

**Remarks by
2011 ATD Chairman Kyle Treadway
to the
2012 ATD Convention & Expo
Saturday, February 4, 2012
Las Vegas**

Good afternoon and welcome to our 2012 ATD Convention. After 4 years as your Chairman this is my “swan song.” I’m feeling a little nostalgic, and have been looking back over the events that have shaped our industry these past few years. As you all well know, it’s been an amazing ride – not for the faint hearted. Between the relentless waves of government regulations altering the engineering and cost of our equipment, the collapse of the housing and construction markets, the whipsaw effect of fuel pricing and the manic-depressive stock market, we have witnessed the demise and rebirth of our economy, industry and markets.

Consolidation was a fact of life for our customers, suppliers and peers before the new millennium, but the events of this past decade have accelerated that process. There are far fewer of us, yet we are tasked with managing what the Federal Highway Administration predicts will be a doubling of domestic freight volume from the year 2002 through 2035. At the same time, the practices and methods we use to manage that demand are increasingly under scrutiny by federal, state and local officials. Our customers have been bearing the increasing weight of Hours of Service, Comprehensive Safety Analysis, diverse weight and length restrictions, mandatory drug testing, questionable emissions and fuel economy regulations . . . while they balance the operational challenges of driver shortages, overcapacity and freight rates, equipment costs and maintenance expense . . . All these pressures combined to decimate our truck markets, and consequently our Dealer ranks. From the onset of the recession to today, we saw roughly 10% of Dealers exit the industry. What remains are fewer, bigger dealers.

But ATA President Bill Graves cautions that, “We need to be careful not to become so obsessed with the challenges of the moment that we give up on the opportunity of the future. . . . We are blessed with a country, with a people and with an economy that is capable of surviving anything our government can throw at it.”

A big question we all must face is: who will replenish our ranks? Where are the Dealers of the future? Are they ready? Are we ready?

This past year we all watched as historic events unfolded in Northern Africa and the Middle East - what came to be known as the “Arab Spring.” The first protest occurred in Tunisia on December 18, 2010. With the success of the protests in Tunisia, a wave of unrest spread across neighboring Morocco, Algeria, Jordan, Egypt, Libya, Syria, Yemen, and on to other countries. These large, organized demonstrations have often been coordinated across borders, regions, ethnic and cultural divides. Rebel leaders are largely younger – in their 20’s and 30’s - and rely on Social Media like Twitter, Facebook and YouTube to pierce through the blockades of entrenched and corrupt governments. They rally tens of thousands of all ages with

messages built upon principles of human rights, freedom, democracy and cultural diversity – themes that resonate across generations.

These largely well educated, internet-savvy youth are dissatisfied with autocrats and absolute monarchies, viewing them as [anachronisms](#). A university professor of Oman, (whose name I shouldn't attempt to pronounce "Al-Najma Zidjaly") referred to this upheaval as a "youthquake."

Almost a year later, the protest movement landed on our shores with Occupy Wall Street (OWS). The Canadian activist group Adbusters launched their effort September 17, 2011 in Zuccotti Park, part of New York City's Wall Street financial district. Hundreds of communities across North America have picked up on the concept and like their predecessors, these protests are against social and economic inequality, high unemployment, greed, as well as corruption, and the undue influence of corporations. While the protesters are diversified by age, religion, political affiliation and employment status (over 50% surveyed are employed full time), the Associated Press pegs the average age of the protesters at 33 years. As with the Arab Spring movement, Social Media has been a key tool in rallying the forces and conveying the message.

You might interpret all this revolution as anarchy – a misguided, disorganized cacophony of unproductive noise. But you could also read a few encouraging trends: the youth of the world care; they are using their voice to lead change movements; modern technology is more powerful than we all realized; and change will come with or without our cooperation.

Today's Truck Dealer is facing this same reality – "change will come, with or without us." Freight distribution is experiencing a sometimes subtle, sometimes dramatic, change in its business model. Global Director for Commercial Vehicle Research Sandeep Kar of Consulting Firm Frost & Sullivan suggests that the rise of global mega-cities, against the backdrop of increasing government control of freight movement will lead to fundamental changes in equipment configuration, highway design and commodity distribution. This suggests we need to understand the long range ramifications of these dynamics, and comprehend how to adapt. Which technologies will evolve, and which will fall by the roadside of good intentions? What customer service extras will become "must haves"? How will we find and train qualified personnel? How will we price our products and transact for our services?

