



CATA Bulletin



a biweekly newsletter

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New fixed ops training detailed at reception

“Ask yourself one question: How many cars did Pep Boys sell last year? That’s our market,” said Kevin Cunningham of NCM Associates, “and we want to get it back.”

Cunningham spoke at a July 25 reception to unveil the structure and pricing of a new CATA training program for service directors and managers. Service Management Bootcamps, which lead to Service Manager 20 Groups, debut in August at the CATA.

Terry D’Arcy, immediate past chairman of the CATA and an impetus for the new service department instruction, said the association has allocated about \$1 million to the training program.

“We’re always looking for good ways to invest back into the dealer body, to help us do what we do,” D’Arcy said. “This is not for dealers, but for the people in the trenches.

“If your dentist hasn’t had a tune-up in a while, he probably wouldn’t be a very good dentist. We like to refer to this as an MBA in service manage-

For service directors and managers who complete the 20 Groups, the CATA will rebate to their dealers 50 percent of the first year’s tuition, 75 percent of the second year’s tuition, and 100 percent of the final year’s tuition.

ment.”

A four-day Bootcamp, meeting Tuesday through Friday in one week, is followed by enrollment in a Service Managers 20 Group that would meet three times a year for three years.

The Bootcamp lead instructor is Lloyd Schiller, who in 1983 formed Dealer Service Corporation. DSC now is an NCM Associates company.

Schiller said Bootcamp attendees who registered through other state or metro dealer associations reported net profit increases up to \$20,000 a month after the training, and their CSI scores increased to top factory award status.

SEE **FIXED OPS**, PAGE 2

Contract talks with Teamsters going to wire

Negotiations between representatives of dealers and Teamsters Local No. 731 continued at this newsletter’s deadline, as the parties tried to forge a new collective bargaining agreement before the current contract expires at midnight July 31.

David Radelet, a partner with the

Franczek Sullivan, leads a negotiating team on behalf of 108 area dealers who employ Local 731 unionists. Eighty percent of those dealers sell domestic car lines.

Radelet said negotiators had reached many tentative agreements, but sticking points remained on a few issues.

AG: Dealers should settle trade-in payoffs in 21 days

Dealers should pay off any loan balances on their customers’ traded-in vehicles within 21 days, said representatives of the attorney general’s office at a July 18 meeting of the Illinois Attorney General’s Advisory Committee, which meets occasionally to discuss dealer-related issues.

Although not a statutory time frame, the 21-day recommendation comes seven months after Illinois Attorney General Lisa Madigan sued two Chicago dealerships for taking from 45 days to 167 days to settle their customers’ loan balances, creating late-payment remarks on the credit reports of 17 customers.

The dealers in the suits were charged with violating the state’s Consumer Protection and Deceptive Business Practices Act for failing to make “timely” payments on the loan balances, which forced some of the customers to make payments on vehicles they no longer owned

In a news release about the suits, Madigan accused the dealers of “stalling the payments.”

One of the dealerships subsequently closed its business. The other agreed to pay a \$30,000 fine.

Developing an effective computer policy

A company's computer infrastructure is essential to its success, and misuse or abuse of the system puts the entire operation at risk. The essence of an effective computer policy is more than simply scripting a document to give to employees. Rather, the policy is a vital component of an overall approach to protecting the dealership's computer infrastructure.

Once you develop a policy on acceptable computer usage, you must educate your employees on what the policy means and why adherence is important. You should devise meaningful penalties for policy breaches. And, you need to implement dealership-wide procedures to maintain and enforce computer security.

Here are four steps to help you create your own policy:

1. Acceptable Computer Usage Policy The first step to protect your dealership's computer infrastructure is to create an Acceptable Computer Usage Policy, which specifically instructs employees on their roles in protecting the computer infrastructure. The policy should contain all the "dos and don'ts" of safe and acceptable computing behaviors and should be reviewed and signed by every employee.

2. Awareness Don't just write a policy statement and pass it around for signatures. Take advantage of the opportunity to educate your employees on the potential risks and repercussions of not adhering to the policy. Most nontechnical people have no idea about the repercussions of risky behavior with computers. If employees understand why downloading files from

unknown sources, for example, can open the doors to the network for a dangerous virus or worm, they will be more likely to accept the ban that is placed on such activities.

3. Penalties So you've created a policy, drafted a document for employees to sign, and held a training session to discuss the policy with employees. Is that enough? Hardly. Make sure employees know that the computer usage policy will be strictly enforced. The NADA's policy is taken quite seriously; immediate termination can be the penalty for failure to adhere to the rules of computing, and there is no reprieve. If a breach occurs, you should be willing to follow through with enforcement, whether or not damage was done. Keep in mind that any penalties should be consistent.

