



CATA Bulletin

DRIVE **CHICAGO** .COM
official Web site of CATA dealers

a biweekly newsletter

Volume 100, No. 6

March 31, 2003

TV added to CATA ad campaign

An advertising campaign that touts Chicago area new-car dealers as the best source to buy used vehicles and to service vehicles will add television to the mix by late April. Radio spots carrying that message began airing in late December.

NBC5 Chicago will produce a 30-second commercial that will air on that sta-

tion, as part of the campaign that is funded by the Chicago Automobile Trade Association. In the TV spot, a woman will convince her husband that it makes sense to use a new-car dealer for service—even as mundane as oil changes—because of the expertise of the service department staffs.

SEE CAMPAIGN, PAGE 4

May 23 deadline to comply with rule to safeguard customer information

The clock is ticking toward a May 23 deadline for financial institutions, including dealerships, to comply with a new FTC mandate regarding how any sensitive information obtained from customers is treated.

The FTC's "Standards for Safeguarding Customer Information," or Safeguards Rule, is in addition to, yet independent of, the commission's Privacy Rule, which took effect in July 2001. The Privacy Rule is also referred to as the Gramm Leach Bliley Act.

In essence, the Privacy Rule regards how financial institutions **share** any information they obtain from consumers who secure or merely apply for financial products or services. The Safeguards Rule addresses how that information is **protected**.

The Privacy Rule requires dealers to make a statement in their privacy notices about their information safeguarding practices. A common statement: "*We maintain physical, electronic and procedural safeguards that comply with federal regula-*

tions to guard your nonpublic personal information." The Safeguards Rule is that federal regulation referenced in the privacy notice.

The National Automobile Dealers Association prepared a 48-page guide to comply with the new regulation. A complimentary copy reached all NADA members last week. Additional copies can be ordered at 800-252-6232 ext. 2.

In an age of growing instances of identity theft, the Federal Trade Commission intends for the new rule to shore up sloppy practices that invite such theft. Sources of FTC horror include deal jackets that are left overnight on desktops, or sensitive customer information that can be called up on computers in an unauthorized department.

As an ongoing condition under the Safeguards Rule, the FTC requires every dealer and other "financial institution" to develop, implement and maintain a comprehensive, written In-

SEE SAFEGUARDS, PAGE 3

2003 CATA Board of Directors

Officers

Mike McGrath, Chairman	773-342-6300
Casey Wickstrom, Vice Chairman	630-529-7070
Art Kelly, Treasurer	708-499-1000
Terry D'Arcy, Secretary	815-744-5900
Jerry Cizek, CATA President	630-495-2282

Directors

Lee Drabek	773-631-9000
Steve Foley	847-564-4090
John Guido	847-870-1300
Bill Hartigan	630-629-3300
Bill Hawkinson	708-599-6000
Bill Jacobs	815-725-7110
Bob Loquercio	847-741-2100
Dan Martino	708-418-8800
Kevin Mize	847-297-5700
John Phelan	708-442-4000
Mark Scarpelli	847-395-3600
Jeff Sullivan	847-392-6660
Dave Taylor	815-935-7900
Dan Wolf Sr.	630-717-1578

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

Personal digital assistants helping dealers cut paperwork

Wireless technology tracks customers pricing, inventory

Jeff Higgins doesn't shuffle paper anymore when he sells new cars. Higgins and the rest of the sales staff at Toyota of Bloomfield in Bloomfield Hills, Mich., now use a personal digital assistant and stylus instead of filling out mounds of paperwork.

"I think it's cool," he said. "It lets me do everything faster."

The car dealership is one of only two in the Detroit area that have turned to a wireless technology that enables their sales people to track and access customer, inventory and pricing information through specially-equipped digital assistants.

A dealership salesperson typically must complete forms in every step of the car-buying process—from finding the right model in the inventory to financing. That doesn't include keeping a record of customer appointments or a list of potential customers to follow up with later.

The system, similar to technology used to create wireless computer networks in homes and businesses, speeds up the process and eliminates most of the paperwork.

"We didn't have an efficient contact management or customer follow-up system before," said Jill Bernardi, Toyota of Bloomfield's general sales manager. "Now our sales associates have it at their fingertips."

Staff and customer feedback has been mostly positive, Bernardi said.

"The staff just loves it," she said. "Customers are a little unsure about it until we show them what a great tool it is."

The wireless system, called DealerAdvance, was developed by Stronghold Technologies Inc., a mobile technology service company based in Hasbrouck Heights, N.J. The company has leased its wireless system to 50 dealerships across

the country. The price for the system ranges from \$2,500 to \$3,500 a month.

"Instead of running back and forth between customers and the back office, we're taking 30 minutes to 40 minutes out of the whole new-car buying process and improving customer satisfaction along the way," said Chris Carey, Stronghold Technologies' CEO.

