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6 candidates vie for 5 CATA director seats

Six candidates, including three incumbents, have been nominated to fill five openings on the board of directors of the Chicago Automobile Trade Association. Each term lasts three years beginning next month.

A summary of the candidates' qualifications was mailed May 19 to CATA dealer members, and election ballots will be sent May 27 to those dealer members whose association dues are up-to-date.

Completed ballots must be received by 12 p.m. June 10 by the CATA's auditing firm, Crowe Horwath LLP, which will tally the submissions. Results will be announced at the June 14 golf outing at Cog Hill Golf & Country Club in Lemont.

All three incumbents on the ballot, **Tony Guido** (Arlington Heights Ford), **John Hennessy** (River View Ford, Oswego), and **Ray Scarpelli Jr.** (Ray Chevrolet, Fox Lake) are seeking their third and final terms on the board. A director can serve a maximum of three, three-year terms.

Additional nominees include **Anthony Marino** (Marino Chrysler-Jeep-Dodge, Chicago), Buick-GMC franchisee **Dan Marquardt** (Marquardt of Barrington), and **Kelly Webb Roberts** (Webb Chevrolet, Oak Lawn; Webb Chevrolet of Plainfield; Webb Hyundai, Highland, Ind.; and Webb Hyundai-Mitsubishi, Merrillville, Ind.).

A committee of current and former CATA board officers nominated the candidates. The CATA board totals 15 directors.

Some dealership workers exempt in new OT rules

Under the U.S. Labor Department's final rule on overtime pay exemptions, issued May 18, the exemption to overtime pay for any "salesman, partsman, or mechanic primarily engaged in selling or servicing automobiles [or] trucks …" will continue in force. The change does impact office workers.

The exemption had also been extended to cover service writers, but there is a case pending before the U.S. Supreme Court that will decide whether that exemption continues. A decision in the case is expected in late June.

Remember that minimum wage requirements remain in force for all employees; the exemption applies only to overtime pay.

Attorneys for Franczek Radelet, the CATA's labor relations counsel, will host a one-hour webinar at 12 p.m. May 23 to provide an overview of the new overtime rule.

CATA office closed May 30

The CATA administrative office will be closed May 30 to commemorate the Memorial Day holiday.

Business hours resume May 31.

Oberweis' open Sundays bill stalls

With the Illinois General Assembly's scheduled spring adjournment days away, the clock has seemingly expired on state Sen. Jim Oberweis's latest attempt to open car dealerships to sales on Sundays.

This year's legislation, Senate Bill 2860, is named the Religious Equality Act and would allow a dealer to operate any six days of the week of his choosing. For dealers who worship on a day other

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Small car deals abound as U.S. buyers go crazy for SUVs

In the 12 months that ended April 30, truck and SUV sales grew more than 10 percent, according to Ward's Automotive. At the same time, small-car sales fell more than 6 percent, leading to small-car inventories on dealer lots reaching their highest level in seven years.

Automakers are resorting to discounts and sweetened lease deals to move the metal—especially for models that haven't been updated in a few years.

There are a number of reasons for the shift. Gas prices are low. SUVs generally are smaller, lighter and more efficient than in the past. Older people like the higher seating position an SUV offers because it's easier to get in and out, and people of all ages use the hatchback and ample storage space.

Consumers also are more confident in the economy, and willing to spend on pricier SUVs, said Eric Lyman, vice president of industry insights for the TrueCar.com auto pricing site.

Louis Cervi was looking to buy a small car for basic transportation with a monthly payment in the mid-$200 range. After six months of looking, Cervi, 41, drove off a dealer lot north of Pittsburgh in a Ford Focus for $192 a month. The dealership even accepted his 2001 Chevrolet Monte Carlo with a failed transmission as a down payment on his lease.

"I thought I'd probably get something in the $240 (per month) range," Cervi said. "It was the end of the month, so I think I got kind of lucky there. They were trying to meet a quota."

Cervi wouldn't have been as fortunate if he was after a hot-selling SUV. A Toyota RAV4, for instance, can be leased for three years at $199 per month, but a buyer has to put down $1,999. That translates to another $56 a month. RAV4 sales rose 32 percent last month. Falling car sales, along with faster updates of compact cars, will put pressure on companies with older vehicles to offer discounts, said Lyman.

Some automakers have updated small cars after a year to include new features or overcome shortcomings pointed out by customers, he said. "It's going to become more cutthroat," Lyman said. "It means if you're not keeping your vehicle up, you're at a competitive disadvantage."

Sundays

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than Sunday, the bill would allow them a chance to operate on Sundays.

