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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. The fee includes both PowerPoint slides and audio; a telephone connection is not needed.

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 drop-down menu to CATA-DealersEdge Webinars.

Coming topics:

Thursday, Sept. 23 at 12 p.m. CDT

"How to Create a Consistent Selling Process on the Service Drive" The selling discipline taught and enforced in so many dealership showrooms is almost always absent in the service drives. System-selling guru Steve Kwiatkowski of Liqqid Inc. will bring real examples

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Dealers getting lax in completing Form ST-556: Revenue Department

Processors for the Illinois Revenue Department report an uptick in improperly completed Forms ST-556, which causes the submissions to be held and not finalized on time.

The error lies in the failure to complete Section 5 of the form when a vehicle is sold to an out-of-state customer or to another dealer. Section 5 must be completed when a sale is exempt from tax.

Revenue department officials also said some dealers fail to list any trade-in vehicle information, if the customer is granted a trade-in allowance.

In the absence of such information, the dealership could be billed for additional tax due.

Consumers sound off: They don't want letter grade fuel stickers

Consumers apparently want the EPA's proposed letter grading fuel economy sticker to take a seat in the dunce chair.

The Environmental Protection Agency has given the public two options for a new fuel economy sticker: One that simplifies the performance of a vehicle to a letter grade along with some charts and data, and one that just uses the charts and data. A poll they conducted by Edmunds.com shows 80 percent of respondents wanted the sticker that doesn't give a grade.

Remarkably, the responses are in line with what automakers say: The letter grade is too simplistic.

"There seems to be a viscerally negative reaction to the notion of a letter grade," said Edmunds.com CEO Jeremy Anwyl in a summary he included in a letter to EPA Administrator Lisa Jackson. "I am not wild about the let-

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Senate passes long-stalled small business bill; House expected to follow

The U.S. Senate on Sept. 16 passed a long-stalled measure that would boost lending to small businesses. The 61 to 38 vote sends the measure back to the House of Representatives, which passed a similar bill and was expected to quickly approve the Senate's version.

With the unemployment rate stuck at 9.6 percent, voters cite jobs and the economy as their top concerns. If the measure clears Congress, it would be a rare victory on the job-creation front for Democrats, who have seen many of their other efforts blocked by Republicans this year.

Republicans have characterized the bill as a bailout along the lines of the unpopular Wall Street bank rescue effort, and blocked action at the end of July. Returning from a month-long break, two Republicans broke with their party to give Democrats the votes they needed to advance the bill.

Smaller firms have complained of trouble getting access to credit after the 2007-2009 financial crisis, when many banks sharply pulled back their lending activity.

Small banks to help small business?

The bill, backed by industry groups, would create a $30 billion fund that the government would invest in independent community banks to encourage lending to small firms.

It also would exclude from taxes all capital gains on sales of small-business stock, and ease tax rules for expending and depreciating equipment. Tax breaks in the bill total $12 billion.

Democrats estimate the measure could create 500,000 new jobs. Some 8 million jobs have been lost since the recession began in late 2007.

Republicans, meanwhile, have invoked small businesses as they oppose a proposal from President Obama that would raise income taxes on the wealthiest 3 percent of U.S. households, arguing it would snare many who file business income as personal income.

Sen. Charles Grassley (R-Iowa) said he supported the bill's tax provisions, but not its lending facility.

"The small-business fund in the bill just doesn't have enough safeguards in place to ensure that recipients are credit-worthy or that the taxpayers will be made whole in the end," Grassley said.

The government's definition of a "small business" varies by sector, but typically encompasses firms that employ fewer than 500 workers or take in less than $7 million in annual revenue.

The bill's fate had become entangled with a separate battle over a provision in the health-care overhaul that requires businesses to file a 1099 tax form when they pay a vendor more than $600 in a year, a source of anger and protest from small businesses and their representatives in Washington. Supporters of the small-business bill said small firms were having trouble getting loans, even if their businesses were solid.

Webinars

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of dealerships employing new tools to impressively increase maintenance package sales. Huge profits can be earned in those sales!

Thursday, Sept. 30 at 12 p.m. CDT

"Tips and Tactics for Converting Phone Ups to Appointments" Many customers make their first contact with the dealership by telephone. It's The challenge is to get that prospect off of the phone and into the dealership. Jerry Thibeau reviews proven processes to get customers past their fears and insecurities.

