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Roberts named new CATA board secretary

One month after settling in for a new annual term, one officer's resignation has led to the elevation of a different director to become board secretary.

Kelly Webb Roberts

Jason Roberts

At its June 17 meeting, the board voted for Kelly Webb Roberts, proprietor of four Webb franchises in Indiana and another two in Illinois, to be the newest board secretary, joining Chairman Kevin Keefe (Brilliance Honda, Crystal Lake; Brilliance Subaru, Elgin); Vice Chairman JC Phelan (Jack Phelan Chevrolet, Lyons; Jack Phelan Chrysler-Dodge-Jeep-Ram, Countryside); and Treasurer Jay Hopkins (Hopkins Ford, Elgin).

Hopkins this month unexpectedly left his family's business and resigned his position on the board. That gave Webb Roberts the chance to skip the secretary slot and ascend to treasurer.

The board at its July 20 meeting approved that move and granted her the ability to serve a fifth year as an officer in an advisory role after she completes her term as auto show chairwoman.

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New cash-for-clunkers proposal aims to speed electric-car adoption

Presumptive Democratic presidential nominee Joe Biden on July 14 shared his goal for a climate change plan, a large part of which involves electric vehicles and what Biden believes can make the U.S. the leader in electric-vehicle development.

Replacing gas with electricity

The piece that would impact drivers the most is a plan to offer incentives or rebates for people to swap their older, less fuel-efficient cars for EVs made in America. It essentially sounds like the 2009 Cash for Clunkers program under which people could replace their vehicles with more fuel-efficient ones.

During his rollout speech, Biden didn't share details of the idea such as how much the incentives would be or what constitutes bad fuel efficiency.

The plan seems rooted in a proposal from

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As inventories tighten, margin getting smaller for error in new-car operations

The U.S. economy and the country's consumers are returning to some semblance of normalcy, but the new-car business is likely to be anything but normal for the foreseeable future, with dealers facing a rare situation in many markets: Consumer demand is higher than supply.

Pure retail sales (non-fleet) increased 63% in May from April's sales volume, according to Cox Automotive. The most optimistic analysts could not have predicted that sales would rebound so quickly in such a gloomy economic environment.

The increase in retail sales has made an immediate impact on new-vehicle inventories. Total inventory across the nation dropped 667,000 units from the beginning of May to the beginning of June, representing a 20% decline, Cox reported.

The obvious concerns are the impli-

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FTC offers 6 steps toward more secure cloud computing

For businesses, cloud services are kind of like clouds. At their best, they can be soothing and expansive. But for companies that fail to appreciate the security implications, their ethereal presence may hide dangerous storms within.

As cloud computing has become business as usual for many businesses, frequent news reports about data breaches and other missteps should make companies think carefully about how they secure their data. The Federal Trade Commission has six tips for businesses about making their use of cloud services safer — both for the company and for the consumers who rely on it to safeguard their information.

1. Take advantage of the security features offered by cloud service companies. Cloud providers offer detailed guidance about their security controls and how to set up their services in a more secure fashion. But it's up to the business to understand the options and configure those settings in the way best suited to the business.

Keep in mind that it's not a matter of a simple on-and-off switch. Configuring one's cloud security requires making thoughtful decisions that align with the sensitivity of the stored data and how it is used. In addition, think carefully about who at the company needs what data.

Unless employees have a legitimate business reason, they shouldn't have access to the cloud resources. Require multi-factor authentication and strong passwords to protect against the risk of unauthorized access. Furthermore, never hard code passwords in cloud-based applications or source code. That might save steps, but it's the business equivalent of a "Hack me!" sign.

2. Take regular inventories of what is kept in the cloud. Some companies' cloud storage resembles a forgotten attic overdue for a spring cleaning. Whether data is stored in the cloud, on the company's network, or in a file cabinet, data can't be kept safe if its whereabouts is not known. That's why up-to-date inventories are essential to data management. Many cloud services provide tools — for example, dashboards or management consoles — for just that purpose. But don't just set it and forget it. In addition to staying on top of where data is, make sure that security configurations and access rights remain consistent with the sensitivity of what is stored.

As data that may require more protection is added, reevaluate the company's security settings and amp them up accordingly. Also, don't take anything on faith. Actively test for misconfigurations or other security failings that could compromise the data, and maintain robust log files to continuously monitor the cloud repositories. Reports are common about sensitive data stored in a cloud repository that winds up on the internet, and no one wants their company name in the next headline.

3. Don't store personal information when it's not necessary. One upside of cloud storage is that it's often less expensive than other methods. But as people with big basements can attest, the list of things deemed "essential" tends to expand in direct proportion to how much storage space is available.