Oberweis, R-Sugar Grove, introduced the bill in February and quickly gained two Democratic co-sponsors in the Senate, Chicagoan Heather Steans and Daniel Biss of Evanston. But the road ahead for the bill has been dark.

Sen. Martin Sandoval, D-Chicago, who heads the Transportation Committee, has not called the Oberweis bill for a vote, giving it a subject matter hearing only. That was the same fate of three similar bills Oberweis introduced last year.

The Oberweis Dairy magnate in 2015 drafted three bills that attempted to open dealerships on Sundays, each from a different angle. The most far-reaching bill called for lifting the Illinois blue law, which took effect in 1984 and which prohibits new- and used-vehicle sales on Sundays. Another would have allowed the sale of motor vehicles for not more than two hours on Sundays, and a third would have permitted Sunday sales by a dealer who observes a religious day of worship other than Sunday. None of the bills earned a vote in the Senate.

Oberweis this year appears focused on the religiosity of dealers operating on Sundays, and some thought he might try to move the bill in a committee other than transportation.

Few dealers support lifting the state's blue law on auto sales. Instead, they favor giving employees that day off, especially since banks are not able to finance vehicles on Sundays. Lifting the ban on Sunday sales also would increase dealership costs without increasing sales, which could lead to higher prices for consumers.

"Our dealers like the current law," said Mike McGrath, chairman of the CATA. "Every state around Illinois is closed Sundays for car sales. Salespeople really like (to have) that day off."

McGrath added that some customers enjoy roaming dealer lots on Sundays at their leisure, with no employees present.

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CATA seminar addresses keys to attracting, keeping workers

Dozens of dealership owners and workers gathered at the CATA May 17 for a Spring Event three-fer: a chance to meet with the CATA's Approved Member Partners and Recommended Consultants; a boot camp to help dealers prepare for the July 16 Barbecue for the Troops, a fundraiser for the USO of Illinois; and a seminar led by CATA allied member Hireology, to help businesses identify, hire, and retain the workforce required to compete effectively.

The nation's dealerships spent considerable sums in 2015 on maintaining inventories and on other variable and fixed and costs. But 85 percent of their outlays were on the people they employed.

And the people they put on their payrolls, said Adam Robinson, is the only expenditure over which dealers have full control. Robinson, the co-founder and chief executive of CATA allied member Hireology, spoke about how to hire and retain the right people at a CATA seminar on May 17.

The presentation thus came in a month that sees millions of collegians flipping their tassels from right to left and looking for work.

Seventy-five percent of dealers report having trouble with their hiring processes, Robinson said, especially with millennials. Those problems will become more acute if they are not addressed, he said, as Generation Y workers represented half of all hires last year and now account for 32 percent of dealership staffs.

Part of the problem is the disconnect between what younger workers value and what dealerships tend to offer. People born since 1980 mostly want stable pay, career growth and a workweek that allows them to lead a balanced life. Dealerships, by contrast, tend to offer sales positions based heavily on commissions, no career path, and long hours.

"We're not making this industry attractive as their choice," Robinson said.

Enterprise Rent-A-Car is a leader in hiring recent collegiate athletes, and Robinson said the company attracts crowds at job fairs. But what is the attraction to a company when responsibilities for the lowest rung on the ladder amount to parking and washing rental cars at facilities in the shadow of an airport?

What Enterprise offers are clearly delineated career paths and teachable skills that can be applied to future management positions with Enterprise or any number of other companies.

Robinson cited Schomp Automotive, in Colorado and Utah, as a dealership group that is poised to land Gen Y's top tier workers. From the company's website:

"Schomp Automotive has been owned and operated by the same family for almost 75 years. We thrive on inspiring pride among our team members and envy among our competitors. Our culture rests on providing opportunity and challenge for our team members while encouraging healthy work-life balance."

Robinson said the best millennials, who probably are mired in tuition debt and struggling to take flight from their parents' homes, are unlikely to be drawn to a position based almost entirely on commissions.

He suggested that younger workers might be more attracted to a position with a weekly ceiling of 45 work hours and a guaranteed base pay plus a month-end bonus to that worker's "team" of $200 to $500 each, if goals are met. In the long run, such a structure might even save the dealership money.

Millennials tend to use their smartphones to do just about anything, including looking for employment. "Get on a mobile device and try to apply for a job at your dealership," Robinson suggested. With an effective website, "you'll get better workers and less turnover."

Now consider technicians, where it's a seller's market. But since the service department tends to be the dealership's most profitable department, finding the best workers is perhaps even more worthy of exploration.

The finite — and lessening — number of available technicians suggests dealers might have to embark on growing their own, with tuition reimbursements and more.

"If I was in your shoes," Robinson told his audience of dealership principals and managers, "I would be making that investment."

