



CATA Bulletin

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AYES students ready for internships, but more dealers needed

Local dealerships that participate in the Automotive Youth Educational Systems program uniformly are pleased with their involvement, but many more dealerships are needed to participate in AYES.

Fifteen students who become high school seniors this autumn have been placed at area dealerships for yearlong AYES apprenticeships beginning in June. Another 34 students are qualified for an internship but have not been matched yet.

Jim Butcher, the AYES manager for Illinois, said it can be shortsighted for dealers to dwell on today's soft economy as reason to desist.

"Taking interns is for the long term, so a dealer can't be focused on what they'd give him today. The idea is to grow your own tech for 2004 or '05," Butcher said.

Employing an AYES intern gives dealers the chance to test and evaluate the candidate in actual workplace conditions, before selecting



Heritage Cadillac technician Joe Glazier, right, works with AYES intern Tim Street at the Lombard dealership.

the graduated tech for permanent employment. It also encourages current employees to become role models, thereby reinforcing their own commitment to doing their jobs properly and thoroughly.

An obstacle to that grooming process, he said, is the service director who demands immediate results. But AYES interns are just that—interns—so the return on investment is not imme-

diante. Dealers must be able to look beyond the instant gratification that guides some decision-making

Butcher and other AYES officials are in the midst of Dealer Mentor Training sessions that instruct the service technicians who will guide an intern. The CATA board of directors moved April 23 to pay the technicians for mentor training on a Saturday, so that workweek productivity is not sacrificed.

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Dealers in AYES also are obligated to pay \$750 for a tool kit valued at \$3,000 for the intern. The balance of the money is provided by Snap-On.

Before high school graduation, an AYES intern will have logged substantial hours of study in the following:

- 95 hours, steering and suspension;
- 105 hours, braking systems;
- 230 hours, electrical systems;
- 220 hours, engine performance and "driveability."

Butcher said he will continue to place students until August for this year's apprenticeships.

To discuss AYES, call Butcher at 630-424-6020.

Shotgun!

Registration is underway for the CATA annual meeting and golf outing. See the flyers in this newsletter. The June 9 event is at Cog Hill Golf and Country Club in Lemont.

Microsoft unveils new Windows applications for automobiles

A next-generation Microsoft Windows operating system for automobiles will launch this week in Europe, becoming the software giant's latest attempt to standardize basic automotive software.

Eight to 10 manufacturers and their suppliers are working on navigation, safety and entertainment systems that will operate in tandem with the new platform, called Windows Automotive 4.2.

It marks Microsoft's fifth version of the operating system and is designed to enable drivers to use hands-free phones and voice-recognition devices. The company will announce several new automotive partners as well as other features of the system at a telematics conference Monday in Munich.

Any of the new features likely would be available in vehicles in the United States in six months to a year.

"We're trying to create a standard automotive software platform that can help drive down the cost of hardware so more people can have telematics capabilities and create the kind of robust business for applications and services that we see in the desktop and laptop world," said Dick Brass, Microsoft's vice president of technology development.

Telematics refers to wireless communications products designed into vehicles. A few years ago, it consisted mainly

of navigation systems in a few high-end cars and GM's OnStar service.

Some form of telematics already is available on 90 models representing 19 brands in North America. Globally, the numbers rise to 200 models and 32 brands. Still, Brass said, with the notable exception of OnStar, telematics is very much an emerging market domestically.

A key feature of the latest Microsoft upgrade is the short-range digital wireless communications standard known as Bluetooth. A Nordic invention named for a 10th century Viking king, Bluetooth allows various components of telematics systems to "talk" to each other through radio frequencies, allowing drivers to check e-mail, get directions, call for help or even unlock the car if the keys are left inside. It also means they can integrate their cell phones and personal digital assistants with the onboard system.

Michael Cherry, an analyst with the independent research firm Directions on Microsoft, said 4.2's benefit to automakers and suppliers is it eliminates the need for them to perform low-level programming. Microsoft will have taken care of that.

But Cherry said he's not convinced Microsoft will find as viable a market in the United States as it hopes.

"This could be technology in search of a market," he said.

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Board members welcome any questions, concerns and comments from their fellow CATA members!

Time Magazine Quality Dealer Award

Consider nominating a fellow dealer—or yourself—for consideration as the CATA's nominee for the 2004 Time Magazine Quality Dealer Award. See the flyer in this newsletter for details, and use the flyer to submit your nomination.

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Review past editions at <http://www.cata.info/>

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

An ounce of prevention: Steps to overcome employee theft

Estimates by dealership accounting firms indicate that upwards of 25 percent of the nation's 19,000 franchised dealers suffer some type of theft by employees each year. It might be impossible to eradicate, but there are common-sense actions that management can take to minimize opportunities for tempted employees.

1. Make sure dealership checking accounts are reconciled at least monthly.

2. Assign someone other than the accounts payable or accounts receivable clerks to do the bank reconciliation.

3. Assign different people to the accounts payable and accounts receivable functions. The person who sends out the bills should not be the same person who processes checks that come to the store.

4. Account for all missing or voided repair orders at least weekly.

5. Require all employees to take at least one full week of vacation each year.

6. Maintain a list of approved used-car wholesalers. Conduct a monthly review of wholesalers you do business with and eliminate any who cost you money on a regular basis.

7. Insist on a neat and orderly parts inventory. Access to the inventory should be limited to parts department employees and the service director.

8. The general manager or control-

ler should conduct a daily review of cash transactions. Match all bank deposits against customer receipts.

9. Limit check signing authority to the dealer/principal, general manager and controller.

10. Computers allow for new ways to move money, but they also provide some good audit tools. Talk to outside accountants about installing some detection measures.

11. Consider purchasing an employee fidelity bond, a relatively inexpensive insurance policy for coverage of a major loss.