If you're as intimidated by these prospects as I am, I suggest we all look at our management training pipeline and beef up the program. That is easier said than done, of course. Our training budgets these past few years have tripled, while our gross margins have shrunk. But as former Harvard President Derek Bok has said, "If you think education is expensive . . . try ignorance."

Last year we launched the NextGen ATD program at our Phoenix convention. Initially we thought of this social-media-based concept as a bridge between ATD Dealer Academy and the 20 Group concept. Its stated Mission is to "help prepare the dealers of tomorrow by connecting them to other dealers with similar backgrounds, giving them the tools to share ideas, and look for ways to improve their business operations." In the past year the idea has continued

to grow. NextGen now welcomes suppliers and OEM's to enroll their leaders of the future as affiliate members. We all know that this business is strongly based on relationships. And after the Customer, what relationships are the most critical to our dealerships? The ones we build with our OEM's, suppliers and each other.

The other exciting aspect of this program, is that it will evolve organically. From Day 1, a committee of Dealer/Manager Successor Candidates representing a broad cross section of line makes have been led by Chair Katie Hopkins of Truck Centers Inc, of Troy, IL. This Committee is tasked with bringing the Voice, Energy and Ideas of youth to bear on NextGen. Katie and her Committee are hosting a reception today at 5:00 in the Tempo Lounge of this hotel, for anyone already involved or interested. I don't know if they'll be carding at the door, but you must be under age 45 OR have graduated from Dealer Academy within the past 5 years. Putting together the resources of ATD and NADA, with these future Dealers and Managers is an intriguing process and it's been a wonder to behold. Our dealership has enrolled the next generation of our family in NextGen, and I can't wait to see what they create.

As you have all seen from the size and scope of this combined convention with NADA, we are part of a very large organization. While ATD is envied by most trade associations with our 83% (?) membership penetration for dealer "rooftops," and number over 1,800 (?) location members, we are only 10% of NADA's dealership population. Being part of a much larger group allows us to benefit from a staff of over 350 (?).

President Phil Brady exemplifies the credentials and connections that characterizes this professional team. He is ably assisted by Vice Presidents:

- Joe Cowden, CFO and
- Andy Koblenz, Legal Counsel and Operations.

Reporting to them are 8 Vice Presidents:

- John Lyboldt - Dealer Services,
- David Regan – Legislative Affairs,
- David Hyatt – Public Affairs,
- Dick Malaise – IT,
- Betsy Piper/Bach – Retirement Administrators,
- Mike Stanton – Used Equipment Guide,
- Steve Pitt – Conventions & Expositions, and
- Mike Regan – Industry Affairs.

Each of these VP's have a large staff that specializes in their AOR, including a crack legal team, top notch legislative and regulatory lobbyists, fund managers, consultants, educators, statisticians, economists, PR and IT Professionals, event managers . . . and so on.

Reporting to Mike Regan are the ATD staff including Executive Director Bert Hulgrave, Director Barbara Robinson, and Assistant Director Kim Carey.

We are fortunate to have the highest caliber employees representing our interests, from the halls of Congress to the Boardrooms of our OEM's and suppliers. Every day these professionals wear the badge of our Trade Association proudly as they advocate, educate and network for Dealers. It's been my privilege to work with all these folks for the past 8 years. I have grown to respect their expertise and count them among my friends. In my humble opinion, our interests as commercial vehicle dealers are well served by this staff. Please join me in thanking them for all they do on our behalf?

Your incoming Chairman Dick Witcher also deserves recognition. ATD bylaws provide for a 2-year term as Chairman. My predecessor was unable to fulfill his term. After I agreed to accept this job, I was informed that those pesky bylaws required me to fill his and my terms . . . very clever Mike Regan, very clever . . . But every time I felt sorry for myself, I was reminded that Dick Witcher will have served as Vice Chairman and Chairman for a total of six years. Dick – you win. And “Thank You” for your service to this industry. I think I speak for us both when I say that the industry has served us well, and we are just “returning the love.” Good luck in your upcoming term.

And good luck to all of you in the upcoming year. I've enjoyed serving as your Chairman. It's allowed me to meet many of you and learn much from you about how to be a better Dealer. We must be part accountant, social worker, personnel manager, marketer, salesman, diplomat, economist, asset manager, leader, educator, futurist, consultant, strategist, lobbyist, schmoozer, technician, and more. The responsibilities can be staggering at times, but we are fortunate to have each other and ATD standing alongside.

Thank you, and have a good convention.