More and more car dealerships are turning to technologies such as the Internet, Internet telephony and computer software to help them sell cars to consumers more efficiently and give customers a better buying experience.

"There are a lot of technologies out there, everything from a salesperson giving customers his cell phone number to a digital assistant that lets dealership personnel access inventory remotely," said Chris Denove, a partner with J.D. Power and Associates. "The key for dealers is to separate those (technologies) that serve an actual customer need from those that are just cool."

Employees want voluntary benefits

Despite having to absorb all costs out of pocket, employees still seek voluntary benefits and increasingly are asking employers to provide a wider array of products and options, according to MetLife's Employee Benefits Trend Study.

Some 59 percent of employees are purchasing voluntary benefits, and 61 percent say they are interested in having their employer offer even more, the study found.

As more employees face "a triple threat to their financial security—planning for retirement, saving for a child's education and caring for an elderly parent—more employees are appreciating the convenience and value of purchasing insurance and investment products in the workplace," said Rob Henrikson, MetLife president of insurance and financial services.

DriveChicago.com In Print included

A copy of the second edition of DriveChicago.com In Print is included with mailed copies of this newsletter. The publication showcases the inventories that appear on the Internet sites of DriveChicago subscriber dealers.

The March edition will be followed by semimonthly issues in April, May and June; then culminate with weekly issues beginning in July.

The publication is offered free at area Shell gas stations, Dominick's and Jewell groceries, blockbuster movie rental stores and Bally Total Fitness locations.

The CATA Bulletin is published by the
Chicago Automobile Trade Association

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://www.cata.info/>

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

Safeguards

CONTINUED FROM PAGE 1

formation Security Program to protect its customer information and the information it receives about the customers of other financial institutions.

As an example of the latter requirement, a dealer might, in a marketing relationship with his manufacturer's financial arm, obtain information about off-lease customers who may never have dealt with that dealer previously.

Information Security Programs must contain five elements:

1. Designate a Program Coordinator
2. Conduct a risk assessment
3. Design and implement safeguards to control all identified risks
4. Oversee all the institution's service providers
5. Periodically reevaluate the institution's Program

The Program Coordinator must be an employee of the company. All other elements can be contracted with an outside agency, except the overall responsibility for compliance. Also, the coordinator must be senior enough or have enough clout to effect change. The coordinator probably would not be subject to increased personal liability.

Smaller dealerships likely can appoint a single Program Coordinator. Large dealer groups might have to appoint several Program Coordinators, from various departments, and specify one of them to head a Committee of Coordinators.

The roles and duties of the Program Coordinator are on-

going, so the position must be filled on a permanent basis.

In conducting a risk assessment, the dealership must identify reasonably foreseeable internal and external risks to the security, confidentiality and integrity of customer information that could result in its unauthorized disclosure or other misuse; and assess the sufficiency of whatever safeguards are installed to control those risks.

Security is risked, for instance, by leaving deal jackets in unlocked or unattended areas, or by presenting a completed Buyer's Order to a salesperson merely to perform CSI follow-up.

Risk assessment must cover "all relevant areas" of a dealership operation. At a minimum, special attention must be paid to

- Employee training and management;
- Information systems, including network and software design, as well as information processing, storage, transmission and disposal; and
- Detecting, preventing, responding to attacks and intrusions on any electronic and non-electronic information systems, or other systems failures.

Dealers also must oversee their service providers, requiring them by contract to implement and maintain their own customer information safeguards.

The deadline to add such language to service provider contracts is May 23, 2003, for contracts entered into after June 24, 2002. A grandfather clause delays the implementation requirement until May 24, 2004, for contracts entered into on or before June 24, 2002.

Lawsuits fly, but dealer cleared, in complicated 'spot' delivery case

Troy Smith bought a Mitsubishi Eclipse from a used-car dealer in Marion, Iowa. Smith financed the car, agreeing to put \$1,000 down and filling out an application for a \$9,295 loan. The loan was approved the same day by Arco Financial.

Smith returned to the dealership later that day to sign his loan papers. He also gave the dealership a postdated check for \$500, drawn from his girlfriend's account. The next day, Smith brought \$500 in cash to complete the down payment and left in the Eclipse with temporary tags and registration papers identifying him as owner of the car.

However, Smith was not able to get insurance on the vehicle, a requirement of the installment loan contract. He promised to return in two days with

proof of insurance.

One day later, Smith drove two friends to a restaurant for dinner, during which they all admittedly had several drinks. En route home, Smith accepted a challenge to see how fast the Eclipse could go. He lost control of the car, and one friend died in the accident. Immediately after the accident, Smith's girlfriend stopped payment on her down payment check.