Legislative Conference May 12-13 in Springfield

The annual Spring Legislative Conference hosted by the Illinois Automobile Dealers Association is May 12-13 in Springfield.

To attend, contact the IADA at 217-753-0220.

A golf outing and evening reception on May 12 precedes visits to the state capitol on May 13 to meet with key legislators. The conference concludes with a reception at the IADA offices.

Buying power of Hispanics set to soar

Spending by U.S. Hispanics will grow more than 9 percent a year on average to 2020, outpacing the 6 percent rate of all residents, a recent study found. That would boost the Latino share of the U.S. market to 13 percent, up from 7.3 percent in 2000.

Some companies early to see the potential are cashing in. For example, Blockbuster Inc. last November set aside swathes of shelf space in nearly 1,000 of its stores for videos dubbed in Spanish, and 20th Century Fox this month released "Chasing Papi," its first movie aimed at Latinos.

In the automotive industry, sales of Ford brand cars and light trucks to the Hispanic market grew 40 percent in the past five years. After the company started using Mexican actress Salma Hayek to market its Lincoln brand last year, Hispanic purchases of Lincoln Navigators grew 12 percent, while sales to non-Hispanics were flat, Ford reported.

For Honda Motor Co.'s American arm, Latino purchases increased to 8.4 percent of all vehicles sold last year from about 7 percent five years ago.

For some businesses, Latino buyers will be practically the only source of expansion in an otherwise bleak market, predicted the Global Insight study, which was sponsored by Spanish-language TV network Telemundo.

Over the next 10 years, for instance, the study forecasts sales of new cars and light trucks to Hispanics to increase 5.4 percent a year, more than triple the 1.4 percent annual growth of sales to non-Hispanics.

Two factors are driving Hispanic spending growth. The first is an expanding Hispanic population driven by both a higher-than-average birth rate and immigration. The other is that Hispanic household incomes are starting to catch up to national averages. The report estimates that Hispanic household incomes should grow from 77 percent of the national average in 2000 to 82 percent by 2020.

Related research by The Selig Center for Economic Growth at the University of Georgia says Hispanics in five years will account for 9.4 percent of the nation's disposable income, up from 5.2 percent in 1990.

Don't forget!

To listen to "Drive Chicago," the CATA's own radio show, 9-10 a.m. Saturdays on WLS-AM Newstalk 890.



Suzuki aims for high gear in sales with bigger lineup, new showrooms

Suzuki plans to triple sales in the U.S. market by 2007 with the aid of nine new models in the next five years.

Tom Carney, Suzuki's automotive marketing director, laid out the company's "357 Plan"—three times the sales in five years, by 2007—to the Midwest Automotive Media Association this month.

Suzuki sold 68,000 units in this country last year but intends to sell 200,000 annually by 2007. Sales have doubled since 1998. "We have the momentum behind us," Carney said.

For dealers, Suzuki wants standardized showrooms. The company has retained the same designer that developed facilities for Ford and Mitsubishi dealerships and national discount retailer Target.

Red pillars and a large red "S" above the doorway would guide customers to the new showrooms, Carney said. To help pay for the new design, he said Suzuki will offer dealers a \$400 incentive on every car sold over three years.

The country's 440 Suzuki dealers gathered last month in Las Vegas to consider the redesigned stores, and

Carney said half already have signed on to the plan. Suzuki also hopes to grow its dealer body by 25 percent.

The two newest Suzuki models debuted in February at the Chicago Auto Show. Sales begin in early 2004 for the Foreza, a premium compact car that will be priced from \$12,000 to \$15,000, and the Verona, a mid-size sedan that would retail for \$16,000 to \$19,000.

With just two models sold now, Carney said Suzuki is a player in only 20 percent of the marketplace. He said that, following Foreza and Verona, the company will roll out a crossover vehicle, a station wagon, small and mid-size SUVs, a sport crossover, a sport sedan and a sport wagon.

"The vehicles will be designed by Italians, engineered with the help of Germans, manufactured in Korea and sold in the United States," Carney said.

An expanded lineup will increase the number of repeat Suzuki buyers, he added.

"What else are they going to buy?" he said of the current stable. "They would graduate out of Suzuki. Now they'll have something new to move up to."

Unemployment claims deflected

One hundred fourteen CATA dealer members reported a combined 558 unemployment claims to the Martin Boyer Co. during the first quarter of 2003. The company's efforts saved those dealers a total of \$1.15 million in benefits by contesting the claims.

Martin Boyer monitors any unemployment claims against its clients. About 200 CATA dealers are clients of the company.

Claims that can be protested and subsequently denied help minimize an employer's unemployment tax rate. The rate can vary between .06 percent and 6.8 percent of each employee's first \$9,000 of earnings. The average unemployment tax rate among Illinois employ-

ers is 3.1 percent, or \$279 annually.

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

Client fees amount to \$2.10 per employee, per fiscal quarter. For the fee, Martin Boyer 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.

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

Congratulations!

DaimlerChrysler Corporation named several area dealers to its 2002 Chargers and Pacesetters Clubs, for achieving the highest standards in every aspect of their businesses.

Dodge Chargers Club members include **Sherman Dodge** in Skokie and **South Oak Dodge** in Matteson.

The Chrysler-Jeep Pacesetters Club includes **Mancari's Chrysler-Jeep** in Oak Lawn, **Mancari's of Orland Hills**, **Larry Roesch Chrysler** in Elmhurst, and **Schaumburg Jeep**.

Marketplace

GM/GSM Solid automotive background with proven success record in Sales and Finance management. Hands-on manager with highly developed negotiation skills, ability to drive revenue growth. Rod Rivera, 630-469-9990.

Résumé on file at the CATA.

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