

The background of the cover is a collage of four stylized car wheels, each with a different color and a white, torn-paper-like border. The top-left wheel is yellow, the top-right is blue, the bottom-left is grey, and the bottom-right is red. The wheels are arranged in a way that they appear to be overlapping and part of a larger, abstract shape.

JANUARY 2019

NADA SHOW MAGAZINE

INSIDE THIS ISSUE

Workforce Initiative + NADA Data + San Francisco Fun Facts + Who's Who + Year in Review + Regulatory Maze

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Equity Mining

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XRM™

CRM Platform

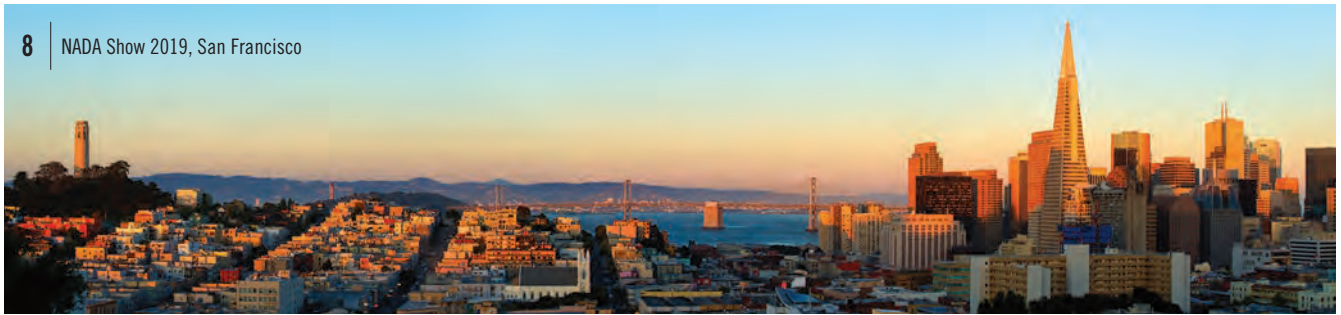
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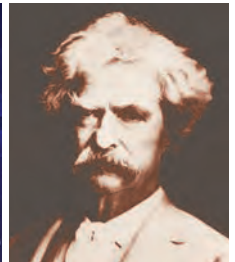
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Proud past, promising future.

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Digital Content

JANUARY 2019

NADA Show Magazine



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Along with key print publications—including the *NADA Show Magazine* and *NADA Show Directory*—NADA offers timely coverage on its digital platforms all year long.

nada.org

Complete resource for NADA programs and initiatives, including event registration, webinars, legislative and regulatory updates, the popular *NADA Data* and *ATD Data* reports, and more.

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Welcome

JANUARY 2019

NADA Show Magazine



NADA: FOCUS ON INNOVATION

It's appropriate the NADA Show is in San Francisco—perhaps the best city in the world for innovation.

From Airbnb to YouTube, the Bay Area is home to the biggest names in high tech. Top execs from three digital dynamos are part of a panel—"Disrupting Your Market with Google, Facebook and Twitter"—at the Social Connection Zone in the expo hall.

Creative strategies also are key to the show's 60 workshops, presented by renowned speakers. In addition, all this year's keynote speakers (page 14) are true innovators. Kat Cole, who runs Focus Brands North America, reinvented herself from high school waitress to running an international, billion-dollar brand in her 30s. Comedian Dana Carvey reinvents himself every time he's onstage. And Air Force pilot Dan Rooney became a pro golfer and philanthropist.

But innovation extends to other arenas, such as advocacy on Capitol Hill. NADA won numerous legislative and regulatory battles last year—and is doubling down on those efforts in 2019 (page 30). The same is true for NADA's education programs (page 34), with new and updated offerings.

And the NADA Foundation's new Workforce Initiative (page 24) will combat a tech shortage facing virtually every dealership. The initiative works with industry partners—including automakers—to vigorously promote dealership jobs.

It's critical NADA provide innovative solutions that help dealers not only survive but thrive. After all, adapting to constantly changing circumstances is how dealerships do business every day.

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2019 NADASHOW

in San Francisco since 1939





1939 SAN FRANCISCO

- 1941 Pittsburgh
- 1944 Detroit
- 1948 Chicago

- 1940 Washington, D.C.
- 1942 Chicago*
- 1947 Atlantic City, N.J.

1949 SAN FRANCISCO

- 1950 Atlantic City, N.J.

- 1951 Miami

1953 SAN FRANCISCO

- 1952 New York City

- 1954 Miami Beach

- 1955 Chicago

1957 SAN FRANCISCO

- 1956 Washington, D.C.

- 1958 Miami Beach

- 1959 Chicago

1961 SAN FRANCISCO

- 1960 Washington, D.C.

- 1962 Atlantic City, N.J.

- 1964 Detroit

- 1963 Miami Beach

- 1965 Las Vegas

1967 SAN FRANCISCO

- 1966 Miami Beach

- 1968 Las Vegas

- 1970 Miami Beach

- 1969 Houston

1971 SAN FRANCISCO

- 1972 Las Vegas

- 1974 Las Vegas

- 1976 Las Vegas

- 1973 New Orleans

1975 SAN FRANCISCO

- 1978 SAN FRANCISCO

- 1980 New Orleans

- 1982 Atlanta

- 1984 Dallas

- 1986 New Orleans

- 1977 New Orleans

- 1979 Las Vegas

- 1981 Los Angeles

- 1983 Las Vegas

1985 SAN FRANCISCO

- 1988 SAN FRANCISCO

- 1990 Las Vegas

- 1992 Dallas

- 1994 SAN FRANCISCO

- 1996 Las Vegas

- 1998 New Orleans

- 2000 Orlando

- 2002 New Orleans

- 2004 Las Vegas

- 2006 Orlando

- 1987 Las Vegas

- 1989 New Orleans

- 1991 Atlanta

- 1993 New Orleans

- 1995 Dallas

- 1997 Atlanta

1999 SAN FRANCISCO

- 2008 SAN FRANCISCO

- 2010 Orlando

- 2012 Las Vegas

- 2014 New Orleans

- 2016 Las Vegas

- 2018 Las Vegas

- 2001 Las Vegas

- 2003 SAN FRANCISCO

- 2005 New Orleans

- 2007 Las Vegas

- 2009 New Orleans

2011 SAN FRANCISCO

- 2015 SAN FRANCISCO

- 2017 New Orleans

- 2019 SAN FRANCISCO

- 2013 Orlando

- 2015 SAN FRANCISCO

- 2017 New Orleans

- 2019 SAN FRANCISCO

*No NADA Show in 1943, 1945 and 1946 due to World War II.



California Gold

Highlights in San Francisco

BY PETER CRAIG

For car dealers attending their annual show, it's been "westward ho!" to California regularly since 1939. Not only was that the first year the NADA Show graced San Francisco, but also the first time the event ventured west of industry mecca Detroit.

Back then, the show's keynote speaker was W.E. Holler, Chevrolet general sales manager and father of "protected territories" for dealers, who spoke only at the "Annual Banquet."

Returning to the city a decade later, NADA premiered an early version of its workshops: "Morning Meetings," informally called "clinics" or "forums." The 1949 show featured California Gov. and eventual Supreme Court Chief Justice Earl Warren.

Entertainers appearing at NADA San Francisco through the years have included Bob Hope (1960), Rowan and Martin (1967), the Beach Boys (1999), Kenny Rogers (2003), and mega car collector Jay Leno (2008 and 2015).

This year marks NADA's 13th visit to San Francisco. The show is taking over the city's Moscone Center (all three buildings), offering 54 traditional workshops and five Distinguished Speaker Series workshops, as well as 500-plus exhibitors in more than 600,000 square feet of exhibit space. Keynote speakers (page 14) include Focus Brands North America chief Kat Cole, comic Dana Carvey and ex-fighter pilot Maj. Dan Rooney, USAF. ♦

For more on the NADA Show, go to show.nada.org.

MOSCONE WEST

The largest structure in the Moscone convention complex, finished in 2003.



InterContinental

NADA Headquarters Hotel

MOSCONE SOUTH

The original building housing the George R. Moscone Center, named after the San Francisco mayor assassinated in 1978 and completed in 1981.





MOSCONE NORTH

Completed in 1992 and connected to Moscone South by pedestrian bridges and an underground expo hall.