Thursday, Oct. 7 at 12 p.m. CDT

"Reconciling Actual Parts Inventory to the General Ledger" When unexplained differences between the General Ledger entry for parts inventory and what the Parts Manager says he has on hand climb to just small percentages of total inventory, it puts a lot of money into a cloud of doubt. A lack of clear understanding of why they are yielding different dollar figures could represent lost profits or even theft. Mike Nicholes as discusses the importance of this monthly exercise and how to achieve the goal of a fully reconciled parts inventory without the usual stress that the process causes.

Marketplace

Office Manager/Senior Office Administrator
Highly accomplished and versatile office manager with extensive automotive dealership experience. Strong organizational, analytical, and follow-through capabilities. Dynamic problem solver with proven effectiveness in identifying system inefficiencies and implementing corrective measures to improve cash flow, reduce costs, strengthen business relationships. Karen Schaffert, (630) 747-6163.

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

David E. Sloan **President, Publisher**
Erik K. Higgins **Editor, Director of Dealer Affairs**

As expected, August 2010 auto sales lower than August 2009

By Ray Scarpelli Sr.
Metro Chicago NADA Director

Paul Taylor, the NADA's chief economist, said it was no surprise that August's new-vehicle sales were below those of the same month last year, when "cash for clunkers" was in full swing.

All of the major automakers posted sales below last year's levels except Chrysler, which reported an increase of 7.4 percent.

"Toyota's 31 percent August sales decline is understandable, considering last year's results were driven largely by clunker incentives for small cars and hybrids," Taylor said. "GM's 21 percent decline against last year's bankruptcy period is telling of the slow overall sales period the industry has entered, as economic growth slows."

Most Americans who remain employed believe that they are going to stay employed, said Taylor, but homeowners in some states continue to wonder if their home equity will return to the levels of five years ago. As a result, they are reluctant to purchase a new car or truck.

Ten states— Alaska, Arkansas, California, Iowa, Kansas, Louisiana, North Dakota, Oklahoma, Texas, and Virginia—buck the drift down in housing values and have shown 12-month gains for home prices in the moderate range. The Southeast and Mid-Atlantic states are generally down by 2 percent or less, but Florida is down 6 percent. Massachusetts, New York, Pennsylvania, West Virginia, Kentucky, Nebraska and Colorado are down by less than a percent in the second quarter on a 12-month basis.

"It appears the bottom is starting to be found in many states, if the steady stream of foreclosures and short-sales slow in coming months," said Taylor. "Car sales, state by state, will come back when average home prices make modest improvements."

In other legislative and regulatory news . . .

The Internal Revenue Service is extending the current suspension period on new **UNICAP audits**, which ensures dealers will have the opportunity to review any forthcoming UNICAP guidance from the IRS before having to decide whether and how to change their inventory methods of accounting.

This announcement followed several recent meetings between the NADA and senior IRS and Treasury officials in which the NADA urged the IRS to reconsider its application of the complex UNICAP rules to franchised car and truck dealers.

The IRS field directive states: (i) the IRS Office of Chief Counsel is currently considering publishing additional guidance on dealership uniform capitalization (UNICAP) issues, and (ii) the IRS will extend the current audit suspension period on new UNICAP audits (which was scheduled to expire on December 31, 2010) until the date the pending guidance is published in the Internal Revenue Bulletin. The NADA will disseminate any additional IRS UNICAP guidance when it is finalized and released.

Alert: New Healthcare Legislation Includes Long-Term Care Provisions The Community Living Assistance Services and Supports Act (CLASS) created under the umbrella of healthcare reform requires every employee in the country to make a choice about buying long-term care insurance. Employers must decide whether they prefer to offer the baseline public program, a private LTC plan or neither.

In addition, they will have to alert employees that this is an opt-out program and that money will automatically be deducted from their paychecks unless they indicate otherwise.
The NADA offers long-term care products through an arrangement with COOL-LTC. Find out more by contacting David Schaeffer at (415) 343-5824 or dschaeffer@coolltc.com

Timely Legal Webinars Coming This Fall

Dealer obligations under the new Model Privacy Notice and Risk-Based Pricing Rule will be examined by NADA attorneys together with representatives from federal agencies in two NADA University Learning Hub Webinars in October and November.

In "**Transitioning to the New Model Privacy Notice**," guest presenter Loretta Garrison, an attorney with the FTC Division of Privacy and Identity Protection, will explain and answer questions about the new model privacy notice issued in late 2009 by the FTC and the federal banking agencies. The webinar will be held 12-2 p.m. CDT Oct. 27. Moderating the discussion will be NADA attorneys Paul Metrey, chief regulatory counsel for Financial Services, Privacy, and Tax; and Brad Miller, counsel and assistant director, Legal and Regulatory Affairs.