4. Enforce I.T. Procedures Now, take it to the next level and make sure the I.T. staff implements procedures to maintain security. An Acceptable Computer Usage policy signed by each employee doesn't go far if your I.T. staff doesn't go far if your I.T. staff doesn't follow procedures to enforce it. If your policy indicates that passwords must be changed every 90 days, for instance, then the I.T. staff must enact a system to make such changes every 90 days. Your I.T. people will police your policy, secure your data, and keep your infrastructure from risk. Make your policy a living document.

This article was adapted from "A Dealer Guide to Computer Policies: Eliminating Risks," an NADA Management Guide that will be sent soon to all NADA members.

In Memoriam

Thomas M. O'Brien, a former dealer of Mercedes-Benz, Mazda, and Lincoln-Mercury lines in Bourbonnais, died of cancer July 25 at age 65.

Mr. O'Brien was general manager and partner of Napleton Auto Werks in Bourbonnais and former owner of the O'Brien Auto Group. He started in the auto business in 1970, with Bergeron Ltd.

Mr. O'Brien had battled cancer for several years and was in remission until about 6 weeks ago. He retired from the business to try to overcome the disease.

Surviving are his wife, Judith; two sons, Shawn and Scott; one daughter, Sally; and 14 grandchildren.

Donations can be made to Bishop McNamara High School in Kankakee, 815-932-7413.

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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

New fax advertising rule requiring opt-out choice takes effect Aug. 1

The Federal Communications Commission has implemented new restrictions on fax ads that take effect Aug. 1. A broad industry coalition last year secured enactment of the Junk Fax Prevention Act, which preserves the essential *established business relationship* as an appropriate basis to send fax ads to consumers and businesses.

The NADA prepared a summary of the new restrictions at www.nada.org/faxadvertising (NADA member number required), including sample opt-out notices. The NADA is mailing the summary to all its members.

The FCC's new rule generally requires:

(i) that senders must include on the first page of their fax ads a clear and conspicuous notice that recipients may opt-out of future fax ads from the sender;

(ii) that notices contain certain information, including a continuously

available phone number, fax number and cost-free mechanism for recipients to transmit an opt-out request;

(iii) that senders comply with opt-out requests within 30 days of the request, and sooner if they are capable of doing so; and

(iv) that in addition to the need to have an *established business relationship* with, or *prior express permission* from, the recipient of a fax ad, senders may only fax to numbers the recipient has voluntarily provided.

An established business relationship is formed from an inquiry, application, purchase or transaction. An inquiry or application must involve a product or service offered by the sender. Unlike with the national Do-Not-Call list, there is no time limit to an established business relationship; the relationship ends when the fax recipient tells the person or entity to stop sending unsolicited advertisements.

Sample opt-out disclosure

An example of an opt-out disclosure that should appear in bold print on the first page of the fax:

If you no longer wish to receive fax advertisements from [name of dealership], please call [toll-free number] or send a fax to [fax number] and provide the following information so that we can process your request: your name, the name of your company (if applicable), your fax number(s) and an indication that you do not wish to receive fax advertisements from [name of dealership]. We must process your request within 30 days.

Fixed Ops

CONTINUED FROM PAGE 1

Technician efficiency also jumped as much as 50 percent.

Enrollment through other dealer associations typically costs \$2,800 for the Bootcamp, plus \$250 a month over the three-year 20 Group. Special CATA prices are \$1,000 for the Bootcamp and \$160 a month for 20 Group tuition.

In addition, for service directors and managers who complete the 20 Groups, the CATA will rebate to their dealers 50 percent of the first year's tuition, 75 percent of the second year's tuition, and 100 percent of the final year's tuition.

A traditional 20 Group agenda includes comparing dealership financial statements with similar-sized, same-make dealerships from different markets. The CATA's 20 Groups will deliberately include representatives from various makes.

Also, the attendees will not share their financial information with counterparts, but instead will compare that data against manufacturer-specific averages and benchmarks.

"You won't be sharing (financial) information with your competition. I think it's important to know that upfront," said Cunningham.

"Proof of the success of the program," Cunningham said, "is when your service

"You won't be sharing (financial) information with your competition. I think it's important to know that upfront."

Kevin Cunningham, NCM Associates

directors bring change to your dealership."

The Bootcamp agenda covers topics such as becoming a more effective manager, analyzing and improving key performance areas, understanding the keys to increased service department efficiency and profitability, service marketing and merchandising, and an analysis of repair orders.