LEVEL 3

- International Visitors Lounge
- NADA PAC Display
- NADA Workshops 3000W-3024W
- NADA Workshop Overflow Plaza

LEVEL 2

- Expo West Level 2
- Lifestyle Experience: Excite
- Streets of San Francisco

LEVEL 1

- Attendee Registration & Scan-n-Go
- Coat Check
- Expo West Level 1
- Information Booth
- Membership Booth
- Satellite Exhibitor Registration & Services

LOBBY LEVEL

- Coat Check
- Information Booth
- NADA PAC Suite

LOWER LOBBY

- Expo North, Halls E-F
- *Time* Dealer of the Year Display

ATD HEADQUARTERS HOTEL

B2 LEVEL

- ATD Expo
- ATD Attendee & Exhibitor Registration
- ATD Truck Dealer of the Year Display
- ATD Welcome Reception on Expo Floor

LOWER B2 LEVEL

- NADA Welcome Reception
- ATD General Sessions
- ATD Make Meetings
- ATD Workshops



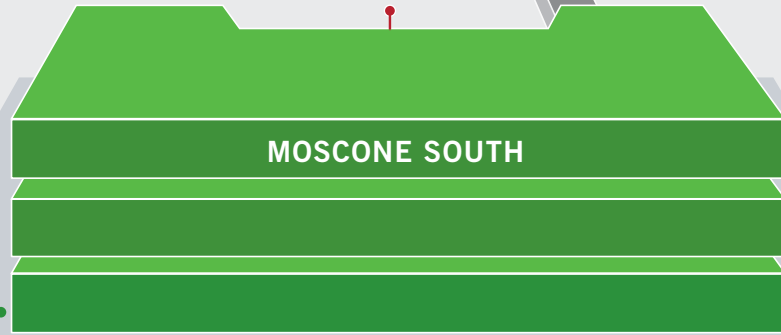
MOSCONE WEST



Marriott Marquis



MOSCONE NORTH



MOSCONE SOUTH



EXHIBIT LEVEL

- Dealer Red Carpet Lounge
- Expo South, Halls A-D
- Lifestyle Experience: Relax

LOWER MEZZANINE

- Convention Management Office

UPPER MEZZANINE

- NADA Franchise Meeting Rooms 151-160

LOBBY LEVEL

- Exhibitor Registration & Services
- Information Booth
- NADA Press Conference Room
- NADA Press Office

LEVEL 2

- Access Walkway to Moscone North
- San Francisco Ballroom, NADA General Sessions

LEVEL 3

- NADA Franchise Meeting Rooms 301-314

Howard Street

Mission Street

4th Street

3rd Street

Underground North/South Corridor

Access Walkway

Building Entrances

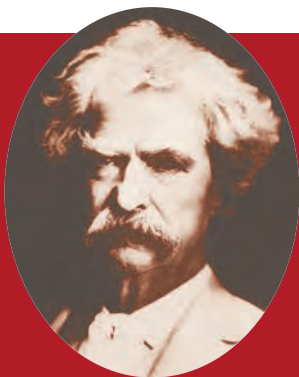
Fun Facts

SAN FRANCISCO

BY PETER CRAIG

San Francisco was defined by the massive 1906 earthquake that struck with such force (7.9 on the Richter scale) it could be felt from Los Angeles to Oregon. The quake and resulting fires killed more than 3,000 people, displaced another 250,000, and destroyed over 500 city blocks and 28,000 buildings. As writer and San Francisco native Jack London put it, “Surrender was complete.”

The good news? The tacky Western boom town that had been slapped together beginning with the 1849 Gold Rush was now completely flattened, and a brand-new city—more logically structured, and graced with elegant architecture—was later on full display for the city’s magnificent 1915 Panama-Pacific International Exposition.



Cold Reality

Mark Twain never actually said, “The coldest winter I ever spent was a summer in San Francisco”... though no one would have disagreed.

Bear Necessity

The 1,100-pound grizzly “Monarch”—whose image appears on the state flag—lived in the city’s Golden Gate Park zoo from 1889 until 1911.





Far Out, Man

During the “Summer of Love” in 1967, an ad in the *San Francisco Oracle* offered \$4.50 “Hippi-Kits” containing “flowers, bells, flute, headbands, incense, feathers.”

Having a Cow (Palace)

After California passed a bill to build a livestock exposition center in San Francisco during the Great Depression, a local newspaper asked, “Why, when people are starving, should money be spent on a palace for cows?” Hence the name.



Getting Technical

The Bay Area has the largest concentration of high-tech companies in the U.S. and 387,000 high-tech jobs, with Silicon Valley accounting for 225,300 and boasting the highest average high-tech salary: \$144,800.



Heart Stopper

“I Left My Heart in San Francisco,” one of the city’s unofficial anthems, was written by George Cory and Douglass Cross—in Brooklyn.



“Gaming” the System

In 1972, Nolan Bushnell and Ted Dabney invented Pong—the first video game—and founded Atari in Sunnyvale, Calif. By 2017, annual revenue for the video game industry worldwide topped \$108 billion, with mobile representing 42 percent.

Towering Tale

Coit Tower, completed in 1933, was *not* designed to resemble a fire hose nozzle or commemorate the city’s fire fighters. But it does contain murals from 27 different New Deal-funded artists depicting “the California workingman.”

That’s a Stretch!

San Francisco’s official musical instrument is the accordion.



Wheel of Fortune

The Chinese fortune cookie was created by Makoto Hagiwara, a Japanese resident of San Francisco.



Kat Cole

COO and President, Focus Brands North America

BY JOE PHILLIPS AND PETER CRAIG

Kat Cole knows food—and how to serve up winning companies. Considered a rock star in her field, Cole has been with Focus Brands Inc. since 2010. She is now COO and president, North America, responsible for such big names as Auntie Anne’s, Carvel, Cinnabon, McAllister’s Deli, Moe’s Southwest Grill and Schlotzsky’s.

She started in retail around age 15, then worked at Hooters as a waitress. Rising fast through the ranks, Cole became executive vice president at the restaurant chain by the time she was 26. And she did it without a college degree. Yet her determination and experience helped Cole leapfrog the bachelor’s degree and receive an MBA from Georgia State University in 2010.

Cole is now on the Global Entrepreneurs Council at the United Nations and part of the Young Global Leaders program with the World Economic Forum. She also has been on the *Fortune* 40 Under 40 list and the CNBC Next 25 List of Rebels.

In other words, Cole may just have a few things to share with auto dealers about grit, drive and leadership. A frequent motivational speaker, Cole will provide insight on what it takes to create and retain successful teams, spearhead innovation and growth, and sustain high levels of excellence. Her experience shows she also knows how to accelerate change and anticipate ever-shifting consumer preferences—two key challenges for dealerships these days. ❖

For a complete list of speakers and entertainers, visit convention.nada.org/speakers.

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Preparing Today for Tomorrow’s Auto Retail Evolution

ALAN HAIG (right)

President, Haig Partners



DALE POLLAK (below)

*Founder, Executive Vice President,
vAuto/Cox Automotive*

Haig is president of Haig Partners, advising sellers of high-value dealerships and dealership groups. He was previously with AutoNation.

Pollak founded vAuto in 2005 and now guides strategic product development/integration for vAuto and other Cox Automotive companies.





Dana Carvey

Master Comedian

The Church Lady. Garth of Wayne's World. Hans of "Pumping Up With Hans & Franz." The pinch-me impersonation of President George H.W. Bush. We would never have known any of these characters without the comic genius of Dana Carvey, seven-year veteran of *Saturday Night Live*. At NADA Show 2000 in Orlando, general session speaker Bush imitated Carvey imitating *him*. High praise, indeed.



Maj. Dan Rooney, USAF

Ex-Fighter Pilot, Pro Golfer and Philanthropist

Maj. Rooney is a military aviator, PGA pro and founder of the Folds of Honor, which has raised over \$100 million and awarded more than 16,000 scholarships to family members of KIA or disabled soldiers. Rooney has received numerous awards, including the Top Gun award (twice), the Distinguished Service Medal and the Presidential Volunteer Service Award from President George W. Bush. Maj. Rooney is the author of *A Patriot's Calling—Living Life Between Fear and Faith*.

Create an Environment That Allows Creativity

MARK KING

Executive Emeritus, Adidas

King led successful turnarounds at two global sports companies. As president and CEO of TaylorMade Golf Co., he grew the company from \$300 million in annual sales to more than \$1.7 billion. As president of Adidas North America, he doubled market share in less than three years and tripled sales in four.



Making an Impact

DR. RICK RIGSBY

President and CEO, Rick Rigsby Communications

Dr. Rigsby is a renowned motivational speaker whose audiences include *Fortune* 500 companies, service organizations, colleges and professional sports organizations, such as the NFL and PGA. He is a former award-winning journalist, college professor and football character coach at Texas A&M University.