In **"The New Risk-Based Pricing Rule,"** attorneys from the Federal Reserve and the FTC will explain what dealers must do beginning Jan. 1 to comply with the new rule, which generally requires creditors who pull credit reports to issue a new notice to customers who receive credit from them but on terms that are less favorable than the terms received by most of their other credit customers. This Webinar will be held 12-2 p.m. Nov. 3. The Fed's Mandie Aubrey will be guest presenter, along with a representative from the Federal Trade Commission. The NADA's Metrey will moderate the discussion.

Young employees can't perform some tasks

Dealers often employ minors during the summer or other times. While workers 18 years and older generally may perform any job, federal and state laws restrict the ability of dealerships to employ minors in certain "hazardous" occupations or to do certain "hazardous" jobs. For example, federal law constrains the ability of minors to operate vehicles on public roadways.

The U.S. Department of Labor recently clarified its rules governing "child" labor:

• 14- and 15-year-olds may not be employed in occupations that involve operating, tending, setting up, adjusting, cleaning, oiling or repairing any power-driven machinery. But they may operate office equipment and vacuum cleaners.

• 14- and 15-year-olds generally may ride inside motor vehicles but not on beds, running boards or bumpers, and not in conjunction with the transportation of persons or property (e.g., delivering parts). They generally may not load or unload motor vehicles, except for light non-power-driven hand tools (e.g., rakes, clippers, shovels or brooms) or personal items (e.g., back packs, lunch boxes and coats).

• 14- and 15-year-olds may work in connection with cars and trucks if confined to: dispensing gasoline and oil; courtesy service; car cleaning, washing and polishing by hand; but not if the work involves pits, racks or lifting apparatus, or the inflation of any tire mounted on a rim equipped with a removable retaining ring. Despite NADA objections, cleaning, washing and polishing using any powered equipment is not permitted.

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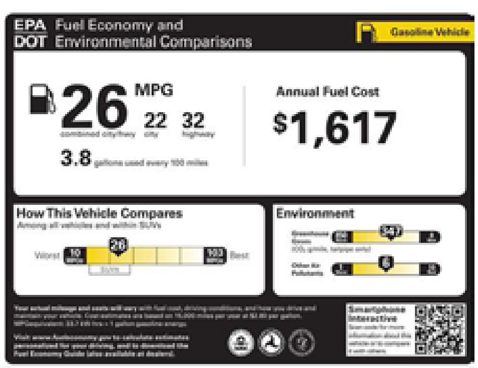
ter-grading system either.

"I understand the attempt to simplify, but this should never extend to dumbing down."

One of the problems with the grading system is that it classifies cars by groups: Electric cars would get an A+; macho sports cars would get Ds. That makes it harder to compare vehicles by segment — if you are going to by an electric car, wouldn't it be better to know which car was the best in that segment, and which car performed worse in that class?



The two proposed fuel economy stickers.

Edmunds says some consumers are worried that automakers will start focusing on their letter grade, while letting overall quality slip.

Anwyl's said the EPA should consider offering buyers a figure explaining the average monthly cost to drive the car.

"We find that consumers care about emissions and MPG – but generally make purchase commitments based on costs," he said.

"Monthly fuel cost is probably the data point that is most easily comparable across vehicles."

NADA offers profile of the online shopper

Today's online car shoppers aren't much different from traditional car shoppers, but shopping behavior has undergone a revolution. Dealers must provide consumers with complete information online, and they should be prepared to respond quickly, accurately, and fully to every request for information—which is not always just about price.

Today, online shoppers are everyone. If they can point and click, they're shopping for cars on the Internet. So while there no longer is a "typical" Internet shopper, online shoppers do share key characteristics:

• Internet consumers are motivated by convenience and control.

• They are informed. They visit various Web sites to determine MSRP, invoice price, available promotions and discounts, available features and options, performance parameters, average annual maintenance costs, and other factors. They often are as informed, if not more informed, about the vehicle they are buying as the sales representative selling it.

• They are committed to the online shopping experience and demand the same of the dealers with whom they do business. Thus, they expect thoughtful responses to their e-mails and phone calls, and they expect quick responses with answers to their questions. But they don't always get what they ask for. Online car shoppers who ask for the price of a new vehicle are given this information less than 25 percent of the time, while only 13 percent are given information about the benefits of a particular brand or vehicle, according to one study.

• According to the same study, 20 percent of consumers will go somewhere else if they do not receive a response within four hours. The average response time currently is more than five hours.