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## Bill would bring parity to repair booked times

Legislation in Illinois that would increase the booked time of repairs of vehicles under manufacturer warranty picked up another co-sponsor March 15: Rep. Jay Hoffman (D-Swansea), one of the House's assistant majority leaders.

Automakers consider different time guides for the same repair when technicians fix a car under warranty versus the longer time considered when customers pay for the work.

Dealers have long charged that the reduced time allowance for warranty repairs comes from, among other things, manufacturer studies of repairs in which all the needed tools and parts are carefully laid out near the vehicle before the job begins, hardly a real-world scenario.

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## Bill to end trade-in cap clears Illinois Senate

Legislation to repeal the \$10,000 cap on the value of traded-in vehicles passed out of the Illinois Senate on March 10 and has moved to consideration by the state House.

Representatives are not believed to view the bill as emergency legislation, so the General Assembly's lower chamber is not expected to take up Senate Bill 58 before first addressing bills that originated in the House. Supporters of the measure should plan to start contacting their state representatives about mid-April to appeal for its passage.

Capping the trade-in credit increases the cost of new vehicles and used vehicles bought at retail. Votes thus far on SB 58 have been unanimous in support, and Gov. J.B. Pritzker has voiced his backing. The cap took effect in 2020 following moves to find funding for Pritzker's multibillion dollar state capital

infrastructure plan.

Under SB 58, infrastructure projects would instead be funded, in part, by increasing the sales tax charged in private vehicle sales. For instance, the current \$390 sales tax on a 1-year-old vehicle sold privately for less than \$15,000 would increase to \$465. If the same vehicle sells for \$15,001-\$20,000, the sales tax would be increased from \$750 to \$850. The tax rates for private transactions haven't changed in more than 30 years, and the modest increases are much less impactful than a trade-in credit cap, which costs consumers hundreds of dollars and harms dealers state-wide.

If the General Assembly passes the legislation, the change to restore the full trade-in allowance on First Division vehicles would take effect 120 days after

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## Dealer associations prepare suit to fight manufacturer direct selling

The Chicago Automobile Trade Association has joined with the Illinois Automobile Dealers Association — and with the strong support of each of their Boards of Directors — in preparing a lawsuit to fight the issuance of dealers' licenses to motor vehicle manufacturers and to protect the state's franchised motor vehicle dealer system.

Several new-vehicle manufacturers,

including Rivian and Lucid, have announced plans to begin building and selling motor vehicles directly to the public later this year and in the coming years.

State law requires manufacturers to contract with franchised dealers to sell new vehicles at retail, but Illinois Secretary of State Jesse White's office said it will issue direct sale dealer licenses to

those new manufacturers.

The lawsuit will seek a ruling that Illinois laws requiring vehicle sales through franchised dealers apply to all motor vehicle manufacturers entering the market in the same way that they apply to existing manufacturers. The suit also seeks to prevent White's office from issuing dealer licenses to motor vehicle manu-

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## 2021 brings new opportunities for dealers, NADA chairman says

BY PAUL WALSER

2021 NADA CHAIRMAN

While we are nearing the end of the first quarter of 2021, this year brings a host of new opportunities for America's automobile dealers. The NADA and its dealer members have continuously rallied together despite the pressing challenges brought on by the global health crisis.

I commend all dealers for ensuring the safety and security of your customers and employees through a remarkable time — all while keeping the doors of your showrooms and service departments open for business. I also must commend my predecessor, NADA 2020 Chairman Rhett Ricart, for leading our entire industry through a time of uncertainty. Rhett deserves a hearty “thank you” from all dealers and dealership employees for his steady and strong presence as he and NADA guided us through a tumultuous time.

This year, I challenge my fellow dealers to look at all aspects of our busi-

ness through the lens of the customer and be open to a mindset of doing things a different way.

Dealers continue to battle challenges brought on by the COVID-19 pandemic, but our industry began 2021 on an optimistic note. Franchised new-car dealerships reached 14.5 million new-vehicle sales last year. Despite the lowest monthly SAAR on record (8.7 million units last April,) signs of the new-vehicle sales recovery began in the second half of 2020. As the year continues, the NADA anticipates sales of 15.5 million new units (an increase of 7.2% from 2020).

But we are cautious of several potential roadblocks: COVID-19 cases could lead to production disruptions along the vehicle supply chain; supplies could be impacted by a global shortage of semiconductor microchips used for auto production; and customers may experience tight inventory on dealer lots.

Recovering from a pandemic and regaining mo-

mentum in the retail sector is our initial challenge. But strengthening our franchise system — and a willingness to do things a different way — is our long-term goal. Every dealer has a responsibility to make the franchise system stronger. In my incoming remarks as NADA chairman, I identified three areas that, if improved, can make us stronger: diversity and inclusion; dealer-OEM relationships; and dealer involvement. Fostering diversity in the automotive industry not only is the right thing to do, it also is good for our business.