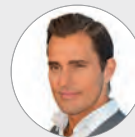


From Apprentice to Visionary: How to Innovate in Business and Life

BILL RANCIC

Entrepreneur, Best-Selling Author, Restaurateur and First Winner of NBC's *The Apprentice*

Rancic is obsessed with what makes great companies—and leaders—tick. He has written four books, including *You're Hired: How to Succeed in Business and Life* and *Beyond the Lemonade Stand*, which teaches young people the value of money and empowers them to pursue a positive self-image.





NOMINEES FOR THE 2019 *TIME* DEALER OF THE YEAR AWARD

John Alfirevich
Apple Chevrolet
Tinley Park, Ill.

Mike Anderson
Anderson Ford/Lincoln of Lincoln
Lincoln, Neb.

Jim Barr
Crest Cadillac/Acura
Syracuse, N.Y.

Todd Blue
indiGO Auto Group
Rancho Mirage, Calif.

John Bowis
Chevy Chase Acura
Bethesda, Md.

Bill Brown
Brown and Wood Inc.
Greenville, N.C.

Don Brown Jr.
Don Brown Chevrolet Inc.
St. Louis, Mo.

Stephen Cavender
Cavender Toyota
San Antonio, Texas

Matt Clark
Humes Chrysler/Jeep/Dodge/Ram
Waterford, Pa.

Patrick Clemons
Pat Clemons Inc.
Boone, Iowa

Lou Cohen
BMW of Towson
Towson, Md.

Bernard F. Curry III
Curry Acura
Scarsdale, N.Y.

R. Nicholas Dellen
Dellen Chevrolet/Buick/GMC
Greenfield, Ind.

Pete Dorsch
Dorsch Ford/Lincoln/Kia
Green Bay, Wis.

Graham Eubank
Palmetto Ford Inc.
Charleston, S.C.

Ron Fornaca
Frank Subaru
National City, Calif.

John Kendall Garff
Ken Garff Automotive Group
Salt Lake City, Utah

Chuck Gile
Motorcars Honda
Cleveland Heights, Ohio

Jim Gray
Viti Automotive Group
Tiverton, R.I.

David Hammer
Contemporary Chrysler/
Dodge/Jeep/Ram/Fiat
Milford, N.H.

Scott Hatchett
Hatchett Buick/GMC
Wichita, Kan.

Fredrick Hertrich IV
Hertrich of Milford
Seaford, Del.

Darryl Holter
Felix Chevrolet
Los Angeles, Calif.

Frank Hug
Hug Chevrolet/Buick/GMC
Charleston, Ark.

Dan Keene
Twin State Ford Inc.
St. Johnsbury, Vt.

Ron Kody
Richmond Ford
Richmond, Va.

Ryan LaFontaine
LaFontaine Cadillac/Buick/GMC
Highland, Mich.

Adam Lee
Lee Toyota/Nissan
Topsham, Maine

Carlos Liriano
Lost Pines Toyota
Bastrop, Texas

Joe Mahan
Joe Mahan Ford Inc.
Paris, Tenn.

Chris Meier
Herzog Meier Auto Center
Beaverton, Ore.

J. Steven Moses
Moses Auto Group
St. Albans, W.Va.

Brad Nicolai
Velocity Honolulu
Honolulu, Hawaii

Eric Nielsen
Nielsen Dodge
East Hanover, N.J.

Mary Pacifico-Valley
Rickenbaugh Cadillac/Volvo
Denver, Colo.



TIME

Dealer OF THE Year

50 YEARS OF HONORING
THE BEST OF THE BEST.

BY PETER CRAIG

Jesse Peterson
Eide Chrysler
Bismarck, N.D.

Scott Peterson
Scott Peterson Motors
Belle Fourche, S.D.

Mark Pogue
Pogue Automotive Group
Powderly, Ky.

Jay Prince
Prince Chevrolet/Buick/GMC
Valdosta, Ga.

Sandy Pearce Raffealli
Bill Pearce Courtesy Honda
Reno, Nev.

Denny Rogers
Landers Dodge/Chrysler/
Jeep/Ram/Alfa Romeo/Fiat
Shreveport, La.

Michael W. Saxon
Inver Grove Ford/Lincoln
Inver Grove Heights, Minn.

Dan Shaheen
Team One Chevrolet/Buick/
GMC Truck Inc.
Charlotte, Mich.

Jimmy Smith
Jimmy Smith Buick/GMC LLC
Athens, Ala.

Don Sudbay
Sudbay Chevrolet/Buick/
Cadillac/GMC
Gloucester, Mass.

David Taylor
Taylor Chevrolet/Buick/Cadillac
Rexburg, Idaho

Matthew Welch
Auburn Volkswagen
Auburn, Wash.

Doug Wilson
Wilson Premier Hyundai
Ridgeland, Miss.

Herbert Yardley
Massey-Yardley Chrysler/
Dodge/Jeep/Ram/Fiat
Plantation, Fla.

John Yark
Yark Automotive Group Inc.
Toledo, Ohio

Steve Zabawa
Mercedes-Benz of Billings
Billings, Mont.

This year marks the 50th anniversary of the *Time Dealer of the Year* award. Selected by a panel of faculty members from Michigan’s Tauber Institute of Global Operations, the winner is being announced at the opening general session of NADA Show 2019 on Friday, January 25.

This year’s 51 nominees are all highly successful new-car dealers with a career-long commitment to community service. Their activities range from helping victims of domestic violence and protecting the environment to contributing to juvenile diabetes research and raising money for Habitat for Humanity.

Award notables include O. Willard Noller of Topeka, Kan., who was the first winner in 1970, and Sheilah Garcia of Albuquerque, the first female winner in 1992.

A select group of *Time Dealers of the Year* also served the industry as NADA leaders: Paul J. Holloway (1998 NADA president), Warren J. McEloney (2009 NADA chairman), John J. “Jack” Pohanka (1976 NADA president), Richard E. Strauss (1992 NADA president) and James A. Willingham (1999 NADA chairman).

NADA salutes all *Time Dealer of the Year* nominees for their longtime support to their customers and communities. ❖

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To move forward, it's always good to know where you've been. Last year, NADA was successful protecting dealers and their customers on many fronts. This year, NADA continues the good fight, with a new Workforce Initiative and a core emphasis on advocacy and education.

2018

Year in Review

NADA annual highlights.

BY JOE PHILLIPS

In 2018, NADA was active on many fronts, including several legislative and regulatory actions that have had a powerful impact on dealers and their stores. Here's a look at just some of the initiatives and projects NADA has focused on to benefit dealers.

1 JANUARY

- Chinese automaker GAC Motor announces it will exhibit and recruit dealers at 2018 NADA Show in March.
- NADA spearheads an effort to get Defense Department to withdraw its flawed interpretation of the Military Lending Act (MLA), which effectively prevented dealers from offering GAP and other credit-related products to certain members of the military and their dependents.

\$600,000+

AMOUNT THE NADA FOUNDATION EMERGENCY RELIEF FUND DONATES AFTER HURRICANES, WILDFIRES AND OTHER NATURAL DISASTERS IN 2018.

2 FEBRUARY

- NADA releases dynamic new mobile app, with workshops, events and exhibitor listings for next month's NADA and ATD shows.
- NADA runs full-page advertorial in *Automotive News* on "The Reality of EVs."

3 MARCH

- NADA and ATD shows held in Las Vegas. Michigan dealer Wes Lutz becomes NADA chairman. Louisiana dealer Jodie Teuton becomes ATD chairwoman.
- Future opportunities of autonomous vehicles highlighted during NADA and ATD shows, including a major address to attendees by Waymo CEO John Krafcik, AutoNation Chairman and CEO Mike Jackson, and NADA President and CEO Peter Welch.
- NADA donates \$50,000 to benefit service members at Nellis Air Force Base near Las Vegas.
- NADA launches Professional Series educational program for dealership department managers.
- After protecting full deductibility of floor plan financing and other important tax provisions vital to dealers, NADA releases *A Dealer Guide to the Tax Cuts and Jobs Act of 2017* (to help dealers navigate 2018 tax changes) and *A Dealer Guide to Federal Truth in Lending Requirements*.
- ATD releases *Commercial Truck Dealer Future Landscape* study to help dealers understand how new driving technology and government mandates will affect them over the next decade.
- Annual NADA/J.D. Power Automotive Forum in New York City features top auto execs from Cadillac and Toyota.
- NADA-commissioned study shows consumers overwhelmingly see personal vehicle ownership as key to future mobility.
- *NADA Data*—annual profile of new-car dealerships—reports that employment at new-vehicle dealerships hit a record 1,135,700 workers in 2017.



