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 drop-down menu to CATA-DealersEdge webinars.

Premiering Thursday, Jan. 8 at 12 p.m. CST

“Effective Labor Rate Control and Management: The Art & The Science” Discover a plan and a painless process to significantly improve your Customer Pay ELR (Effective Labor Rate). Small almost invisible adjustments with huge bottom line impact!

Speaker Ray Branch will share knowledge to help Ser-

’15 Illinois DOC fee max is $168.43

The maximum amount that Illinois dealers can charge in 2015 for documentary preparation fees is $168.43, the Illinois attorney general’s office announced Dec. 17.

The $2.16 increase over the 2014 maximum fee reflects a 1.3 percent rise in the federal Consumer Price Index for the 12-month period ending Nov. 30. The index is tracked by the U.S. Department of Labor. As always, the DOC fee is taxable and must be substantiated upon request by the attorney general’s office.

The CATA is developing a poster about the DOC fee that dealers can display. On the poster, the DOC fee amount is left blank for dealers to fill in; any amount up to the maximum allowed may be charged, but all customers should be charged the same amount. Systematically charging one group but not another — all males but no females — could bring charges of profiling.

Two copies of the poster will be mailed to dealerships in late December. For limited additional copies, dealers can call the CATA at (630) 495-2282.

IMPORTANT: The new maximum fee cannot be charged before Jan. 1.

CATAs new odometer statements actually are same old same old

New packages of odometer statements from the CATA, one of several important forms that the association offers free to its dealer members, appear to be different than the past version. They are, but only to the extent that printers will have to be reprogrammed to print at different spots on the form.

After the dealer association recently started circulating the new form, which displays a blue hue where information must be inputted, several dealerships called the
Congratulations!

Advantage Chevrolet of Bolingbrook is among seven recipients of the 2015 BBB Torch Award For Marketplace Ethics and is the first new-car dealership ever to win the award, which spotlights companies that exemplify ethical business practices.

“It is a huge honor for these companies to receive the Torch Award,” said Steve Bernas, president & CEO of the Better Business Bureau serving Chicago and northern Illinois. “Our Torch Award winners demonstrate high ethical standards of behavior toward customers, suppliers, shareholders, employees, and communities in which they do business.”

Award recipients are selected by an independent panel of judges. Companies are judged on ethical performance in seven general categories, and are compared against similarly sized businesses based on number of employees.

Webinars

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vice Managers meet their No. 1 responsibility to the dealer: producing ROI. Learn the formula for immediate and significant ELR improvement. You can make relatively small and almost invisible-to-the-customer changes in labor pricing that would result in an increase to your ELR of $6 or $7 in just 30 days. Sounds almost too good to be true doesn’t it?

But tune in to this DealersEdge Workshop and Ray Branch will both prove it to you and show you how. “Professor” Branch has studied this concept for more than 20 years and, in the process, has performed a forensic analysis on more than 50 million dealership Customer Pay Repair Orders.

This analysis takes each RO through more than 120 complex calculations and generates more than 80 Key Performance measurements. The results are very revealing and nothing short of amazing.

Premiering Thursday, Jan. 15 at 12 p.m. CST

“Habits & Practices of Exceptional F&I Managers”

Learn the skills and habits of the most skilled F&I Managers in the business. By the way, they also are the most highly compensated.

Presenter Jeff Sacks recently identified the F&I Manager as one of the key positions in the dealership where related efforts have the most direct flow through impact on the bottom line. Jeff urges General Managers to key in on this position to make sure the right person sits at the F&I control desk.

Becky Chernek will examine the common attributes of the best F&I Managers in the business. From her vantage point, Becky has identified the habits and practices that allow these super performers stand out among their peers. Not surprisingly, these exceptional F&I Managers are also among the most highly compensated.

Forms

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CATA about the difference. One even challenged its validity.

Not only is the new form valid, it is part of the Reynolds and Reynolds LAW contract series. Every LAW contract, widely accepted and available in all 50 states, is reviewed on a monthly basis by industry experts to keep pace with new legislative and regulatory developments.

Dealerships can order the LAW ODOM-103-N Odometer Statement and other forms from the CATA by using the order form found at www.cata.info/resources/Dealer_forms. For assistance in programming a printer to accommodate the new form, use the following resources:

• For Reynolds & Reynolds Dealers, call (800) 767-0080 and select prompts 2, then 3, then 4 to reach F&I programmers who can assist.