I'm proud that the NADA will work to advance its own diversity initiatives throughout the year, so we can attract a more diverse workforce, create opportunities for women and other underrepresented groups, and help more minority dealers succeed. We will look at many avenues to new pathways, including more tools and resources, business training, coaching and mentoring, access to capital and, ultimately, creating partnerships.

To that end, we will work to improve dealer-OEM rela-

tionships for the benefit of our customers. We're living in a rapidly changing business environment. And the fact remains, customers don't want to spend four hours understanding the price of a car. We must improve our operations so that customers are drawn to our speed, transparency and control in the process. Shortening the transaction time is critical to our future.

In the past 90 days, I've spoken to the North American leadership of most of the manufacturers that sell cars in this country. There's an appetite on their part to work with dealers to strengthen the franchise system and improve the customer experience.

As you can see, we have a lot of work ahead, but also a lot of opportunity. The beauty of our industry is that anyone can thrive — even through market turmoil culture and a global pandemic. I commend my fellow dealers for your hard work through these unprecedented times. This year, the nation's automobiles dealers will continue to show what we're made of!

## Trade-in cap

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the governor signs the bill. As currently written, the trade-in credit cap exempts Second Division vehicles. According to the Illinois Vehicle Code, a First Division vehicle is designed for carrying not more than 10 persons. A Second Division vehicle is designed to carry more than 10 persons; be used for living quarters; pull or carry freight, cargo or implements of husbandry; or be a First Division vehicle remodeled for use and used as a Second Division vehicle.

Sen. Antonio Muñoz (D-Chicago) first sponsored the bill, then about a quarter of the state's senators followed suit. Rep. Marcus Evans Jr. (D-Chicago) is the first House sponsor.

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## Female dealer spotlight: March is Women's History Month

According to a recent NADA dealership workforce study, women hold 19% of jobs at U.S. dealerships, a figure that continues to increase annually, albeit slowly. The CATA was encouraged to sit down with two area female dealers to learn more about their leadership roles and the paths that led them to where they are today.

### **Karen Sutton-Ford, Dealer Manager, Sutton Ford**

Sutton-Ford entered the auto industry in 2012, when she began her career at Toyota Motor Corporation before shifting gears in 2015 and entering the retail side of the car business at Sutton Ford in Matteson. Her father, Nate Sutton, is the principal there.

Growing up in the business, Sutton-Ford learned at an early age the ins-and-outs of working at a car dealership, and she grew to love that each day is different and rewarding, never boring or monotonous.

Life in the business, however, doesn't always come easy. When Sutton-Ford began working at the family dealership, she started as the Commercial & Fleet Manager but quickly grew her role — and responsibilities — to Dealer Manager, a title she earned through hard work and experience.

Another challenging aspect — especially for a young, minority female — is feeling the lack of representation in the industry.

"It gets exhausting speaking up on behalf of a group of people and trying



**Sutton-Ford**

to be heard," said Sutton-Ford. "Women have the biggest influence on car-buying decisions, yet men are always targeted when it comes down to the actual transaction."

Despite this, Sutton-Ford said: "I also see this as a positive because, at the end of my career, I'll be able to look back and see how far we have advanced because I was vocal and stood up for what was right. I know we will move forward because I am not silent about issues that impact women and minority groups."

Sutton-Ford was recognized in 2019 with Automotive News' 40 Under 40 award, and she recently completed her certificate from NADA's Dealer Academy.

Her advice for younger people looking to get started in the business — both females and males — is to fail forward and to not be afraid of pushing limits or



**Webb-Roberts**

boundaries that society has outlined. She attributes her father as her greatest mentor and influence in her life. She also enlists an executive coach who has helped build her confidence when leading teams of men and individuals who are older than her.

Ultimately, she would like to become the COO of Sutton Auto and add at least two more franchises — including a luxury brand — to the dealership's portfolio. To connect with Karen Sutton-Ford, find her on LinkedIn.

### **Kelly Webb Roberts, President, Webb Automotive Group**

Webb Roberts grew up working in her family's Ford store (which recently celebrated its 50th anniversary), completing every task available, including sweeping floors, washing cars and working in the office. Today, as president of the Webb Automotive Group, she oversees six franchises under

an umbrella that includes Chevrolet, Genesis, Hyundai and Mitsubishi.

Webb Roberts worked hard to get to where she is. She started her career in automotive public accounting before joining the family business. At 23, she took over the family's Chevrolet dealership in Oak Lawn and later expanded the Webb Automotive Group's footprint.

