



# CATA Bulletin

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## 2003 DOC fee

The maximum documentary service fee for 2003 will be announced about Dec. 12. The fee is tied to the Consumer Price Index for a 12-month period ending Nov. 30 and is calculated by the U.S. Labor Department.

The CATA will alert all members of the new fee as soon as it is announced.

## Luxury tax set to expire Dec. 31

The automobile luxury tax apparently will expire Dec. 31, as scheduled, now that Congress has adjourned for the session, according to the American International Automobile Dealers Association. The AIADA has fought for the tax's repeal since it was instituted in 1991.

Congress originally tied the luxury tax to high-ticket items like yachts, diamonds and automobiles, but later winnowed the list solely to automobiles above \$30,000. The luxury tax threshold for 2002 is a 3 percent tax on vehicles that sell for over \$40,000.

President Clinton in 1996 signed legislation to phase out the tax by this year. However, the economic climate has changed dramatically since 1996, and the AIADA said Congress someday may resurrect the tax to pay for other activities.

## Dealer members give CATA a thumb's up

Dealer members of the Chicago Automobile Trade Association generally are very pleased with the services the CATA provides them, a recent survey of those dealers found.

The most favorable aspect: the attention the dealers receive surrounding the annual Chicago Auto Show.

Twenty-four percent of the area's dealers responded to the query sent by Priority Mail in late September.

Dealers roundly appreciate the various forms needed for vehicle sales that are provided free by the CATA. One form, which must be used for vehicle transactions conducted in a language other than English, is not available by mail. Instead, it can be downloaded from the CATA member Web site, [www.cata.info](http://www.cata.info)

Most comments proved favorable about Franczek Sullivan P.C., the law firm which represents the CATA and its members in employee relations matters, including unionized workers. Since their retention in April, Franczek Sullivan attorneys negotiated the contracts of four unions present in CATA dealerships—Garage Attendants Local

No. 731, Mechanics Local No. 1749, Teamsters Local No. 179 and Machinists Local No. 377. Most of those contracts received praise from dealers.

The biweekly CATA Bulletin can be received by e-mail, making it easy to share the contents among departments. To obtain the newsletter via e-mail, contact newsletter editor Erik Higgins at [ehiggins@drivechicago.com](mailto:ehiggins@drivechicago.com)

Broadcast faxes, a device used less frequently, earned mixed comments on their usefulness.

More than half the survey respondents have turned to CATA Learning University for employee education, and nearly all comments praised the instructors as excellent. A new class begins next month for dealership management. (See story below.)

Respondents gave the association an overall rating of 4.5 on a 5-point scale.

More details of the survey will be reported after a review of the submissions by the CATA board of directors committee on civic and dealer relations. Committee chairman Bill Jacobs said the comments will help guide future efforts of the association.

## Learning University adds management course

A two-day course, "High Performance Management," has been added to the curriculum of CATA Learning University, which has classes for various dealership departments.

The first meeting of "High Perfor-

mance Management" is Jan. 16-17. See the flyer in this newsletter to register for that course and other Learning University offerings.

The new course helps managers  
SEE LEARNING UNIVERSITY, PAGE 4

## Dealers 'adopt' schools for auto show

Dealerships can plant a benevolent seed with students by sponsoring a school group's visit to the 2003 Chicago Auto Show. The measure can be a community relations plum and establish customer loyalty with young consumers.

Under the Adopt-a-School Program, a dealership can purchase tickets at \$5 each for students in a group. There is no minimum or maximum potential group size.

High schoolers at or near driving age are logical students with which a dealership to pair itself. There are hundreds and hundreds of high schools in the Chicago area, probably more than one within each dealer's relevant market area.

Mark Scarpelli, vice president of Raymond Chevrolet-Oldsmobile in Antioch, last year sponsored a group of 160 students and chaperones from Antioch Community High School. Chaperones are admitted at no charge.

"I thought it would be a good promotion and it turned out to be an excellent promotion," Scarpelli said. He cited the opportunity to get his dealership's name in a positive light before an audience that can influence purchases and even make vehicle purchases.

The dealer contacted the high school's principal to arrange the weekday field trip. Scarpelli met the group at McCormick Place and even popped for lunches for everyone.

Dealers interested in "adopting" a school should contact the CATA's Donna Fong for more details at 630-424-6045.

## Prize vehicle of '04 First Look for Charity to be displayed at CATA

A prototype of the 2004 Pontiac Grand Prix, the prize vehicle to be awarded at First Look for Charity at next year's Chicago Auto Show, will be displayed at the Chicago Automobile Trade Association for two weeks beginning Dec. 9.

Production of the ninth generation of Pontiac's midsize performance sedan begins the week of the Feb. 13 event.