Among Bootcamp topics:

- Creating direct performance-based pay plans
- Implementing quick service teams
- Implementing hours-

loading scheduling & dispatching for maximum efficiency

Each 20 Group would operate autonomously and create its own bylaws and discussion topics, and even have a chat room on an NCM Web site.

The first Bootcamps at the CATA are Aug. 22-25, Sept. 19-22, and Nov. 7-10. The subsequent 20 Groups commence about 60 days after each Bootcamp. For more information about the CATA's program and to register, call Jim Butcher at the CATA at 630-424-6020.

Customer skills trump technical skills for service advisors: CSI survey

Customer satisfaction with the overall experience within the dealership can considerably impact a dealer's revenue gain per customer, according to a J.D. Power and Associates study released July 20.

The 2006 Customer Service Index study, now in its 26th year, measures the customer satisfaction of vehicle owners who visit the dealer service department for maintenance or repair work during the first three years of ownership, which typically represents the majority of the vehicle warranty period. Overall customer satisfaction with dealer service is based on six measures: service initiation, service advisor, in-dealership experience, service delivery, service quality and user-friendly service.

The study finds that customers who are satisfied with the service advisor and the in-dealership experience are more likely to return for service and more likely to repurchase the same make.

They are also more likely to recommend the make, which leads to new vehicle sales. A gain in CSI score of just 10 points for satisfaction with the service advisor or in-dealership experience is estimated to add anywhere from \$40 to more than \$300 per customer annually, averaged over a one- to three-year customer base.

"Generally, in-dealership improve-

ments have been centered in the sales department," said Jane Crane of J.D. Power. "However, customers return to the service department more often than to the sales department.

"The percentage of gross profit for service is substantially higher than for sales, and the influence on future vehicle sales is considerable. Investment in better upkeep, more comfortable seating, improved lighting, Internet connectivity, and the offer of free refreshments would easily pay for itself in additional service revenue."

The service advisor is responsible for providing a cost estimate to the customer before work commences and to advise when the vehicle will be ready. Failure to communicate these two fundamental elements drops overall CSI ratings by anywhere from 70 to 160 points, yet according to customers, about 15 percent of service advisors do not deliver on these important areas.

The study finds that the most effective service advisors function as a point person, navigating the dealership's processes to make things happen to meet

customer needs.

They listen intently when the customer speaks, which communicates respect more than superficial courtesies. They are knowledgeable and thorough in telling the customer what needs to be done, but don't come across as trying to sell unnecessary service. Often, they find alternative solutions that will save their customers time and money.

"When hiring service advisors, customer treatment skills may be more important than technical skills," said Crane. "Certainly, when good service advisors are hired, every effort should be made to retain them.

"Most importantly, however, service advisors are often the victims of poor service department processes and procedures. A poorly managed or non-existent appointment system, or a system that does not dispatch repair work to the proper technician with appropriate skill level, is a conflict waiting to happen.

"Conversely, service advisors who are backed up by well-managed service operations are poised to please."

Marketplace

Office Manager 32 years in automotive accounting offices. Detail-oriented, work well under pressure, can interact with people at any level of organization. UCS, Reynolds & Reynolds, Windows, Microsoft Works. Pamela Bennett, 708-351-3526.

Résumé on file at the CATA.

Congratulations!

Audi Exchange (Highland Park), **Continental Audi of Naperville** and **McGrath Audi** (Glenview) were named to the automaker's 2005 Magna Society, which was created to honor Audi dealers who demonstrate what Never Follow really means.

Eight area GM dealers won the 2005 Jack Smith Leadership Award. **BUICK: Richard Schepel**, Schepel Buick-Pontiac-GMC, Merrillville, Ind. **CADILLAC: William J. Hartigan**, Heritage Cadillac, Lombard. **CHEVROLET: Curtis Pascarella**, Phillips Chevrolet, Frankfort; **Desmond Roberts**, Advantage Chevrolet, Hodgkins; and **Douglas Rockenbach and Gail Rockenbach Vitols**, Rockenbach Chevrolet Sales, Grayslake. **PONTIAC: Michael A. Gillespie**, Gillespie Pontiac, Chicago. **SERVICE AND PARTS OPERATIONS: William T. Jacobs**, Bill Jacobs Chevrolet, Joliet.

DaimlerChrysler named **River Front Chrysler-Jeep** in North Aurora and **Larry Roesch Chrysler-Dodge-Jeep** in Elmhurst as 2005 Mopar Masters, for excellence in the Mopar parts business.