Surviving the recession in 2008 instilled a foundation of prudent business practices for Webb Roberts, including a strong focus on the professional development of her employees, something in which she heavily invests both monetarily and timewise. She attributes a lot of her personal professional development to being raised with a strong work ethic and the General Motors Women's Retail Network 20 Group, in which she participates.

"Being a part of the GM Women's Retail Network has been a privilege and an honor," said Webb Roberts. The group of 20 female dealers from across the country meets a few times a year to trade advice and share best practices with a focus on improving business performance. Webb

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## Dealers learning how to sell EVs, the industry's future

Car dealer Brad Sowers is spending money to prepare for the coming wave of new electric models from General Motors. He is installing charging stations, upgrading service bays and re-training staff at his St. Louis-area dealership to handle the technology-packed vehicles.

But when he considers how many plug-in Chevy Bolts he sold last year — nine, out of the nearly 4,000 Chevrolets sold at his Missouri dealerships — it gives him pause.

“The consumer in the middle of America just isn't there yet,” when it comes to switching to electric vehicles, he said, citing the long distances many of his customers drive daily and a lack of charging infrastructure outside major cities.

As auto executives and investors buzz about the coming age of the electric car, many dealers say they are struggling to square that enthusiasm with the reality today on new-car sales lots, where battery-powered vehicles in 2020 made up fewer than 2% of U.S. auto sales.

Most consumers who come to showrooms aren't shopping for electric cars, and with gasoline prices relatively low, even hybrid models can be a tough sell, dealers and industry analysts say.

Automakers are moving aggressively to expand their electric-vehicle offerings with dozens

of new models set to arrive in coming years. Some, like GM, are setting firm targets for when they plan to phase out gas-powered cars entirely.

Many dealers say that puts them in a delicate spot: They are trying to adjust, but remain unsure whether and how fast customers will actually make the switch. About 180 GM dealers, or roughly 20%, decided to give up their Cadillac franchises rather than invest in costly upgrades that GM has required to sell electric cars. A GM spokesman said the company expected some Cadillac dealers to opt out and is pleased that the roughly 700 remaining share its all-electric goals.

Past attempts by car companies to expand electric-car sales have largely flopped, saddling retailers with unsold inventory. Even now, some dealers say they are reluctant to stock electric models en masse.

“The biggest challenge is that dealers have a bit of ‘boy who cried wolf’ syndrome,” said Massachusetts dealer Chris Lemley.

Car companies have promised for years to make electric cars mainstream, but produced only low-volume, niche models, he said. He recalls Ford rolling out an all-electric Focus that sold poorly and stacked up on his lot.

## Licenses

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factors which would allow them to not have franchised dealers.

When the legal complaint is finalized, the dealer associations

will ask their members to join as plaintiffs to protect the integrity of the franchised dealer system.

In asking every dealer to put his or her name on the lawsuit, to add to the im-

pact of the case, the CATA and the IADA would not be asking for funding; the dealer associations would pay the legal costs to defend the franchise system for the good of all Illinois dealers

and their customers.

Additional information, including a form for dealers to join as a plaintiff and a copy of the complaint, will be released soon.

## Repairs

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Instead, it can take a technician 15-20 minutes to fetch those during a repair. Technicians say many warranty jobs just can't be performed in the booked time allowance, meaning they work at times without compensation.

Mechanics Local 701, the union representing area technicians at dealerships, is working with the CATA to advance the legislation.

Under House Bill 3940: “Adequate and fair

compensation requires the manufacturer to pay each dealer no less than the amount the retail customer pays for the same services with regard to rate and time. Any time guide previously agreed to by the manufacturer and the dealer for extended warranty repairs may be used in lieu of actual time expended. In the event that a time guide has not been agreed to for warranty repairs, or said time guide does not define time for an applicable warranty repair, the manufacturer's time guide shall be used, multiplied by 1.5.”

## Spotlight

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Roberts and her sister Jackie Webb, who also runs the dealerships, believe more women should work in the car business and that they should pursue the education they need to be well-prepared. For this reason, the Webb Automotive Group continues to promote and support scholarships for women pursuing an auto-related education at [www.gm-sac.com](http://www.gm-sac.com). According to the Webb sisters, there never has been a better time to pursue an automotive career.

Automotive News recognized Webb Roberts in the 2017 edition of its 40 Under 40 awards. At the time, she was just 34, which was also about when she was elected to the CATA board of directors. She currently is on the CATA's executive committee — the first female ever so elected — as the association's treasurer.

When asked about the challenges of being a female in the industry, Webb Roberts said: “Things have progressed dramatically in my short time in the industry. I don't focus on being a female in the business so much as on the challenges of operating multiple businesses.”