



CATA Bulletin



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Survey asks member dealers to rate CATA

Dealer principals were solicited March 23 for their opinions on the various services provided by the Chicago Automobile Trade Association, and for suggestions on other services the CATA should provide. Please complete the survey by April 14 so the association staff can compile the results.

The online survey was disseminated via e-mail addresses the association has gathered. Important, the CATA holds the addresses in strict confidence and does not share or sell them; the addresses are used only to send informational messages to members.

The latest survey builds on the previous query about CATA activities, administered in 2002. Dealers then generally rated the association favorably and suggested a range of projects for the association to concern itself.

The new survey also gives respondents ample opportunity to add comments on CATA affairs—the Chicago Auto Show, DriveChicago, the CATA's general counsel and employee relations counsel, the association's lobbying activities, education and training classes, and more.

"While we hope to use the results of this survey to learn how to be a better association to our members," said CATA Chairman Terry D'Arcy, "we hope it serves as an informational tool, as well, to highlight a benefit that perhaps (dealers) didn't know was available from the CATA."

NADA chairman advocates total loss disclosure, education on dealer financing

Vehicle title fraud prevention is a top priority this year of the National Automobile Dealers Association, said William Bradshaw, installed last month as the association's 2006 chairman.



William Bradshaw

presence of "total-loss insurance data."

"I think we're finally going to get some momentum on this," Bradshaw said March 17 to a convention of Illinois and Missouri dealers. "We (dealers) want transparency. We want full disclosure. For insurance companies, that's not in their economic interest, but I wouldn't want to be on that side of the table."

Bradshaw distinguished the recent Carfax attempt in Illinois to secure accident report data, even for fender-benders, from what he seeks. "We're talking *total* loss disclosure," he said.

"Dealers," said Bradshaw, "sold more than 5 million used vehicles in 2005. How many of them taken in or

traded were unknowingly flood damaged?"

"We're the only English-speaking country without a database for insurance companies to report total losses. They have it in the United Kingdom, they have it in Australia," the NADA chairman said.

Bradshaw appealed for dealers and consumers to contact him at wbradshaw@nada.org with personal anecdotes about being burned by totaled cars. He said the NADA would use the information in testimony before Congress.

Among other topics, Bradshaw noted that dealer financing continues to come under attack, including from Illinois Attorney General Lisa Madigan. The best policy to overcome such attacks, he said, is education of the process for employees and consumers.

An NADA video, "F&I: Absolute Integrity, 100 Percent of the Time," is part of a training package that includes a 30-page study guide to help dealers assist consumers in the F&I process while purchasing a car. The video stresses the importance of building consumer trust in every transaction through the use of strong listening skills, the practice of high business standards and strict compliance with the law.

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Reducing dealership energy costs

Energy costs for a dealership can be significant, so doing a little research in order to save money can be worthwhile.

Dealerships conduct most of their activities during normal "business hours," when demand on electric utility grids is at its highest. During those hours, utilities may impose on electric bills what are referred to as demand charges: fees based on a facility's highest electrical demand, or peak kilowatt (kW).

May utilities actively seek ways to reduce demand and increase their reliability without adding new power plants or new electric lines. Where permitted, electric utilities may continue to increase demand charges. Alternatively, they may price electricity used at different times differently, relative to market conditions.

For example, during low-demand periods electricity will be priced very economically, whereas electricity consumed during high-demand periods will be much more expensive. Such pricing programs reward customers with low, or off-peak, demand with low electricity costs, while encouraging high-demand customers to lower or shift their peak demand.

Overall, demand charges can contribute significantly to operational costs, especially in areas prone to electrical capacity shortages. Fortunately, there are opportunities for dealerships to lower their demand for electricity, including:

- energy efficiency upgrades that permanently reduce electrical loads
- scheduling equipment usage, such as setting cooling units to pre-cool and take advantage of a building's thermal mass during peak billing periods
- building automation and direct digital controllers with energy management features that automatically adjust equipment operation to flatten peak demand
- thermal storage (ice) to offset cooling in areas of extreme peak electricity charges

Local electric utilities may offer programs specifically aimed at reducing the electrical demand of small- and mid-sized businesses. These programs may include incentives, equipment, or management practices that could help reduce a dealership's demand and save money.

Opportunities and programs to reduce demand are detailed in an NADA management guide, "A Dealer Guide to Energy Star: Putting Energy into Profits," which is the source of this article. Order the publication and other useful resources from NADA Management Education, www.nada.org/mecatalog or 800-252-6232 ext. 2.