As an inventory is conducted of what is kept in the cloud, resist the temptation to hold on to data "just because." Instead, be ruthless in posing the question, "Do we have a legitimate need to store this information?" If the answer is no, dispose of it securely. No one can breach what isn't there.

4. Consider encrypting rarely used data. "There's some information I don't have to access regularly — back-ups, for example — but I do need to retain it." As part of a defense-in-depth approach to security, consider whether to encrypt that data at rest. Indeed, if the data contains sensitive information, encrypting that data is a basic principle of security regardless of where it's stored.

5. Pay attention to credible warnings. Some cloud providers offer automated tools to remind a company about cloud repositories that are open to the internet. Others may contact customers with warnings like that. In other instances, security researchers may contact companies when they find exposed data online. If such a warning is received, pay attention. Investigate the company's cloud repositories and recheck the security settings.

6. Security is the company's responsibility. Using cloud services doesn't mean security can be outsourced. Throughout the lifecycle of data in the company's possession, security remains its responsibility. Even if a cloud provider's security tools are relied upon, a written data security program should lay out the company's process for securing consumers' personal information, and for company staffers knowledgeable about maintaining, monitoring, testing, and updating that program. Yes, cloud contracts should be reviewed carefully to spell out the company's expectations and clearly establish who is primarily in charge of what. But keep in mind that if it's *the company's* data, it's ultimately *the company's* responsibility.

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Changes afoot in transporting cars to dealerships

By Joe Kichler, vice president
Manheim Logistics

With so much focus on how the pandemic is changing automotive retail, it's easy to overlook how the virus has affected the rest of the ecosystem that supports getting vehicles to dealerships.

But many ways dealers used to transport vehicles either are not there anymore or they have changed substantially. On top of figuring out how to source and retail cars differently, dealers now are faced with rethinking the supply chain of how vehicles get to their lots.

Over the last few months, a number of transporters have been sidelined due to the drop in vehicle volumes and mandates that grounded their businesses. Now that retail sales have picked up, the need for transportation increased dramatically.

Right now, there are about 30,000 more transportation posts on Central Dispatch than the previous record high. Manheim's Ready Logistics was tracking toward its own monthly record in June, with about 12,000 more vehicle moves for dealers than average. That all translates into a tight carrier market.

A few factors drive these trends.

First, the ways dealers historically have transported cars aren't available. Many dealers' independent drivers have stopped providing driver services due to the pandemic. Second, with wholesale still being largely digital, dealers are buying cars differently than they did. Ready Logistics' average move before COVID-19 was about 400 miles. Now, it's about 450 miles.

Competition to get quality transportation from more and different places is high. And all of this is happening with another big unknown: When the captives and commercial clients turn the off-lease and repo faucets back on, it will have its own significant impact.

The complications that came with the pandemic shined a light on how important it is for dealers to have a strong partner in transportation, one who can help them access a broad range of quality transporters.

Whether they want to arrange the vehicle moves themselves or have someone handle it for them, dealers want and need to know two things: How much will it cost? How long will it take?

While the logistics industry had been price-focused (the cheaper the better), the importance of reliability, quality and transparency have been thrust to the forefront. Information is the new currency. And in many cases, technology has been the key to getting dealers the insights they need to efficiently and confidently get their vehicles from point A to B.

Luckily, this shift in how dealers move their vehicles comes at a time when transportation has been heavily digitized. And more technology is on the way. From real-time transportation tracking to data-based pricing transparency, technology will help enable dealers to access the information they need to know the most.

Especially in these challenging times, dealers want confidence in knowing that their chosen transporters are going to deliver the vehicles and on their promised timelines.

That's why transportation tracking capabilities are adding crucial transparency in transportation. By enabling dealers to quickly see where their in-transport vehicles are, the technology helps dealerships plan their reconditioning, marketing and retail sales more effectively. It's a game changer for anyone who needs their inventory moved.

Transportation prices, on the other hand, can vary wildly; it's a true supply-and-demand industry. The more competition there is for space on a carrier truck, the more it costs to move.

But there are other factors to consider. The number of vehicles, the size and weight, as well as the distance, all impact costs. Carriers are far more likely to want to take a full load than individual single units, with multiple pick-ups and drop-offs.

The good news is that both of these issues — pricing and load capacity — can be drastically improved through better technology and data. Dealers will have more predictable pricing, and a baseline to measure quotes against, while transporters will be able to more efficiently load and move vehicles. Investments in these areas is strong, and enhancements will come to market soon.

Dealers need a strategic partner who can stand by them and deliver a quality transportation experience.