• For all other DMS Systems, call the support center for assistance.

Dealers can use any remaining Odometer Statements previously received from the CATA until inventories are exhausted. The CATA has sent out the final shipments of the old form. That form has been discontinued and all future orders for Odometer Statements will be filled using the LAW ODOM-103-N form.

CATA holiday closings

The office of the Chicago Automobile Trade Association will be closed Dec. 24 and 25 and Jan. 1, and during the afternoon on Dec. 31. Happy holidays!
New study discredits CFPB’s fair credit testing methodology

By Forrest McConnell
NADA Chairman

A new comprehensive study of more than 8.2 million auto loan contracts by the consulting firm Charles River Associates concluded that the proxy method used by the Consumer Financial Protection Bureau to measure for unintended discrimination in an auto lender’s portfolio is “conceptually flawed” and “inherently unreliable.”

The peer-review study, “Fair Lending: Implications for the Indirect Auto Finance Market,” commissioned by the American Financial Services Association and released Nov. 19, found significant bias and high error rates.

The CFPB, which issued its guidance in March 2013, has used a proxy method to support claims of unintended discrimination against — and extract settlements from — auto lenders and to pressure auto lenders to change the way they compensate dealers for originating finance contracts.

The study found that the CFPB’s methodology frequently misidentified the background of consumers and dramatically overestimated differences in dealer reserve paid by different groups of consumers. For example, the CFPB’s method overestimates African-American borrowers by 41 percent.

The study also concluded that the CFPB’s examination of differences in dealer reserve at the portfolio level is meaningless because it fails to account for legitimate reasons for pricing differences at the retail level.

Dealers also have offered up an optional program that addresses fair credit risks. Based on a fair credit risk mitigation model developed by the U.S. Department of Justice in 2007 to resolve fair credit investigations of two dealers, the NADA released its comprehensive Fair Credit Compliance Policy & Program in January 2014.

When implemented, the NADA’s program documents instances when dealers discount interest rates and ensures the discounts are for legitimate business reasons, such as meeting a competing finance offer. Rather than require costly and inaccurate statistical testing, the program controls for risk on the front end of the transaction.

Many dealers, including several large dealer groups, have implemented the program.

Meanwhile, the CFPB has repeatedly failed to fully respond to questions from Congressional Democrats and Republicans urging disclosure of its testing methodology, which is lacking in the bureau’s guidance.

Based on this and other flaws in the guidance, 146 members of Congress — 90 Republicans and 56 Democrats — have cosponsored legislation in the U.S. House of Representatives to rescind the CFPB’s 2013 guidance.

The bill, House Resolution 5403, co-sponsored by Reps. Marlin Stutzman (R-Ind.) and Ed Perlmutter (D-Colo.), also requires transparency and public input prior to the issuance of future CFPB guidance on auto lending. For more information, visit www.nada.org/cfpb.

Moving forward, the federal government should consider promoting broad industry adoption of the NADA’s fair credit program, which addresses fair credit risks at the retail level while preserving competition in the marketplace.

OSHA reporting, recordkeeping changes take effect Jan. 1

Illinois and Indiana dealers must comply with two upcoming changes to OSHA reporting and recordkeeping requirements.

Beginning Jan. 1, the dealerships must begin to keep the OSHA 300 log, 301 form, and 300A annual summary; and must contact OSHA within eight hours if a work-related accident results in a fatality, a within 24 hours if a work-related accident results in the hospitalization of one or more employees, an amputation, or the loss of an eye.

Additional information on this important change is available on OSHA’s Recordkeeping homepage, www.osha.gov/recordkeeping2014/index.html.

Further questions can be directed to NADA Regulatory Affairs at lbailey@nada.org.

Member-discounted tickets to 2015 auto show on sale now

Tickets and vouchers that admit the holder to the 2015 Chicago Auto Show free or at a reduced price can be ordered by CATA members using the order form posted at www.CATA.info.

The passes promote goodwill with customers and even can help persuade a prospect to close a deal. Two kinds of passes are available, General Admission ticket and Weekday Discount voucher. The former, which costs CATA members $600 for 100 tickets, admits the holder to the auto show free, without a box-office wait.