Cash back rule on trade-ins unchanged

Several area dealers have called the Illinois Revenue Department recently with misunderstandings about how to treat customers who desire partial or full cash payment for their traded-in vehicles. Important, the relevant tax code has not changed in more than a decade.

The recent callers inquired about whether cash back can be extended when a lien is involved (yes), and whether the cash back should be treated as income (no).

The amount of credit given for a traded-in vehicle is the value assigned to the vehicle, reduced by any cash payments received by the purchaser or title holder of the trade-in. Any cash payments reduce the trade-in value.

On a trade-in valued at \$10,000, even if a \$3,000 lien exists on the vehicle, the trade-in credit still would be \$10,000. However, if the customer with that \$10,000 vehicle requests \$2,000 cash back, the trade-in credit would be reduced to \$8,000.

Customers who desire cash back would face a higher sales tax because the trade-in credit does less to reduce the transaction price. Also, any cash back they receive is not considered to be income. Full details on trade-ins are in a Revenue Department publication, ST-9, at www.tax.illinois.gov/

Marketplace

Office Manager 28 years' experience. Strong background in all aspects of accounting. Natural and persuasive communicator, recognized among colleagues for keen ability to energize and inspire individuals to work towards common goal. Linda Bodene, 630-833-1720.

Service Director Excellent customer service skills, supervision of 70 workers. Increased parts, service grosses annually since 1992. Exceeded GM service department standards; no audits for 13 years. Edmond Pazdzior, 815-482-5222.

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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



On the Web
 On Radio
 In Print

Higher sales counts expected as tax refund season enters final weeks

Most consumers don't relish the annual task of filling out tax forms and visiting accountants, but automakers and dealers display a different perspective. As the 2006 tax season proceeds, many in the auto industry are hoping the influx of tax refunds from the government will translate into higher vehicle sales, as in years past.

"No doubt tax time has some significant impact on March and April business," explained Bud Place, senior manager of used vehicle sales and marketing for DaimlerChrysler. "Typically

March is an exceptionally strong month for certified pre-owned sales. Historically it's our best month of the year, as a matter of fact.

"April typically isn't too shabby either, usually our third or fourth best sales month," he continued. "Given that history, we're pretty optimistic about the next couple of months."

The same sales trend is expected for Ford and Lincoln-Mercury.

"We do anticipate an upswing in showroom traffic as the selling season starts to kick off," noted Jim Edwards,

vehicle remarketing services manager for Ford and Lincoln-Mercury's certified pre-owned division.

Discussing whether he sees business picking up early this year as more consumers are filing tax returns online, Edwards said, "We would have to look at the government numbers to see how many more tax refunds were issued earlier this year as opposed to years past. It does appear that people are getting them faster, but as far as how many fewer people are procrastinating to get their returns in remains to be seen."

Cizek accepts Torchbearer Award

Editor's note: The Chicago Better Business Bureau honored CATA President Jerry Cizek on March 21 with the the BBB Torchbearer Award, the bureau's highest honor.

Here is Cizek's acceptance speech.

"The Chicago Automobile Trade Association is proud to be in the company of those individuals and corporations who have extended themselves to their industry and the public and been so recognized by the Chicago Better Business Bureau Torchbearer Award.

"On behalf of the all the members of the CATA who had the foresight and determination to make the sales and service experience at their new car dealerships better for everyone, we all thank you.

"Sure, an idea or concept to enhance the consumer's dealership experience, whether in the buying or servicing of your vehicle, is sig-

nificant, the many diverse parties to these discussions and negotiations presented significant challenges and opportunities.

"However, we did achieve our objectives, quantifiable advertising review and meaningful, independent third party arbitration.

"I would like to acknowledge the diligent efforts of Chicago BBB, the Office of the Attorney General and the CATA. Together, we have made an impact that benefits everyone who buys or services their vehicle at a new car dealership. In particular, I would like to recognize the officers and directors of the CATA who are with us tonight.

"Ladies and gentlemen, *these* are the individuals who should be standing before you to receive this award, for I am only as successful as the direction and latitude they provide.

"Thank you, I am humbled!"

University's 2nd ever president

Northwood U's Fry to retire

David Fry, president of Northwood University in Midland, Mich., said March 17 that he will retire after 24 years as the head of the university known for educating auto dealers.

