



# CATA Bulletin



a biweekly newsletter

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## Your technicians of today and tomorrow

### Service Manager Bootcamp, 20 Group update

The CATA's next Service Manager Bootcamp is Oct. 1-4. The four-day program is designed to challenge a service manager's old ideas, especially if they no longer work, and to find new ways to implement success.

Topics include pay plans, incentive plans, parts inventory procedures, management evaluation tools, and management skills training, to name a few. After Bootcamp completion, participants advance to the training program's second stage, a 20 Group that meets three times annually over three years and debates topics like performance versus group benchmarks, brand benchmarks, action plans, improvement of processes and procedures within the service department, best ideas, and CSI.

Tuition for the program is substantially reduced under a CATA group discount, and the CATA offers a rebate for those who complete all segments of the classes. For more information on the Bootcamps and 20 Group for Service Managers, please contact Jim Butcher at 630-424-6020.

### National Automotive Technology Competition

Thirty-six high school teams from around the country competed this month to be the year's top student technician team. The annual National Automotive Technology Competition is at the New York Auto Show.

The team from this area, sponsored by the CATA, hails from the Hammond Area Career Center in Hammond, Ind. Instructor Chris Golden and students Derrick Huzzie and Setzer Howard placed 22nd out of 36 teams. Huzzie and Howard worked on a Mercedes Benz C class sedan.

The competition focused on several different aspects of the vehicle, including work stations devoted to braking systems, charging/starting units, door lock

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### Students matched for summer internships

Student AYES technicians are being placed at area dealerships for their final job-shadowing experiences, just before summer internship activities.

Many AYES students job-shadowed during their school spring breaks and said they gained a new understanding of what is required to be successful in your dealership. There are 30 qualified entry-level students in the area who are eager to work in your service department.

These students qualified by meeting the high standards set forth by the AYES program in their area high school automotive classes. A few are high school seniors; most are juniors.

In addition, another AYES program just began at Joliet Township High School's Central Campus. The successful launch spotlighted the accomplishments of the school's passing its NATEF certification as well as its obtaining donated new vehicles, tools and curriculum from the manufacturers.

SEE AYES, PAGE 3

## Shotgun!

Registration is underway for the annual CATA golf outing, June 11 at Cog Hill Golf and Country Club in Lemont. See the flyers in this newsletter. For golfers without an "A" game, the pencils will have erasers.

CATA allied members interested in sponsoring an aspect of the event should call the CATA's Sandi Potempa at 630-424-6065.

## Illinois minimum wage rate to climb annually beginning July 1

Illinois employers are reminded that the state's minimum wage increases July 1 to \$7.50 an hour, and the hourly rate will rise 25 cents annually thereafter to reach \$8.25 an hour in 2010.

Included among last December's amendments to the minimum wage law is a provision permitting employers to pay newly hired workers 50 cents less, or \$7.00 an hour beginning July 1, during the first 90 days of employment.

The law also continues to allow workers under age 18 to be paid at a reduced wage rate. After July 1, that reduced wage rate will be \$7.00 an hour. Youthful workers are protected under child labor laws from working in certain specified dangerous occupations.

The Illinois minimum wage law is enforced by the state's labor department. The employer is required to post a sum-

### Yearly increases to Illinois minimum wage

Employee Category	7/1/07 to 6/30/08	7/1/08 to 6/30/09	7/1/09 to 6/30/10	On or after 7/1/10
Adults (18 or older)	\$7.50	\$7.75	\$8.00	\$8.25
First 90 days	\$7.00	\$7.25	\$7.50	\$7.75
Youths (Under 18)	\$7.00	\$7.25	\$7.50	\$7.75

Source: Illinois Public Act 94-1072

mary of the act in the workplace and to keep records for their employees that show hours worked and rates of pay.

Human resources professionals say businesses should consider whether the new rates will create a "compression" effect for previously hired workers. In other words, while not required by law, the employer might evaluate whether to incrementally raise other workers' wages, to maintain pay equity.

### Employers must heed restrictions

## 16-, 17-year-old employees can't be too great a 'driving' force at work

Teen-age workers can be an ambitious and cost effective source to perform various summertime roles at dealerships, but there are plenty of regulations to adhere to, especially for teens who drive in the course of work.