Addressing attendees. NADA Chairman Wes Lutz (above) and ATD Chairwoman Jodie Teuton (right) at the NADA and ATD shows in 2018. Topics ranged from policy issues to digital engagement.



4 APRIL

- *ATD Data*—annual profile of new-truck dealerships—shows employment at commercial truck dealerships up 12.3 percent to 145,300 workers in 2017 (highest in six years).
- NADA helps obtain Supreme Court decision upholding longtime exemption of dealership service advisors from overtime pay.
- Citing a need to focus on smart fuel-economy standards that maintain vehicle affordability, NADA supports EPA announcement to revise greenhouse-gas standards for MY 2021-2026 vehicles.
- NADA releases *A Dealer Guide to OSHA's Walking-Working Surfaces Rule*.
- NADA runs full-page advertorial in *Automotive News* on the benefits of personal vehicle ownership.



5 MAY

- Congress passes, and the president signs, a resolution nullifying CFPB's flawed auto guidance—the adoption of which had been the subject of extensive criticism from dealers, state and metro dealer associations, and NADA over the past five years.
- When Commerce Department begins looking into possible 25 percent tariff on imported vehicles, NADA explains that the tax would raise prices, limit customer choice and reduce demand for new vehicles.



6 JUNE

- Sen. Cory Gardner (R-Colo.) introduces a Senate bill to repeal the federal excise tax on heavy-duty trucks. ATD strongly supports this legislation.
- ATD hosts Washington, D.C., fly-in for truck dealers, who meet with members of Congress to support repeal of federal excise tax (FET) on heavy-duty trucks.
- NADA Chairman Wes Lutz urges administration to address trade concerns without auto tariffs.
- NADA runs full-page advertorial in *Automotive News* reiterating dealers' commitment to fair credit and highlighting the NADA/AIADA/NAMAD fair credit compliance program.
- To promote dealership careers, NADA releases *My Dealership Creates Jobs* video on MyDealership.org.



7 JULY

- NADA President and CEO Peter Welch testifies before Commerce Department, citing new study by Center for Automotive Research that says across-the-board 25 percent tariff on autos and auto parts will increase the price of typical vehicle by \$4,400, reduce vehicle production by 2 million units and eliminate 10 percent of dealership jobs.
- NADA runs full-page advertorial in *Automotive News*: "How Auto Tariffs Pose a Risk to Every Dealer."
- *Wall Street Journal* runs full-page ad from automakers, NADA and other industry groups urging President Trump to rethink his auto-tariff proposal.
- NADA reminds dealers to adhere to recently revised Used Car Rule after FTC issues results of nationwide "compliance sweep" of dealerships.
- Through first half of 2018, NADA says dealership employment increased 0.8 percent and payrolls—at \$65.3 billion—were up 2.2 percent from the year-ago period.



8 AUGUST

- NADA Foundation discusses its new Workforce Initiative at White House.
- NADA refutes inaccurate, misleading NPR report on Voluntary Protection Products.
- Highlighting how dealerships create jobs and give back to their communities, NADA releases *My Dealership Is Local* video on MyDealership.org.
- After several years of urging by NADA, EPA issues helpful guidance for undeployed airbag modules and inflators.



9 SEPTEMBER

- More than 400 dealers and association executives attend NADA's annual Washington Conference to meet with members of Congress and hear from Office of Management and Budget Director Mick Mulvaney, Sen. Pat Toomey (R-Pa.), Rep. John Delaney (D-Md.), Rep. Kurt Schrader (D-Ore.) and Rep. Mike Gallagher (R-Wis.).
- NADA and ATD officials attend White House Economic Summit on economic, trade, tax and trade policies.
- After Hurricane Florence in September (and then Hurricane Michael in October), NADA Foundation begins donating more than \$500,000 to dealership employees and their families.



Active on all fronts. NADA Foundation assisted dealership employees following devastation from two hurricanes and the California wildfires (left). The impressive roster of speakers at the 2018 Washington Conference included Mick Mulvaney, director of the Office of Management and Budget.

10 OCTOBER

- Following the hurricanes, NADA offers 10 inspection tips to detect flood-damaged vehicles.
- In remarks to Automotive Press Association in Detroit, NADA Chairman Wes Lutz explains studies showing personal vehicle ownership is less expensive and safer—and provides more freedom, flexibility, convenience and control—than ride-hailing and self-driving vehicles.
- NADA files extensive comments with NHTSA and EPA emphasizing the need to issue new or revised CAFE/GHG rules for MY 2021-2026 vehicles.
- NADA runs full-page advertorial in *Automotive News* on vehicle affordability and fuel economy.
- NADA's move from its 43-year-old headquarters in Tysons, Va., to a nearby high-tech, LEED-certified building results in reduced operating costs, faster responses to members and more personalized training for Academy students.

\$4,400


AMOUNT THAT AN ACROSS-THE-BOARD 25 PERCENT TARIFF ON AUTOS AND AUTO PARTS WOULD INCREASE THE COST OF A TYPICAL VEHICLE.

11 NOVEMBER

- NADA joins other business leaders at White House to discuss enhanced career opportunities for students and workers.
- ATD campaign urges Congress to repeal the federal excise tax as part of a likely infrastructure bill next year.
- As part of continual efforts through the year, NADA sends letter to Defense Department pushing for an MLA solution.
- NADA Foundation supports dealership employees after wildfires in California.

12 DECEMBER

- Despite some economic headwinds this year, NADA forecasts remain on track for solid 17 million new-vehicle sales.
- NADA PAC receives \$2 million-plus in annual contributions.
- NADA completes more than a dozen presentations nationwide to analysts and transportation policymakers about the enduring value of personal vehicle ownership.
- NADA runs full-page, high-profile advertorial in *Automotive News* addressing unfair automaker stair-step programs.
- NADA ends 2018 with nearly 16,500 members, its 17th consecutive year with upwards of 90 percent membership penetration. ❖



3.7%

CURRENT NATIONAL
UNEMPLOYMENT RATE,
LOWEST IN 50 YEARS.

Tapping talent. With the service tech shortage now at 37,000 per year, it's harder than ever to find—and keep—top techs. Above: Mike McGowan, Silver Factory Certified Technician at Porsche Colorado Springs, Colorado Springs, Colo.

Promoting Dealership Careers

NADA Foundation unveils new Workforce Initiative at NADA Show 2019.

BY SHERYLL POE

Jonathan Biggom knows all about the great careers available in the retail automobile industry. The senior service technician at Motorcars Toyota, Cleveland, got hooked on working on cars when he took part in a vocational program during high school.

After graduation, Biggom elected not to go to a traditional four-year college—“I wanted to do something with my hands,” he explains in a recent NADA video—and instead enrolled in an accelerated automotive service course at a technical college. Thirteen years later, Biggom has worked his way up the career ladder. “You definitely see the progression. It’s rewarding,” he says.

But for every Jonathan Biggom out there, there are thousands of other smart, hardworking people who don’t know about the careers available at new-car dealerships or have misconceptions about the work they would do. As a result, hundreds of dealership positions go unfilled because owners and managers can’t find trained employees to take these high-paying positions.

“One of the biggest issues as employers is how to recruit, train and retain the best people” says 2019 NADA Chairman Charlie Gilchrist, president of Gilchrist Automotive in the Dallas-Fort Worth area, about a new initiative the NADA Foundation is launching at NADA Show 2019 to help solve the problem. “Every dealer feels that shortage today. It’s across the gamut. We need salespeople, parts people, accounting, body shop, in every department we need great people. If we don’t have a workforce, we don’t have a future.”

A NUMBERS GAME

There’s no doubt the economy is booming and firing on all cylinders, which makes it even more difficult to attract young adults to the automotive industry. The national unemployment rate is the lowest it’s been in 50 years, hovering at around 3.7 percent, according to the Bureau of Labor Statistics (BLS). The labor force participation rate—the share of adults who are either employed or actively looking for work—is at 62.8 percent, or



Smart choice. Senior service tech Jonathan Biggom launched his dealership career 13 years ago after taking an automotive service course at a technical college.

full employment. The labor force participation for prime-age workers, aged 25 to 54, is even higher, at 89 percent for men and 75.8 percent for women.

Dealerships are doing their part. Through the first half of 2018, the nation's 16,794 franchised new-car dealerships employed more than 1.1 million people, up 0.8 percent from the same period a year ago, according to *NADA Data 2018: Midyear Report*. The average annual earnings for employees at new-car dealerships was \$71,916 per year in 2017, up from \$69,784 in 2016, a 3.1 percent increase.