Congratulations!

Mike Anderson Chevrolet of Merrillville (Indiana), **Phillips Chevrolet of Frankfort**, and **Ray Chevrolet** in Fox Lake are winners of the 2019 General Motors Dealer of the Year award.

Five Illinois dealerships are winners of J.D. Power's 2020 Dealer of Excellence award: **Audi Westmont**, **Mercedes-Benz of Naperville**, **Napleton's Valley Hyundai** (Aurora), **Phillips Chevrolet of Frankfort**, and the **Porsche Exchange** (Highland Park). It was the third straight win for Mercedes-Benz of Naperville.

Board

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With the secretary role vacant, the directors at this month's meeting also voted for Jason Roberts (Advantage Chevrolet in Hodgkins and Bolingbrook; Advantage Toyota, Calumet City) to serve in that role.

Webb Roberts has been on the CATA board since 2016; Roberts, since 2017. Directors can serve up to three three-year terms.

Founded in 1904, the Chicago Automobile Trade Association is one of the nation's oldest associations advocating for franchised new-car dealers, predating even the NADA by 13 years. The CATA board, now at 14 directors, will be reduced to 13 directors next year, and perhaps 12.

Other directors on the 2020-'21 CATA board include John Crane, Bill Haggerty, Dan Heller, Ryan Kelly, Fred Marks, Dan Marquardt, Scott Muller, Steve Phillipos, Thomas F. Shirey, and Richard Wickstrom.

Clunkers

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Sen. Chuck Schumer (D–New York) that would cost $454 billion over 10 years to offer incentives for people to trade in their gas car for an electric, hybrid, or hydrogen fuel-cell vehicle.

Government's own fleet

Biden did announce that he would also push forward a plan to replace the enormous fleet of U.S. government vehicles to electric vehicles that — like those in the rebate program — would be made and sourced in the U.S. He stated that the government would provide the demand and grants to retool factories so that automakers and suppliers step up to expand capacity, "so that the United States — not China — leads the world in clean vehicle production."

As for infrastructure, the plan also includes building 500,000 new EV charging stations across the country. That boom in charging points would alleviate some of the range anxiety that continues to stunt EV adoption.

Biden said his plan would produce 1 million good-paying jobs in the automobile industry.

Inventories

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cations of the more than 60 days absent of vehicle production, coupled with the fact that many of the auto plants reopened only gradually.

Not only are automakers facing the challenges of mitigating the spread of the coronavirus in their manufacturing operations, they also face enormous supply chain challenges. It likely will take three months to 12 months before new-car manufacturing returns to regular production levels.

That leaves dealers with a challenge: How to manage their new-car inventory when the margin for error just got smaller? Among the key opportunities:

Turn to earn

For a dealership that normally gets 100 units in its allocation, ordering a few of the wrong combinations is not a big deal. But if the allocation now is only 50 units, ordering mistakes must be minimized. J.D Power reported that 88% of combinations across the industry sell 50 units or less total on an annual basis.

These "unicorn" combinations generate only 25% of the sales and often bring with them longer days on lot and lower grosses. Dealers need to focus on stocking the 12% of the combinations that make up 75% of the sales.

Conventional new-car inventory management involves reacting to aged inventory. While that remains fundamentally important, it is even more important that dealers have a clear understanding of "distressed inventory" on the first day rather than on day 300.

It involves taking proactive steps to minimize potential for financial pain. All OEM's allocate production on a "turn-to-earn" basis. The OEM allocates the most to the dealers with the highest sales and lowest availability. Each straggler unit that hangs around punishes dealers' ability to earn more of the "good stuff."

This is especially true for hot-selling products. Having a game plan on the first day for both aged units and high market days' supply configurations means dealers can earn a higher percentage share of the OEM's constrained monthly allocation.

Win the battle of the online showrooms

Today's consumer more than ever is spending less time inside car dealerships and more time on dealer websites.

There are countless examples of online showrooms that are missing hundreds of thousands of dollars in rebates they should be leveraging to move inventory. In one case, $359,000 worth of missing incentives was missing online. With new cars being shopped like commodities, dealers cannot afford to be missing factory incentives on their vehicle detail pages at the same time their competition promotes them.

There is a silver lining in this dark COVID-19 cloud: It's forcing dealers to pay closer attention than ever before to their new-car inventory. Those dealers who are most effective at managing their inventories will be well positioned to grow their market share in this contracted new-car market.

The good habits of dealerships — taking the time to ensure they are stocking the fast movers rather than the unicorns, proactively addressing inventory problems on the first day, and making sure their online showrooms are buttoned up — will pay handsome dividends for a long time to come.