The Weekday Discount voucher costs members $100 for 100 and admits the holder for $6 during the week. Regular admission is $12. A minimum 100 passes must be ordered with either order.
As vehicle technology, complexity increase, product specialist role in sale process grows

In today’s marketplace, vehicles more frequently are equipped with advanced technology features which may be perceived by consumers as too complex to operate. To address that issue, dedicated product specialists are playing an increasingly larger role in the sales process at dealerships, according to a new J.D. Power study.

The 2014 U.S. Sales Satisfaction Index (SSI) Study, now in its 28th year, measures satisfaction with the sales experience among new-vehicle buyers and rejecters — those who shop a dealership and purchase elsewhere.

Buyer satisfaction is based on four factors (in order of importance): working out the deal (17 percent); salesperson (13 percent); delivery process (11 percent); and facility (10 percent). Rejecter satisfaction is based on five factors (in order of importance): salesperson (21 percent); fairness of price (8 percent); experience negotiating (8 percent); variety of inventory (7 inventory); and facility (7 percent).

Satisfaction is calculated on a 1,000-point scale. Overall sales satisfaction improved by 13 points year over year to 686 in 2014 from 673 in 2013.

Increasingly, dealers are employing product specialists to enhance the new-vehicle sales process by demonstrating vehicle features and technological innovations. They also may conduct second or follow-up sessions with buyers to reinforce feature understanding.

Industry-wide, 15 percent of customers indicate they worked with both a salesperson and a separate product specialist when shopping for their vehicle. This percentage is slightly higher among buyers of premium vehicles (19 percent) than among those purchasing non-premium vehicles (15 percent). Regardless of segment, overall sales satisfaction is slightly higher among buyers who work with a product specialist than among those who work only with a salesperson (856 versus 853, respectively, for premium; 809 versus 806, respectively, for non-premium).

“With such tech-heavy vehicles today, introducing product specialists into the sales process helps improve the delivery process and customer understanding of how to operate key features,” said Chris Sutton of J.D. Power. “Dealerships need to be mindful when dividing a customer’s time between a salesperson, a product specialist, and the finance and insurance representative. That’s a lot of customer touch points. Adding more time to the sales process usually has a negative effect on sales satisfaction; thus, dealers need to ensure an integrated approach that respects a customer’s time.”

Key findings

• When a customer works with both a salesperson and a product specialist, satisfaction with thoroughness of feature explanation improves to 8.1 (on a 10-point scale) from 7.9.

• Working with both a salesperson and product specialist is becoming more commonplace among new-vehicle buyers. Additionally, when assisted by a salesperson and product specialist working together vs. only a salesperson, a higher percentage of customers indicate dealer staff connected their phone to Bluetooth (79 percent versus 76 percent, respectively); explained how to operate the navigation system (84 percent versus 82 percent, respectively); and explained the communications system (88 percent versus 86 percent, respectively).

Consider ‘adopting’ school for 2015 show

In their efforts to promote loyalty and community goodwill, many dealerships no doubt have considered many possibilities. And remember that today’s high school students are tomorrow’s automobile consumers.

That’s why the Chicago Automobile Trade Association created the Adopt-A-School Program at the Chicago Auto Show. What better way to attract future consumers than to sponsor an auto show visit for students from one or more high schools near the dealership?

In addition to schools, dealers this year should consider spreading the kindness to local organizations whose participants would appreciate a trip to the auto show.

Schools and groups that dealers adopt receive a discounted admission rate of $6 per ticket. (Regular admission is $12.) The tickets can be used once Monday through Friday, Feb. 16-20. Complimentary tickets will be provided for chaperones (1:10 ratio).

And thanks to the cooperation of Savor…Chicago at McCormick Place, student groups will receive coupons for discounted food. Unfortunately, prepaid food vouchers are not available.

Tickets can be obtained by completing the enclosed order form. For further information, contact the CATA’s Donna Young at (630) 424-6045.

White remains most popular new-car color

New-car shoppers this year weren’t very original when it came to picking colors. According to vehicle paint giant PPG Industries, white was the most popular color for new cars for the fourth straight year.

The company’s data shows white led worldwide (28 percent, up from 25 percent last year), and in North America (22 percent).