From the shipyards of southern Virginia to the tech corridors of California, every industry is competing to attract the nation's brightest young people. "What we're seeing is the level of technician required to work on these cars is a higher-level technician, so there is competition to attract people into this market," says Beno Rubin, director of the Regional Automotive Center at Tidewater Community College in Chesapeake, Va. Rubin gets approximately 80-100 new students every fall enrolled in one of five manufacturer programs, all of whom are hired immediately upon graduation. "The same skill set you need now to work on a vehicle is the same skill set you need in many, many different industries, so there are a lot more choices out there."

THE MOST-URGENT-SKILLS CRISIS IS HERE

When it comes to service technicians, the shortage of personnel at the dealership is particularly acute. "Eventually we're going to end up selling cars with no one in the service department to fix them," says Bob Atwood, service instructor at the NADA Dealer Academy. "There is a severe shortage of technicians because the trade schools have not kept up with demand. Right now we need 60,000 technicians *yesterday*, and it's not going to get any better."

\$71,916

AVERAGE DEALERSHIP SALARY, UP 3.1 PERCENT FROM LAST YEAR.

There are currently some 750,000 auto service techs in the country, BLS reports.

With vacancies left by retirees and new jobs being created, 76,000 new

service techs are needed per year. Yet existing training programs are only graduating 39,000 of them, creating an industry-wide shortage of 37,000 new techs each year.

The only way to counteract this trend and eliminate the shortfall is to get more students into service tech training programs. Yet enrollment at many community colleges and technical schools, which experienced a boom during the Great Recession, has declined slightly over the last few years as the economy has improved. "When the economy is good, you don't have a whole lot of people, specifically young people, lining up to get into this field, particularly in this [region], where you have a big tech sector and, of course, the federal government," says Keith Brown, head of Northern Virginia Community College-Alexandria's General Motors Automotive Service Education Program (GM ASEP). "I don't think they're aware of the benefits and the potential that is out there."

LACK OF HARMONIZED MESSAGING

That lack of awareness and information for potential students is a big issue for recruiting and training programs. Right now it is very difficult for someone interested in a service tech career to find clear information about its benefits, and how to gain the necessary training and certifications. Not only is there a lack of online information promoting these careers and the steps to take to get into one, but there's also a lack of information on the scholarships available.

Industry-wide, there has not been

a coordinated marketing effort when it comes to messaging and outreach. Currently, manufacturers, training centers, community colleges, certification programs and dealerships are all putting out their own information and doing their own outreach, often only referring to training centers or programs they're partnered with and ignoring others.

"We interviewed dealers, tech schools and OEMs, and went online to see how technician careers were being promoted," says Jonathan Collegio, NADA's senior vice president of Public Affairs, whose department runs the NADA Foundation. "What we found was a lot of information, but none of it coordinated and all of it user-unfriendly—a real maze if you're 24 years old and interested in a technician career."

The bottom line: The auto industry needs to get out of its silos and get behind one coordinated effort to promote tech careers, says Collegio. "Most OEMs get this. We can make real progress if the industry works together, and the NADA Foundation is in the best position to lead this effort."

NADA FOUNDATION'S SOLUTION

Enter the NADA Foundation Workforce Initiative, which is dedicated to addressing the workforce shortage in the retail automotive industry through a large-scale, ongoing campaign to promote the value of dealership jobs, especially service tech jobs.

The NADA Foundation in 2018 pledged \$250,000 to its Workforce Initiative and seeks to raise another \$1 million from industry partners.

"When the NADA Foundation was doing its strategic planning and when we looked at all of the options for where we could have an impact, we knew that one of

the ways we could help our dealerships and our industry is by confronting the challenges we have with workforce and

37,000

AVERAGE ANNUAL SHORTAGE OF SERVICE TECHS.

Workforce Initiative ABCs

Every year between 2016 and 2026 the retail automotive industry will need 76,000 new automotive service technicians to fill 46,000 new openings and replace 30,000 retirees, according to the Bureau of Labor Statistics. Yet the number of new technicians graduating from technical schools in 2016, for instance, was only 38,829. To help fill the gap, here's what the NADA Foundation Workforce Initiative has planned:

- **Dynamic new service tech website and videos.** A comprehensive, engaging, brand-neutral website will allow prospective service techs to learn about the benefits of the career, watch high-quality videos featuring techs talking about both their work and lifestyle, and find out about training programs and scholarships.
- **Digital media.** An online strategy will target prospective techs with internet searches and targeted advertising on key digital media platforms like Facebook, Instagram and Youtube.
- **Economic research.** Identifying key workforce needs will lead to improvements in tech recruitment and training.
- **Marketing materials.** Top-notch, brand-neutral print marketing materials will explain the benefits of service tech careers and steps to become a tech at different skill levels—and will be disseminated to training programs, dealerships, auctions and others to brand as their own or in partnership with the NADA Foundation.
- **Outreach.** An outreach strategy will encompass key “train the trainer” events, including annual conferences for guidance counselors, technical schools and community colleges, military separation officers, and other key groups.
- **Career fairs.** Local service tech career fairs are being considered for key areas across the country.

Down the road, the NADA Foundation Workforce Initiative will broaden to promote the benefits not only of tech careers but all dealership occupations, from receptionists to managers. ❖



Foundation to the rescue: The NADA Foundation's new initiative is revving up to help find people of the caliber of techs like David White (left) and Matt Smith, Motorcars Honda, Cleveland Heights, Ohio, to join your team.

70%

SHARE OF
TECHS HIRED
IN 2016
WHO WERE
MILLENNIALS.

particularly the technician shortage,” says NADA Foundation Chairman Annette Sykora, dealer principal of Smith South Plains Ford and Lincoln in Levelland, Texas, and a former NADA chairman. “One of the areas we identified was how

fragmented the message was on the various platforms, particularly online. That’s an area where we can really take the lead and provide information on how challenging, dynamic and rewarding careers in automotive are.”

The NADA Foundation’s initiative includes a new website that will serve as a harmonized clearinghouse of information from automakers, training centers and dealerships. The website will tell a prospective service tech where every training facility is located, as well as what programs and scholarships are available. The National Institute for Automotive Service Excellence (ASE) was particularly helpful in providing information on training facilities, Sykora says.

A major hurdle has been the negative impression among younger prospective employees that careers in service tech involve working long, inflexible hours and are low-paying and not creative. To combat those inaccuracies, NADA has compiled a series of videos featuring working service techs talking not only about the careers they’ve built in the automotive industry but also about their lifestyle and life outside the dealership.

To get its message in front of potential tech students who represent key demographics—almost seven in 10 newly hired techs in 2016 were millennials, born between the early 1980s and early 2000s—NADA is undertaking a major digital media marketing campaign. For example, students currently enrolled in a community college who watch a YouTube video on how to put a turbo in a Honda will also see a recommendation or advertisement suggesting that they watch



All smiles. Career satisfaction is a given in the service department at Sport Honda, Silver Spring, Md. Above: Ana Guerra (left) and Lolita “Lita” Johnson.

one of the NADA service tech videos as well. The goal: By finding the right demographics and targeting students digitally, the campaign will help steer those students toward enrolling in an auto tech program at their school.

Finally, the NADA Foundation Workforce Initiative will lead a coordinated effort with manufacturers and with other auto-industry associations to reach groups that influence the prospective service tech population, including high school guidance counselors, military separation officers and community colleges. NADA will market and exhibit at conferences and events

that target those key influencers, such as the SEMA Show, the Association for Career & Technical Education’s

CareerTech Expo and the American Association of Community Colleges Annual Convention.

Says Collegio, “The question we asked ourselves, is: As an organization, can we put a dent in this? Can we do something

that will move the needle? The answer is a resounding yes.” ❖

\$250,000

AMOUNT NADA
FOUNDATION PLEDGED
TO ITS NEW INITIATIVE
IN 2018.

The NADA Foundation is a 501(c)(3) organization, and donations to its Workforce Initiative are tax deductible (NADAFoundation.org).

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2016 • 2017 • 2018

Policy Spotlight in Washington, D.C.

NADA, ATD take on some of the biggest legislative and policy issues facing dealers.

BY SHERYLL POE

Hot on the heels of the successful passage of last year’s tax reform bill, NADA and its advocacy team pivoted to other policy fronts this year, and continue to advocate on behalf of dealers before Congress, the federal government, the media and the public.

