calculate their dealership's gross profit on a per-employee basis.

"If it's \$10,000, that's excellent. If it's \$7,000 to \$8,000, that's good," he said. "But once you dip below \$7,000, you've got to look at, maybe you have too many workers.

"If you don't want to let anyone go, what do you have to do? Generate more gross profit. And if you can't do that, you're going to have to let someone go."

Customer reward programs can be helpful, but Fortt said they must be operated correctly. James Samaras, president of Viking Dodge in Crystal Lake, said his dealership offers free tires for the life of the car if the customer gets all his service work done at his dealership.

"But if they're not getting their 15K

and 30K (service), it creates a problem," said Samaras. "They come in after three years for new tires, and you haven't seen them since they bought the car. It's a problem."

Fortt said all dealership employees must be trained about how any program works so they can convey that to the customer. And celebrate the customer, Fortt said, with greetings like "Oh, you're a loyalty customer!"

The cable news channels can exasperate consumers' outlook on the economy, the group agreed. One dealer said he changed the television station in his waiting room from CNN to the Food Network.

Chuck Parker, publisher of the Internet magazine, Automotive Digest, also noted that people are looking for "comfort" now.

"Younger people coming up are not going to be buying vehicles the way we are used to selling them. They want trust and comfort," said Parker, who suggested a dealer might remove one or two showroom vehicles and install soft furniture instead.

"Things have become so transactional," said Fortt. "If it's just about the money, I'll go next door (to buy). There needs to be trust, there needs to be comfort."

Parker also said dealers should halve their advertising budgets and use the savings on community events like educational seminars, held at the dealership, that explain things like how consumers can extract themselves from vehicles in which they are upside-down in credit, or why the dealership is better for service than Jiffy Lube.

"We've had 16 years of unparalleled growth," said Fortt. "Thirty-year-olds can't remember a recession. We just have to get through this cycle."

AYES programs launched at 2 more area schools this month

By **JIM BUTCHER**
ILLINOIS AYES MANAGER

Two northern Illinois high schools are joining the AYES program this month.

The launching of Carl Schurz High School in Chicago on Oct. 15 and Belvidere High School, near Rockford, on Oct. 29 further expands our outreach to area dealerships with the "grow your own technician" program.

Automotive Youth Educational Systems is the premier entry-level service technician program designed to encourage high schoolers to consider the automotive industry as their career choice.

The AYES-qualified students are high school seniors who are available for part-time dealership work while they finish their studies.

AYES combines rigorous curriculum with employable skills that meet the new vehicle dealerships' requirements for employment. These students are taught using new vehicles, combining industry required safety training as well as manufacturer's curriculum and web based training programs.

Industry safety training utilizes curriculum compliant with OSHA, EPA, MSDS, and HAZMAT standards relevant to the automotive service department.

The AYES program is designed as a feeder program to a manufacturer's college-level training program. As such, the high school curriculum is compliant with all NATEF standards. Upon graduation from high school, the student can readily make the transition to the manufacturer college-level courses.

The AYES schools in Illinois and northwest Indiana:

- Belvidere High School, Belvidere
- Carl Schurz High School, Chicago
- Hammond (Ind.) Area 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

We celebrate the addition of these two new schools into the AYES program.

For more details regarding the AYES program, please call me at 630-424-6020.

In Memoriam

Bert Weinman, 82, who opened a Ford dealership in Chicago in 1957 and was one of the pioneers of local television advertising, died Oct. 15 in Florida after a short illness.

Bert Weinman Ford stood at 3535 N. Ashland Ave., Chicago, from 1967 until it closed in 2006. The dealership typically was the sole sponsor of programs on WGN-TV and used rare two-minute spots to position the dealer as "Bert Weinman, your TV Ford man."

The spots featured spokesman Linn Burton, who many confused as Weinman, said son Lee Weinman, who was chairman of the CATA in 1995. But Lee Weinman said his father was a private man who enjoyed the ability to move unrecognized in public.

Bert Weinman served in the Army Air Corps in World War II and later worked as a hurricane hunter in Florida. He is survived by his wife of 59 years, Rickie; and another son, Jeff.

The family asks for donations to the Chicago Auto Show's First Look for Charity benefit. Call the CATA at 630-495-2282.

Robert R. Hawkinson, who founded and operated Hawkinson Ford for more than 30 years, died Oct. 10. He was 84.

Prior to opening the Oak Lawn dealership, Hawkinson

served in the U.S. Naval Construction Battalion during World War II and graduated from Knox College.

He is survived by sons Bill, Bob, Tom and Jim; daughters Mary, Sally, and Margie; 20 grandchildren; and one great-granddaughter.

Memorials accepted by the Knox College Robert R. & Marion Hawkinson Scholarship Fund (309-341-7100) or the American Cancer Society (312-372-0471).

Donald N. Schimmer, who operated namesake dealerships in Mendota and Peru, died Oct. 6 at age 79.

Schimmer's father founded Schimmer Pontiac Co. in Mendota in 1945. Over the years, the dealership added Buick, Oldsmobile and Chevrolet franchises. Schimmer served on the Buick Dealer Council in the 1980s. In 1991, with his son and daughter Dona, Schimmer purchased the Ford-Lincoln-Mercury dealership in Peru. That store has since added Hyundai.

Schimmer was a member of Holy Cross Catholic Church, Elks Lodge 1212, Mendota Moose Lodge, and Knights of Columbus; and he was a charter member of the Mendota Rotary Club. He was also a member of the Mayan Beach Club and the Lago Mar Club, both in Ft. Lauderdale, Fla.

Survivors include his wife of 55 years, Mary; daughters Sheree and Dona; a son, Jeff; and four grandchildren.

Memorials may be directed to Holy Cross School in Mendota, 815-539-7003.