Tickets to attend First Look for Charity are \$175 each, and all the proceeds benefit 17 Chicago area charities. An attendee can earmark his contribution exclusively for one charity, or the donation can be divided evenly among the participating organizations.

To order tickets using a Visa or MasterCard, call 630-424-1636. To be mailed information about the event, call the CATA at 630-495-2282.

First Look for Charity is a black-tie event held the evening before the annual Chicago Auto Show opens to the public. The auto show public dates next year are Feb. 14-23.

The 17 charities that benefit from First Look for Charity are listed at [www.chicagoautoshow.com/](http://www.chicagoautoshow.com/)

## Certified used-vehicle sales up 46% since 2000: J.D. Power

Of all consumers who purchased a certified used vehicle this year, about half were aware of the certification programs before they started shopping, and less than one-quarter of them initially set out to buy a certified car, a new study found.

The J.D. Power and Associates 2002 Used-Vehicle Sales and Certification Study estimates that 35 percent of late-model used vehicles sold this year were certified. Sales of certified used vehicles have increased 46 percent since 2000.

"Certified" in the study is defined as a late-model vehicle that has undergone a detailed inspection at the dealership and is sold with manufacturer-backed warranty coverage.

"Certification programs are changing the face of the late-model used-car market," said Scott Weitzman of J.D. Power. "While the traditional used-vehicle sale is motivated primarily by price, certification programs increase consumer confidence about the quality of the used vehicle, backed by a strong warranty."

Used-car certification programs are attracting a significant number of shoppers who originally consider only a new vehicle.

The value-added benefits of certified used vehicles have been particularly attractive to luxury buyers, who purchase certified used vehicles at a higher rate than do non-luxury buyers.

"In many cases, certified used-vehicle programs are giving new-vehicle buyers access to a higher class of vehicle than they may have originally considered along with added perks like free maintenance and roadside assistance—features that the traditional used-vehicle sale never provided before," said Weitzman.

Lexus ranks highest in satisfying certified used-vehicle owners, receiving top ratings for program features, vehicle quality, shopping experience and vehicle price.

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18W200 Butterfield Road

Oakbrook Terrace, IL 60181-4810

630-495-CATA [2282] phone 630-495-2260 fax

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 at <http://cata.drivechicago.com/>

**Jerry H. Cizek III**

**President, Publisher**

**Erik K. Higgins**

**Editor, Director of Dealer Affairs**

## Don't let employee handbook become a straitjacket

"Welcome to our dealership family!" many employee handbooks begin. "We're extremely pleased to have you join our dynamic and growing company. Work hard and contribute to our success and you will enjoy a long and rewarding career with us."

Most people would consider such statements a pleasant but harmless way to draw employees into the rest of the handbook. Those people would be wrong. The seemingly innocuous opening comments could form the basis of a lawsuit by some future discharged and disgruntled employee.

Employee handbooks are a useful tool for communicating the policies, rules and regulations of a dealership. They can be a valuable promotional instrument for attracting new employees to the company.

A handbook should answer most of the routine questions asked by new employees, thus saving managers time. They also can improve morale by reassuring a worker that everyone will be treated fairly. Plus, handbooks meet the legal requirements for disseminating information in larger companies.

Their most important purpose, however, is to protect the store in its dealings with employees by summarizing the relationship between the dealership and its workers.

### Implied promises

Unless they are written carefully and updated regularly, employee handbooks can create headaches for the employer. The biggest problems arise from language that implies a contract with an employee.

Fuzzy or overly complicated descriptions in a handbook can make it difficult for a dealer to fire or even discipline a worker without

risking liability for wrongful discharge. Companies can make two mistakes when writing a handbook, say most experts in the field: saying too little and saying too much.

"Smaller companies have a tendency to paint themselves into a corner by making their handbooks contractual without realizing it," said human resources consultant Ethan Winning. "The more they say, the more vulnerable they become" to charges that the company didn't follow its own policies.

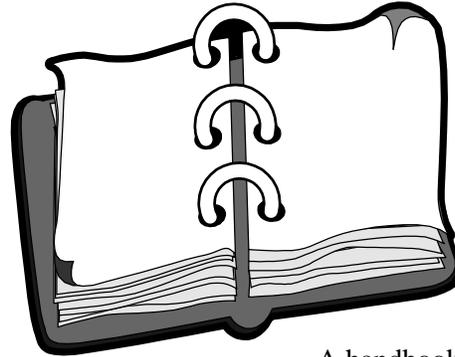
Handbooks that exceed 50 pages probably are full of implied contracts, Winning said.

Walt Olsen, an employment law expert in New York, said increased employment litigation can constrain common sense in normal business dealings. "It used to be," Olsen said, "that if an employee wanted a guaranteed long-term relationship with a company, he had to get it in writing in the form of a binding contract.

"But many states have moved away from that idea, which has opened the door for creative lawyers to invent contractual rights of tenure." Even a brief note saying "Good job" or "Well done" may be argued by lawyers and seen by courts as an implied contract.