“Every day on Capitol Hill and in the regulatory agencies, officials are making decisions that have the ability to greatly affect our lives and our industry. I believe we have a responsibility to have a seat at those meetings, and our advocacy and outreach efforts are how we get that ‘seat,’” says NADA President and CEO Peter Welch. “By telling our stories and showing policymakers what we do and how we do it, we help keep them focused on the things that matter most to dealers and consumers.”

OPPOSING AUTO TARIFFS

Trade actions, and particularly potential tariffs on automobiles and auto parts, continue to be one of the primary policy battles NADA is engaged in.

During testimony before the Department of Commerce in July, NADA’s Welch urged the Trump administration to find ways to address “genuine trade concerns” without imposing auto tariffs that would only hurt American consumers and small businesses.

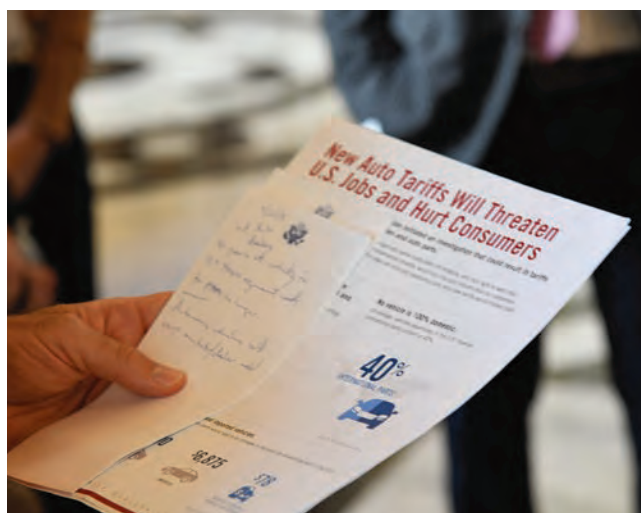
“NADA recognizes the importance to the United States of leveling the trade playing field; eliminating unfair trade practices; and keeping America’s automotive industry strong,” Welch said. “But a 25 percent tariff applied to all imports would hurt auto manufacturers, dealers, consumers

and the economy as a whole. And the hardest hit would be our customers.”

As part of his testimony, Welch announced the findings of a new study by the Center for Automotive Research (CAR) — commissioned by NADA—showing dramatic increases in vehicle prices and significant economic consequences arising from new auto tariffs, including a possible across-the-board 25 percent tariff on all imported vehicles and auto parts. CAR found that under a 25 percent tariff on all imports and parts, “consumers would see the price of the typical vehicle sold in the United States rise by \$4,400. Prices of U.S.-assembled vehicles rise due to an increase in the cost of imported vehicle parts, adding

\$6,875

AVERAGE AMOUNT THE PRICE OF AN IMPORT VEHICLE WOULD RISE UNDER A 25 PERCENT TARIFF.



Leading the conversation. NADA championed dealer interests in Washington, D.C., with tariff updates and meetings with members of Congress on Capitol Hill.



\$2,270 to the price. For the typical imported vehicle, these tariffs raise consumer prices by \$6,875 per vehicle.”

GUIDING THE ADMINISTRATION ON WORKFORCE TRAINING

NADA is also using its influence and reach to address a key issue facing dealers nationwide: the workforce shortage.

In August, NADA and ATD leaders met with the White House to discuss the NADA Foundation’s own Workforce Initiative to promote the value of careers at new-car dealerships—especially service technicians—and to explore ways in which the administration, NADA and franchised dealers across the country could work together to help solve the urgent skills crisis affecting auto retailing and other industries.

That meeting was followed by a November discussion with President Trump and senior administration officials on the administration’s comprehensive workforce development efforts, including the establishment of the President’s National Council for the American Worker and the American Workforce Policy Advisory Board. NADA’s 2018 chairman, Wes Lutz, and incoming 2019 chairman, Charlie Gilchrist, joined other business

leaders at the White House for those talks and praised the administration for its efforts.

“Some of the best-paying and most stable jobs in America don’t require four-year college degrees but are instead had by smart, hardworking people who get trained on the job and at technical schools. We need them at my dealership and I applaud President Trump for prioritizing this key issue,” says Lutz.

COMMITMENT TO FAIR CREDIT

Even after Congress acted last year to rescind the Consumer Financial Protection Bureau’s (CFPB) 2013 flawed auto lending guidance, NADA remained busy reminding regulatory agencies and other stakeholders that there is still work to be done to promote fair credit and consumer competition. “Simply put, the CFPB guidance is gone, but the anti-discrimination laws governing lending, like the Equal Credit Opportunity Act (ECOA), are not,” says Lutz. That’s why the NADA created the voluntary Fair Credit Compliance Policy & Program to help dealers abide by the nation’s fair credit laws while preserving flexibility for dealerships to allow customers to

benefit from today’s intensely competitive vehicle-financing market.

REPEAL OF THE FEDERAL EXCISE TAX ON HEAVY-DUTY TRUCKS

The American Truck Dealers (ATD), with support from NADA, is leading the charge to repeal the 101-year-old federal excise tax (FET) on heavy-duty trucks.

Two bills have been introduced in Congress—H.R. 2946 and S. 3052—and are garnering bipartisan support, thanks in part to ATD and a truck industry coalition that is urging Congress to revisit the tax.

“Now is the time to repeal the FET and replace it with a 21st century policy and revenue structure that meets the needs of our economy,” says Jodie Teuton, ATD chairwoman and vice president of Kenworth of Louisiana and Hino of Baton Rouge. “This tax discourages the deployment of today’s cleaner, safer and more fuel-efficient heavy-duty trucks.” Implementing the program is also unquestionably the right thing to do. Treating customers in a fair and consistent manner and strictly abiding by all anti-discrimination laws are central to the mission and success of dealers everywhere.

VOICE OF THE DEALER

Congress and the administration are currently considering many other issues that affect the dealership industry, including autonomous vehicles, recalls and voluntary protection programs. NADA works hard to defeat unnecessary regulations and protect your business with advocacy efforts, including educating policymakers and the administration, building successful coalitions, and mobilizing its grassroots network on a range of issues. We need your help to make sure all of Washington hears from dealers. Use the online tools at nada.org/grassroots to contact your representatives and make your voice heard. ♦



At the White House Economic Summit. NADA President and CEO Peter Welch, NADA Foundation Chairwoman Annette Sykora, NADA Director Michelle Primm, truck dealer Nancy Hunter and ATD Chairwoman Jodie Teuton.



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With Knowledge to Spare

How NADA's education and training programs are responding to dealers' needs, preparing the next generation of leaders.

BY SHERYLL POE

With the new NADA Foundation Workforce Initiative providing the groundwork for finding and hiring the dealership employees of the future, it's more important than ever that those employees—as well as the dealership leaders—get the education and training to ensure success. It's also key that the education and training be as targeted and easily accessible as possible.

That's why NADA education opportunities range from in-person training and consultation to webinars and other online learning opportunities.

Here's a look at how dealers and their staffs are translating the lessons learned from some of these NADA programs into real-world experience.

THE PROFESSIONAL SERIES

This year, NADA Academy launched a training program exclusively for dealership managers. The NADA Professional Series provides training to new or high-potential department managers working in sales, office, parts and service.

"We want the next generation of automotive retailing professionals to secure their success at the dealership," says Peter Fong, NADA senior vice president of dealership

operations. "NADA is the only organization in the country that offers a full training program to give dealership managers the tools they need to run profitable departments, and very few, if any, in the industry offer training for office managers."

With convenient classes offered at multiple locations across the country, the Professional Series is designed to fit the busy automotive retail lifestyle of dealership managers, like Aaron Dishman of the Tate Branch Auto Group, Artesia, N.M.

Dishman, who has been a used-car manager for three years and plans to become a general manager, completed his Professional Series training sessions in Dallas—a Sales Management class in August and a Leadership Foundations class in October. Dishman had high praise for his NADA instructor, Georgia Munson, and says he's already applied some of the practices he learned in class, including creating more structured sales meetings, using SMART goals for performance planning, and employing better analysis and planning around financial statements.

"This training was focused on preparing for bigger things, and I felt like they were such a great foundation for going forward," Dishman says. "The auto industry is such a scary place, and if we can make sure we have that foundation, even standard policies and practices in place from the beginning, it's going to help a lot."

37

AVERAGE NUMBER OF YEARS OF AUTOMOTIVE EXPERIENCE PER 20 GROUP CONSULTANT—HIGHEST IN THE INDUSTRY.