Who got sued? Everybody. Of interest is who was held liable.

The injured friend and the dead friend's estate both sued Smith and the dealership, claiming the dealer still owned the car since all the conditions for ownership had not been fulfilled. Arco Financial cancelled its loan commitment. The dealership sued Smith for

non-payment and won a default judgment.

At trial, the court found that since Smith had made a down payment and the dealer had transferred title to the vehicle, a legitimate sale had occurred. Importantly, the court also drew a distinction between the sale agreement and the finance contract.

Although Smith was unable to provide all the documentation necessary to complete the financing contract, the court ruled that action did not void the sales agreement.

Since the dealership was the only party with any money, all the losing plaintiffs appealed the ruling. But an appeals court upheld the trial judge, holding that the dealer was not liable for any damages.

Mitsubishi to upgrade Normal

Mitsubishi Motors Corp. announced plans to spend \$200 million to expand the capacity of its Normal, Ill., plant by 25 percent, to allow it to make 300,000 units a year.

The expansion, due to be completed in late 2004, is expected to create about 300 jobs, the company said.

"Our goal is to produce more vehicles in the markets where they are sold," Presi-

dent Rolf Eckrodt said in a March 17 statement.

The automaker, of which 37 percent is owned by DaimlerChrysler AG, said it was looking for even more ways to boost capacity in North America, such as by using available production facilities at a DaimlerChrysler plant, expanding the Illinois plant, or building a plant. A decision would be made by midyear.

Mize, Cizek elected to BBB board

Kevin Mize, president of O'Hare Auto Group, was elected to the board of directors of the Chicago Better Business Bureau; and Jerry Cizek, president of the CATA, was re-elected to the BBB board, at a March 19 meeting of the BBB.

The full BBB board totals

98 members, who meet as a whole on a quarterly basis. Board members also serve on one or more of 10 committees which gather more frequently. Committee assignments of the new board have not been made.

Mize and Cizek both were elected to three-year terms.

Campaign

CONTINUED FROM PAGE 1

The radio campaign begun three months ago emphasizes that the dealer service departments are convenient, reasonably priced and trustworthy; and they guarantee their quality service. The spots also laud the prices and selection of used vehicles at new-vehicle dealerships.

Paid spots air in 2003 during the first two weeks of seven months. The stations used in the campaign complement those paid spots with no-charge airings dur-

ing the other five months. Every month this year features a "sudden impact" series, wherein during one day near month's end, all participating stations air the campaign's 10-second message hourly for 24 hours.

The spots air on a variety of Chicago stations with varied formats, including WGN Radio 720, WLS Newstalk 890, seven stations from the Infinity Group (WBBM-AM, WBBM-FM, WCKG-FM, WJMK-FM, WSCR-AM, WUSN-FM and WXRT-FM), and two stations from Bonneville International (WTMX-FM and WDRV-FM).

Congratulations!

Two area **Chrysler** dealerships are among the 2002 Mopar Masters, a DaimlerChrysler Corporation award to identify "the best of our best." Among the 81 Club Members are:

- Larry Roesch Chrysler-Jeep, Elmhurst
- River Front Chrysler-Jeep, North Aurora

The Hyundai Board of Excellence identified an elite group of U.S. **Hyundai** dealers for superior performance in sales and customer satisfaction in 2002:

Silver Level

- Roland Gartner, Gartner Hyundai, Aurora

President's Level

- Steve Zazove, Howard Hyundai, Elmhurst
- Terry Kunes, Terry's Hyundai, Tinley Park

Nissan North America named its 2003 Owner First Award of Excellence winners, for superiority in sales and service. The winning **Nissan** dealers include:

- Jay Weinberger, Continental Nissan, Countryside
- Neil Gerald, Gerald Nissan of North Aurora
- Robert Hawkinson, Hawkinson Nissan, Matteson
- Charles Piano, Orland Park Nissan
- Michael Kors, Southlake Nissan, Merrillville, Ind.
- William Slevin, Woodfield Nissan, Hoffman

Estates

Ford Credit named seven area dealerships among 101 nationwide as 2002 Partners in Quality, for exceptional efforts to ensure customer loyalty and satisfaction. The area dealerships are:

- Art Hill Ford, Merrillville, Ind.
- Art Hill Lincoln Mercury, Merrillville, Ind.
- Golf Mill Ford, Niles
- Metro Ford Sales & Service, Chicago
- River Oaks Ford, Calumet City
- River View Ford, Oswego
- Van Drunen Ford Co., Homewood
- Village Ford Sales, Bolingbrook

Marketplace

Bill Perform all duties of the position, plus help office manager complete month-end closings. Seventeen years' dealership experience. UCS, ADP, Reynolds and Reynolds. Carmella Adcock, 773-315-7410.

Résumé on file at the CATA.