According to the 1998 Drive for Teen Employment Act—an ironic name, for the act effectively limits teen driving—17-year-olds may engage in limited driving on public roads and 16-year-olds may drive only on private property, such as dealership lots, while working.

Employers should consider specifics of the act before allowing a teen to drive in the course of work. A 17-year-old must:

- hold a valid driver's license;
- have completed a state-approved driver education course;
- be instructed that seat belts must be worn; (It's wise to have them sign a statement to this effect upon hire.)
- have no moving violations on record when hired.

Also, the vehicle a 17-year-old drives neither may weigh more than 6,000 pounds gross vehicle weight nor be used for towing. All driving is limited to daylight hours. Supervisors must ensure that there is ample time for 17-year-olds to complete any work trip during daylight.

Also, 17-year-olds may not drive in excess of one-third of one workday and one-fifth of a workweek.

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## Competition

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systems, voltage drops, and oscilloscope and digital voltage ohm meter (DVOM) readings. Then the students worked on vehicles which functioned but which were "bugged" with faults that the students had to diagnose and repair following proper procedures as outlined by the manufacturer. Points were deducted if proper procedures were not followed and documented by the student technicians. Finally, the students completed a written exam covering environmental hazards, OSHA guidelines and EPA regulations.

"Our score doesn't reflect it," said Golden, "but I think the students did a wonderful job at this competition. They finished with a real sense of accomplishment and felt they placed in the top 10 of the event, only to be disappointed by their final score. I think the competition was just that tough."

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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 résumé to the Editor.

Review past editions dating to 1998 or search by subject at <http://cata.drivechicago.com/>

**Jerry H. Cizek III** President, Publisher  
**Erik K. Higgins** Editor, Director of Dealer Affairs

## Comparing actual labor sales to potential labor sales

In the service department, among the inventory is time—the highly marketable time of highly trained technicians. That time must be used skillfully in order to retain profits while giving customers value that exceeds their expectations.

Service labor thus should be priced competitively, and the mix of work the shop performs should be monitored carefully. 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 may be a good choice. When tech skills are matched to the job, labor is used efficiently, and the dealer'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; and tire rotations. The work is charged at a low hourly rate, perhaps at or near the rates of local quick lube shops and gas stations.

**Maintenance labor** is work the manufacturer recommends or requires. Including common but less competitive services, like emission control or air conditioning service, maintenance labor is priced at a moderate hourly, perhaps at or above the existing warranty rate. *The maintenance rate is the target rate for the department and never should be lower than the warranty rate.*

**Repair labor** comprises the least competitive, most specialized services and is charged at the highest hourly rate, perhaps \$8 to \$10 above the maintenance rate. Fuel

injection calibration or engine overhaul are examples of repair labor.

Monitor performance. Use daily reports to study ROs and calculate the dealership's Effective Labor Rate, which is the dollar figure obtained from dividing sales in each category by the number of hours billed in each category. Analyze ROs monthly to determine what needs to be done to maintain an Effective Labor Rate that always exceeds target. Then, use a month's actual performance to calculate the dealership's 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.  $\text{Available hours/mo.} \times \text{Effective Labor Rate} = \$ \text{ Labor sale potential/mo.}$

How does the *actual total* (dollar amount labor sales in #1) compare to the *potential total* (labor sales potential, #3)?

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

This article was adapted from the NADA Management Education bulletin, "Service Department Performance Analysis" (SP29). The bulletin can be ordered online at [www.nada.org/mecatalog](http://www.nada.org/mecatalog) or by calling the NADA at 800-252-6232 ext. 2.

## AYES

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Area AYES schools include Curie Metro High School, Chicago (near mid-way Airport); Hammond (Ind.) Area Career Center; Lake County High Schools Technology Campus, Grayslake; Joliet Township High School (Central Campus); Parkland College (High School Program), Champaign; Streamwood High School; and Technology Center of DuPage, Addison.

For more about AYES, call Jim Butcher, the Illinois AYES manager, at 630-424-6020.

## Postage rate going up—and down—May 14

The cost today to mail a 2-ounce letter is 63 cents. Beginning May 14, the cost will change to 97 cents. Or 58 cents. Or \$1.38. It depends on the envelope used for the mailing.