NADA 20 GROUP IN-DEALERSHIP CONSULTING

While the NADA/ATD 20 Group programs equip dealers and managers with best practices and new ideas, the In-Dealership Consulting (IDC) program takes that peer-to-peer sharing a step further, providing one-on-one instruction and guidance to help improve dealership profitability and processes.

IDC is a results-proven service tailored to meet a dealer's specific needs by analyzing dealership operations and engaging the management team in developing the solutions. IDC is so popular it often gets repeat bookings, as was the case with John Arscott, CEO of The Pete Store, Baltimore, Md. Arscott's Peterbilt dealership group includes 500 employees at 17 locations from Savannah, Ga., to Boston.

Arscott, who has been an ATD 20 Group member for some 20 years, says he suggested NADA start a commercial truck in-dealership consulting program over 10 years ago. "I felt that I'd go back after a 20 Group and say, 'We've got to look at this and that,' and my people would tune me out."

What was needed was an independent expert from

outside the dealership, Arscott says. So he brought in NADA Dealership Management Consultant Dick Parrish. "When an independent person was showing department employees the gross profit and bottom-line numbers on the service department, he carried more authority. It really added more credibility to the numbers."

Now, Arscott brings in Parrish annually for a three-day session, including a parts meeting, a general meeting and a service meeting. The visit is broken up between composite work analyzing performance at each branch location, and sharing best practices with more independent work and training sessions.

"There's a cross-pollination of knowledge that Dick's the catalyst for pulling out and getting people talking," Arscott says. "We focus specifically on new managers to bring them up so that they understand the business. It has been a strong program for us. I would credit it as one of my key management-development tools."

25%

INCREASE IN THE AMOUNT OF IN-DEALERSHIP CONSULTING SERVICES PROVIDED TO DEALERSHIPS NATIONWIDE FROM 2017 TO 2018.

TAILORED TRAINING

Finally, NADA offers the Tailored Training program to member dealerships, dealer groups, OEMs and allied industries. It's



State of the art. Academy instructor Michael Lucki instructing an ATD class at NADA's new high-tech education facilities in Tysons, Va.

based on the modules taught at NADA Academy and provides dealership employees with the foundation to improve their advanced dealership operations.

Tailored Training represents the ultimate in training flexibility, which is what makes it so attractive for Denny Wiseman, head of recruiting and development for the Sheehy Auto Group, Washington, D.C. Wiseman regularly incorporates two-day Tailored Training sessions led by an NADA Academy instructor with Sheehy's two-year internal training program. Employees get the benefit of the NADA curriculum tailored to Sheehy's culture and processes. For example, Sheehy financial statements are used in the financial management classes.

"It's very convenient for our

31

NUMBER OF AUTOMAKERS THAT HAVE HAD THEIR EMPLOYEES AND DEALERS PARTICIPATE IN NADA TAILORED TRAINING CLASSES.

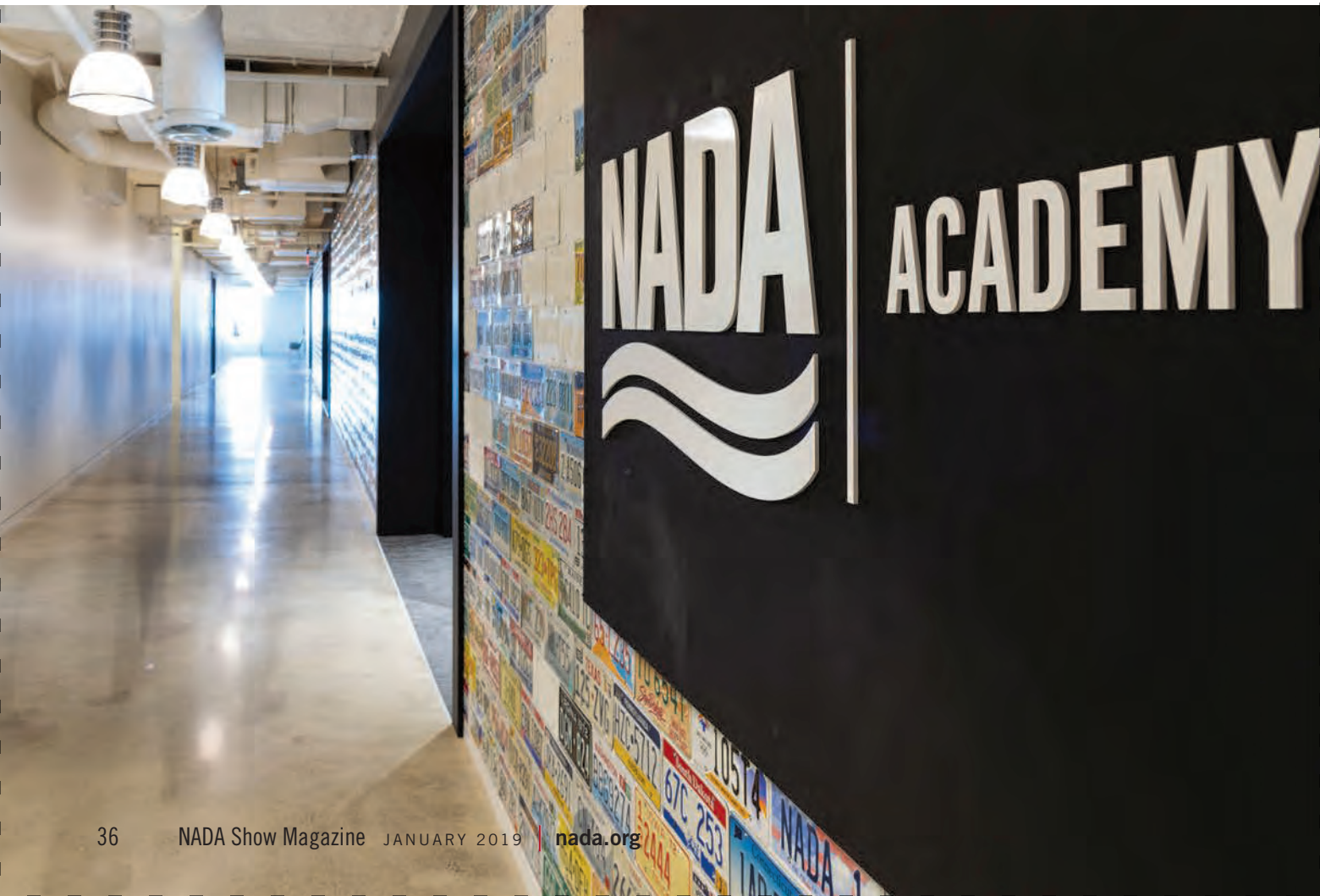
bigger program and has helped us broaden our internal training," Wiseman says. "It's ingrained within our culture at this point, and NADA does a great job in the fact that they're flexible."

For the Apple Automotive Group, York, Pa., NADA's Tailored Training provided accelerated education and training when managers needed to be brought up to speed quickly. When Chief Operating Officer Kevin Marquet joined the company two years ago, he immediately noticed that there was "an intensive deficit in operational aptitude at the senior management level at the stores," he says. With "a lot of the leadership, it was all about selling cars. They didn't understand the negative impact that, for instance, contracts and transit have on cash flow on a daily basis, not paying cars off, title issues."

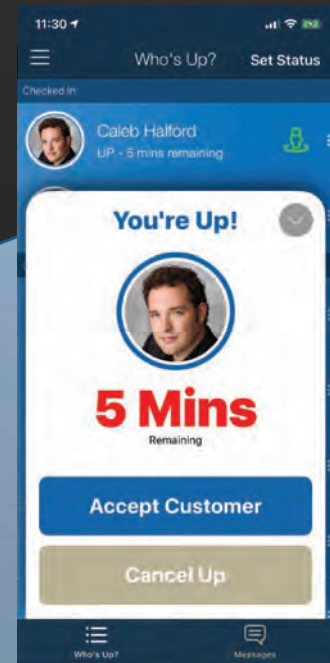
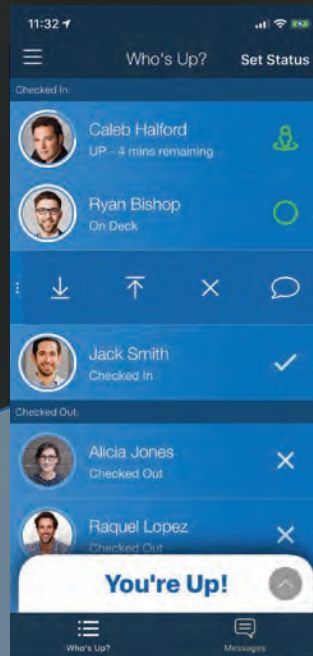
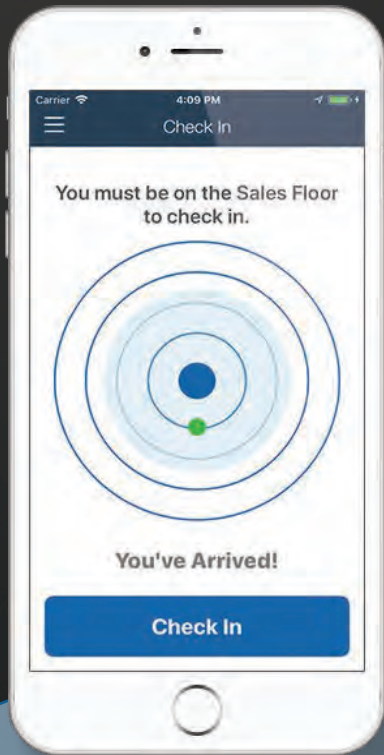
Marquet, who was already familiar with NADA Academy, suggested doing something similar at Apple Automotive. NADA instructor Mike Fullam implemented a six-month program of two-day training sessions covering six NADA Academy modules.