Fry, 62, is only the second president in the university's history. He is widely known in the auto industry as a tireless advocate of education, business and personal freedom.

He told university faculty that he hopes a replacement will be on board by Sept. 1, the start of the next academic year. A search committee was formed in January.

Northwood policy requires its 10 top officers to retire when they turn 65. Fry noted that five of the officers will reach that age within the next five years.

"For 24 years I have had the best job in the world," Fry told the faculty. "Now I believe that it is best for me to step aside first, to encour-



Dr. David E. Fry

age the search for a new president who will assemble her or his own top leadership team for the long-term success of Northwood."

Fry will become president emeritus.

Northwood has campuses in Midland, Mich.; West Palm Beach, Fla.; and Cedar Hill, Texas. The university has about 12,000 students, a spokeswoman said.

When Fry became president, enrollment was 2,800.

Bradshaw

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The NADA also is distributing a step-by-step consumer guide on the auto financing process called "Understanding Vehicle Financing," produced in English and Spanish by NADA and the American Financial Services Association in cooperation with the Federal Trade Commission, and available in many dealerships and online.

"We have every F&I employee sign a statement that they watched the (NADA) video," said Bradshaw. "We also get them certified with programs like AFIP (Association of Finance and Insurance Professionals).

For consumers, the NADA has pla-

ced a 10-page feature in Time magazine the past three years, highlighting the good deeds of dealers and offering additional sources for finance education, like the Web site, www.autofinancing101.org/

Bradshaw trumpeted the need for dealers to get involved, by completing the NADA Dealer Attitude Survey—"Manufacturers do listen to the results"—by contributing the Dealer Election Action Committee, and by helping to raise an awareness among teachers, parents and students that dealerships are an attractive place to work.

Bradshaw also indicated that the NADA this year would push for a permanent repeal of the federal estate tax.

Cambridge deflects unemployment claims

One hundred twenty-eight CATA dealer members reported a combined 533 unemployment claims during the fourth quarter of 2005 to Cambridge Integrated Services Group, Inc., which formerly operated as the Martin Boyer Co. The company's efforts saved those dealers a total of \$1.17 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 1.1 percent and 8.9 percent of each employee's first \$11,000 in earnings. The 2005 average unemployment tax rate among Illinois employers was 4.7 percent, or about \$493.50 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.

Congratulations!

Rizza Cadillac, Inc. in Tinley Park was one of 80 dealers nationwide to be named a 2005 Cadillac SFE Platinum Dealer.

Ford's Customer Service Division named eight area Ford and Lincoln Mercury dealers as winners of the 2005 Genuine Challenge. The dealers were in first place in their FCSD zones and helped to grow retail parts & labor sales 10 percent, to achieve overall service satisfaction of 74 percent, and to maintain a first service appointment retention of 54 percent. The dealers are **Bredemann Ford in Glenview**, **Buss Ford Sales (McHenry)**, **Elm Ford (Newark)**, **Paul Heuring Motors (Hobart, Ind.)**, **McCarthy Ford (Chicago)**, **Joe Rizza Lincoln Mercury (Naperville)**, **Wickstrom Ford (Barrington)**, and **Willowbrook Ford**.

Hyundai Motor America recognized four area dealers as Board of Excellence dealers, leading in sales and customer satisfaction. Joseph O'Brien Jr.'s **O'Brien Hyundai** in Peoria is identified at the Platinum Level (2,000-2,999 sales), Robert D. Watson's **Family Hyundai** in Tinley Park is at the Gold Level (1,700-1,999 sales), Roland Gartner's **Gartner Hyundai** in Aurora is at the Silver Level (1,350-1,699 sales), and Saul Rosen's **Rosen Hyundai of Algonquin** is at the President's Level (1,000-1,349 sales).

Ford Motor Credit Co. bestowed the 2005 Partners in Quality award to **Barile Ford**, Valparaiso, Ind.; **Hawkinson Ford**, Oak Lawn; **Art Hill Ford**, Merrillville, Ind.; **River Oaks Ford**, Calumet City; **River View Ford**, Oswego; and **Van Drunen Ford Co.**, Homewood.

Free IADA seminar at CATA office

See the flyer in this newsletter for details of a free F&I compliance seminar on April 18 that is presented by JM&A Group, hosted by the Illinois Automobile Dealers

Association, and located at the CATA office in Oakbrook Terrace.

To attend, fax registration forms to the IADA in Springfield. Space concerns limit attendance to 120.