### The best handbooks

Three main components typify the best handbooks. One section gives general information about the company, its mission, work rules, and procedures. Another section describes what management expects from



employees. A third section gives general information about salary and pay issues, employee benefits (medical insurance, vacation, time off, retirement), and employee services.

A handbook should be filed in a ring binder so that pages can be replaced and added when policies change, without reprinting the entire book. The final page should be a tear-off page that the employee signs and dates to acknowledge receipt of the handbook. Keep that page with the employee's other personnel records.

### Avoid problems

Handbooks should carry a disclaimer that the manual is not a contract. Other disclaimers should remind the employee that:

- Employment is "at will." That means either the employer or employee can end the relationship at any time for any or no reason.
- Disciplinary procedures are advisory and not binding, which permits the dealer to modify the procedures. Use short and general statements. Avoid detailed disciplinary and discharge language.
- Terms and conditions of employment may be changed at the dealer's discretion.
- Rules and procedures governing the workplace should avoid an exhaustive list of all activities. Indicate that the list is not meant to be all-encompassing.

### Review

Once written, employee handbooks should be updated at least yearly because state and federal labor codes may change.

## Member-discounted tickets to 2003 auto show on sale now

Tickets that admit the holder to the 2003 Chicago Auto Show free or at a reduced price can be ordered by CATA members using the order form included with this newsletter.

The tickets promote goodwill among customers and even can help persuade a prospect to close a deal.

Three kinds of advance tickets are available: General Admission, Weekday Discount, and Special Admission. The first, which costs CATA members \$600 for 100 tickets, admits the

holder to the auto show free, without a box-office wait. Weekday Discount Coupons cost members \$100 for 100 and admit the holder for \$5. Regular admission is \$10.

Orders for the Special Admission ticket must be placed by Dec. 2. Such tickets, which cost an average \$4 each, carry the imprinted name of the CATA member and admit the bearer to the show free. The minimum order for such tickets is 2,500.

To place an order, complete the enclosed form and fax it to the CATA.

## Starling elected NADA chairman

Alan C. Starling, a Chevrolet-Oldsmobile dealer in St. Cloud, Fla., was elected as 2003 chairman of the National Automobile Dealers Association. Charley Smith of New Mexico succeeds Starling as vice chairman.

Other new officers who will take office during the NADA's 2003 convention and exposition include Treasurer Jack Kain of Versailles, Ky., and Secretary Ray Ciccolo of Boston.

Registration to attend the NADA convention and for housing can be completed using the NADA Web site, [www.nada.org/](http://www.nada.org/) The site also lists the schedule of events for the four-day convention, Feb. 1-4 in San Francisco. Advance registration ends Dec. 6.

## Fuel economy as a moral issue?

A television ad campaign with the tagline "What Would Jesus Drive?" is being mounted by religious leaders who argue that gas-guzzling vehicles are contrary to Christian moral teachings about protecting people and the earth.

Top officials of Ford and General Motors met last week with representatives of the National Religious Partnership for the Environment, whose ads airing in Indiana, Iowa, Missouri and North Carolina urge Christians to buy the most fuel-efficient vehicle that they think suits their needs.

Automakers have regarded complaints about SUVs as a cause for environmental activists, but the involvement of religious leaders could signal a troubling escalation. Some worry a re-

ligious campaign could persuade consumers across the country to forsake the industry's most profitable products in favor of less-profitable vehicles that go farther on a gallon of gas.

The soaring popularity of SUVs has deflated the average fuel economy of the U.S. fleet to its lowest point in two decades—about 21 miles per gallon.

Automakers argue they build what Americans want, but more than 30 senior U.S. religious leaders demur.

"Because automobiles (have) such an extraordinary global impact, choices about what cars to build raise fundamental moral issues," the leaders wrote in an open letter. "Automobile manufacturing now requires thinking about values, not just vehicles."

## Learning University

CONTINUED FROM PAGE 1

implement negotiation strategies to improve profits and conduct interactive training with salespeople to keep those strategies alive.

"The new class will show managers how to negotiate for maximum gross, volume and CSI, and then roll that out in a sales meeting," said David Worrall of Resource Dealer Group, which provides instruction for CATA Learning University.

Among the course goals:

- Building a selling process
- Building a negotiating strategy
- Managing the negotiation process
- Desking a deal for maximum profit
- Integrating cash down and payments
- Tracking a sales team's success
- Conducting interactive training meetings
- Gaining employee buy-in during training
- Creating accountability for skills learned in training

### CATA offices closed Nov. 28-29



The Oakbrook Terrace offices of the Chicago Automobile Trade Association will be closed Thursday and Friday, to celebrate the Thanksgiving holiday.

Business hours resume Dec. 2.