Notably, he said the No. 1 reason technicians leave a dealership has nothing to do with money. Said Robinson, "They hate their boss."

NADA snapshot

The nation's 16,545 dealerships sold an average 1,050 new vehicles each in 2015, a 5.74 percent increase over 2014 volume, the National Automobile Dealers Association reported recently. December was the leading month for sales, when 1.63 million of the year's 17.4 million units were sold.

1 question for recalls: To drive or not to drive

By Jeff Carlson
2016 NADA Chairman

Parts, parts, parts.

Much has been said and written lately about our nation's vehicle recall policy. And while it's regrettable that a great deal of the conversation has been overly negative, needlessly controversial, and — at times — unfairly accusatory, the silver lining is that the discussion has prompted an increase in consumer awareness of the issue, which we all know from experience is desperately needed to increase the recall completion rate.

But at the same time, many have lost sight of the core issue at hand, which is what to do with recalled vehicles while consumers and dealers await replacement parts from the manufacturers. Because when we're talking about recalls, parts are everything.

Let's take a step back and consider what the world would look like if all needed repair parts were immediately and readily available for every vehicle recall.

If parts were available, then everyone — dealers, manufacturers, regulatory agencies like the National Highway Traffic Safety Administration and the U.S. Department of Transportation, and safety advocates — would be in lockstep in stressing the urgency of having consumers bring their vehicles into local dealerships for repairs as soon as possible. Everyone would be working together to improve consumer outreach and awareness because consumer apathy would be the only obstacle in the way of achieving our shared goal of a 100 percent recall completion rate.

Unfortunately, that's not the world in which we live. Parts are not always available. And manufacturer delays in providing repair parts have become the core problem in recall policy.

These delays prevent timely repairs of the vehicles. And delays between the time a manufacturer announces a recall and when parts are available are responsible for driving consumer apathy toward recalls. Consumers simply become numb to all the notices they receive.

But the biggest consequence is that manufacturer delays force us all — dealers, regulators, safety advocates and consumers alike — to consider what to do with recalled vehicles from the time the recall is announced to when the repair can be completed.

Which leads to the question every consumer wants answered: Should I continue to drive my recalled vehicle in the interim?

This is a vitally important question. Fortunately, there are federal agencies responsible for providing those answers: DOT and NHTSA.

Congress has entrusted NHTSA, a division of DOT, with reviewing all manufacturer-identified defects in order to determine how severe each is in terms of risk to the driving public. And for every vehicle recall that is issued, NHTSA, in working with the vehicle manufacturer, makes such an assessment.

• Does NHTSA have full authority to determine which defects pose such an immediate and severe risk to drivers and passengers that affected vehicles should be parked and not operated until repairs can be made? Yes. Transportation Secretary Anthony Foxx has acknowledged in writing that NHTSA "may require a manufacturer to advise owners not to drive their vehicles until a safety-related defect or noncompliance is remedied."

• Has NHTSA exercised this authority? Yes. In fact, a recent study revealed that such "do not drive" recommendations were issued in 6 percent of all vehicle recalls issued from 2000 to 2013.

• Were NHTSA and DOT ever asked specifically whether consumers with recalled Takata airbag inflators or faulty GM ignition switches should stop driving these vehicles until repairs could be made? Yes.

• Did NHTSA or DOT issue "do not

OSHA issues final rule on injury, illness reporting

In an effort to increase data collection and to shame employers with high injury rates into better performance, the Occupational Safety and Health Administration recently instituted a rule requiring employers to electronically report all illnesses and injuries directly to OSHA, which inturn will make the information public.

Historically, employers have been required to record the information, but to not report it to anyone other than their own employees.

For many years, dealers have been exempt from even keeping those records on injuries and illnesses, said Phil Troy, president of ComplyNet Corporation, a CATA allied member. That changed last year when dealers were included in the recording requirements as well as a new requirement to phone in certain severe injuries.

The new requirement to electronically report all injuries applies only to three types of locations:

• those with 250 or more employees. Even dealer groups with more than 250 employees will not have to electronically report, Troy said, because each location typically is operated as a separate corporation and each typically has a separate FEIN number. Very few dealerships have 250 employees at a single location and so are unaffected by the new rule.

• those with 20 to 249 employees that are in certain high risk industries. Dealers are not included in this category.

• those that are contacted by OSHA and told to comply.

Though almost all dealerships will not be required to comply with this new rule, the final GHS rules (Globally Harmonized System of Classification and Labeling of Chemicals) must be implemented by June 1, Troy said. That means that old written policies and plans no longer are compliant and Material Safety Data Sheets should be replaced with Safety Data Sheets.

Dealers with questions can call Troy at (800) 653-1869.