Most people probably are aware that the forthcoming rate to send a letter that weighs 1 ounce or less will increase from 39 cents to 41 cents, and that the U.S. Postal Service offers a new "forever" stamp that will remain valid even after future postal rate hikes.

But the rate changes are more muddled for heavier parcels. Standard 9½-by-4 envelopes, also called No.

10s, are preferred by the Post Office because they are easier to handle. To reward such use, the rate for a 2-ounce letter drops 5 cents, to 58 cents. But the 2-ounce flat increases to 97 cents, and the 2-ounce parcel jumps to \$1.38.

Many mail classes and options exist—first class and standard; media mail, and discount letters and cards with and without enhanced carrier rates and automation, to name a few. Dealers should check [www.usps.com](http://www.usps.com) for details of the new rates. It could impact how dealers conduct future mail campaigns.

## Unemployment claims deflected

One hundred twenty-six CATA dealer members reported a combined 469 unemployment claims during the first quarter of 2007 to Cambridge Integrated Services Group, Inc., which formerly operated as the Martin Boyer Co. The company's efforts saved those dealers a total of \$1.07 million in benefits by contesting the claims.

Cambridge monitors any unemployment claims against its clients. The company counts about 230 CATA dealers among its clients.

Claims that can be protested and subsequently denied help minimize an employer's unemployment tax rate. The rate can vary between 1.0 percent and 8.2 percent of each employee's first \$11,500 in earnings. The 2006 average unemployment tax rate among Il-

linois employers was 3.9 percent, or about \$448.50 annually. That is nearly double the 2003 rate.

"The unemployment tax is really the only controllable tax, in that it's experience-driven," said Paul Schardt, senior vice president of Cambridge. An ex-employee's claim affects the employer's tax rate for three years.

Client fees amount to \$2.20 per employee, per fiscal quarter. For the fee, Cambridge monitors all unemployment claims, files any appeals, represents the client at any hearings, verifies the benefit charge statements and confirms the client's unemployment tax rate.

The former Martin Boyer Co. has represented CATA members since 1979. To discuss retaining the company, call Schardt at 312-381-8241.

## Fire sale: CATA directories free

Remaining supplies of the current CATA annual report and membership directory have been reduced to an irresistible price: free.

When the directories print each July, all CATA members are issued one compli-

mentary copy, and additional copies are sold for \$10 each, to defray printing and postage costs. But in the words of some industry ads, we ordered too many! Call 630-495-2282 for copies of the 2006-2007 directory.

## Minors

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Vehicle occupancy is limited to three passengers, and the transport of people who are not coworkers is limited to two trips a day. Licensed

16-year-olds may not drive on public roads while on the job. A violation of the Drive for Teen Employment Act is subject to a \$10,000 fine.

On-the-job driving by employees 18 and older is not regulated.

**Illinois Dealers: please convey to your state senator and representative your opposition to the governor's gross-receipts tax proposal.**

**Call the CATA if you need help identifying your elected officials.**

## In Memoriam

Leonard (Len) Green, who was the CATA's public relations director for 11 years until 1979, died April 12. He was 95.

Mr. Green ascended to captain in the U.S. Army and worked 30 years as an editor of the Chicago American newspaper. He joined the CATA in 1968 and remained with the association until his retirement. He is survived by his wife of 65 years, Kathryn; daughter Joan; and two grandchildren. Donations can be made to Rainbow Hospice in Park Ridge, 847-685-9900.

## Congratulations!

Shiraz Mian, a sales manager at Schaumburg Honda, graduated in March from the NADA's general dealership management program, specialized training to prepare key management personnel to operate a new-vehicle dealership.

The NADA program is an intensive 12-month apprenticeship course in dealer management. Six weeks of classroom study are combined with 45 weeks of in-dealership training to prepare students for dealership management positions.

## Marketplace

**General Manager** Accomplished, results-driven entrepreneur with proven ability in retail dealership operations. Solid understanding of dealership processes, strategies for building a strong client base, and systems, which facilitate consistent follow-up and foster customer satisfaction. Carl Statham, 847-814-4675.

**CFO/Controller** MBA with 16 years' experience. Proven mastery and vision in running highly competitive million-dollar companies in automotive and other fiercely competitive arenas. Widely recognized by colleagues, employees and clientele for impeccable business ethics and relationship-building skills. Anonymous, contact CATA.

Résumés of both candidates are on file at the CATA.