"We thought that everything about it worked incredibly well for us," says Marquet. "It certainly brought us along from where we were prior to the six months we brought NADA in. It took the leadership teams to another level from an operational standpoint of understanding the importance of cash management and cash flows. It brought everything together for them to understand why the little things are important to the success of any business, but certainly a car dealership." ❖

Learn more about NADA education and training programs at nada.org/education.



Who'sUp?®



Robust Sales Rotation Tool for Automotive Dealerships

Track and control the "Up" rotation of sales persons. No hardware is required. Who'sUp? Is a downloadable app that runs on Apple and Android devices. Each salesperson has a "key" that is cycled to ensure only valid current dealership representatives are able to use, view and respond to sales opportunities. When accepting an up, the sales person simply taps accept and they are removed from the first position and automatically added to the last list of who's' ups position. The round robin cycle continues until the dealership open hours have expired.

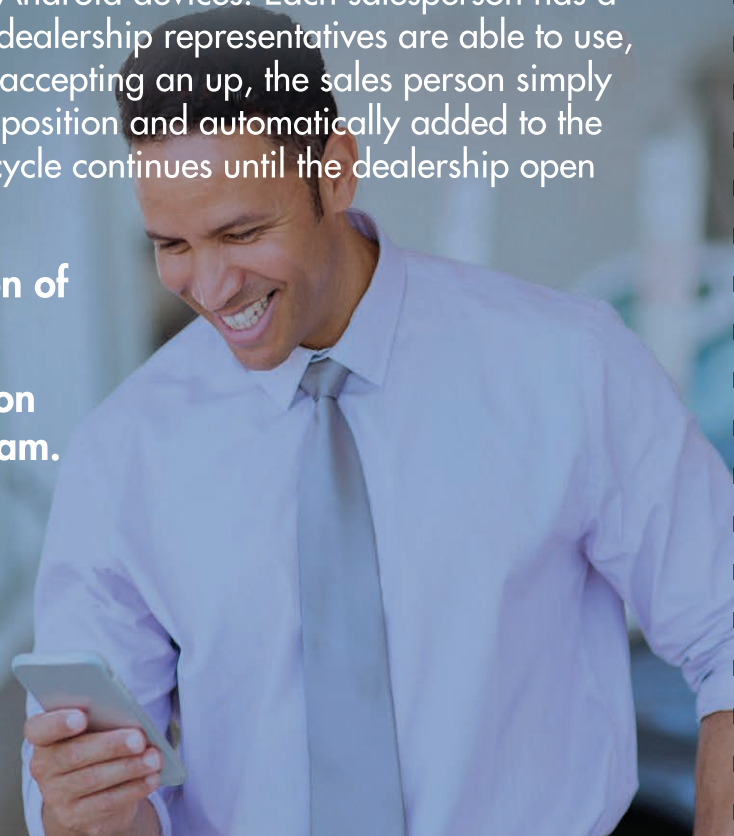
Equitable, efficient distribution and rotation of new sales opportunities.

Continuous notifications and communication about Who's Up and Who's On deck to team.

Trackable revenue metrics for all "closed" and "lost" Ups sales.

Simple interface and installation, no training required.

Frees sales team members who are not "Up" to follow up on leads.



Digital Impressions

NADA ramps up digital to promote the dealer message.

BY JOE PHILLIPS

Like dealers and automakers, NADA has learned to adapt to all things digital. First there was nada.org, launched in 1997 and now with more than 4 million visitors annually.

The popular *NADA Headlines* e-newsletter—began in 1999 with some 20,000 daily subscribers—has seen circulation soar to 100,000-plus. Last year, a *NADA Headlines PM* edition was added to the lineup.

Subscribers include dealers, their staffs, state/metro dealer association execs, automakers, government officials, Wall Street analysts and other auto-industry aficionados.

That's a lot of eyeballs reading the latest dealer news.

Other targeted e-newsletters: *ATD Insider* (for truck dealers), *Capitol Hill Insider* (legislative updates) and *NADA PAC E-newsletter*. And there are assorted e-pubs, designed to promote the NADA and ATD shows, as well as education and consulting programs.

As if this digital outreach wasn't enough, NADA's social media presence—virtually nonexistent a few years ago—has exploded. This includes last year's launch of the NADA blog, with articles, press releases and other information disseminated to an increasing number of social platforms.

Here's a quick look at NADA's brave, new digital world. ♦

NADA'S BRAVE NEW DIGITAL WORLD



30 million
ANNUAL SOCIAL MEDIA
IMPRESSIONS



7.2 million
ANNUAL GOOGLE SEARCH
IMPRESSIONS



1997

YEAR NADA.ORG LAUNCHED
(3 MILLION ANNUAL USERS TODAY)

2001

YEAR ATD.ORG LAUNCHED
(40,000 USERS TODAY)



- nada.org
- atd.org
- NADA blog (blog.nada.org)
- MyDealership.org
- ATAE (state/metro dealer association) sites
- Auto show and other partner sites



EMAIL

- NADA alerts and updates
- E-newsletters (industry news)
 - *NADA Headlines*
 - *NADA Headlines PM*
 - *ATD Insider*
 - *Capital Insider*
 - *NADA PAC E-newsletter*



E-MARKETING

- NADA Show (attendees, exhibitors)
- NADA Academy
- NADA 20 Group



THIRD-PARTY MARKETING

- BounceX
- Resonate

100,000+

ANNUAL NUMBER OF
E-NEWSLETTER SUBSCRIBERS
TODAY (NADA AND ATD
COMBINED)

Digital in the Driver's Seat

When it comes to buying cars and trucks, it's a digital world. Google tells us so.

- 95 percent of vehicle buyers use digital as a source of information.
- 60 percent of all automotive searches come from a mobile device (many related to dealerships).
- Some 25 percent of all automotive searches are related to parts, service and maintenance.
- More than 40 percent of shoppers who watch a video about cars or trucks visit a dealer as a result.

Facebook has similar stats.

- 78 percent of car buyers find some type of social media content useful when deciding on a purchase.
- 86 percent of car shoppers want some kind of engagement with their automotive brands after buying a vehicle.

2018

Tysons, Va. Along with state-of-the-art education facilities, the new NADA headquarters—on two floors—is designed to help the nearly 200 employees respond even more quickly to dealer inquiries and address the latest policy and manufacturer issues.



NADA

NADA on the Move

NADA moves to new high-tech headquarters
to respond more quickly to dealer needs.

BY JOE PHILLIPS

Forty-three years ago, NADA built its headquarters on the highest point in Tysons Corner, Va., just 20 minutes outside Washington, D.C. Back then, the nearest neighbors were cows in the fields and some low-slung buildings down the road. Yes, Mayberry was almost a major metropolis by comparison.

Today, the cows are gone, the fields replaced by more than 26 million square feet of high-rise office space and the rural-sounding “Tysons Corner” was officially shortened to “Tysons” last year.

The new digs are literally next door to the old NADA building, but they are light-years ahead in design, functional space and—because it is a LEED-certified building—eco-friendly features. NADA staff went from being spread out over 12 floors to being consolidated on just two. The result: lower utility bills, a more collaborative workplace and faster response times to dealer inquiries.

Another plus: The Academy now has four classrooms instead of three, each with high-speed digital access and state-of-the-art multimedia screens for a fast-paced learning experience.

Dealerships know the value—to workers and customers—of an efficient workplace. So does NADA.

Here's a look at various NADA headquarters over the years. ♦



1979



Capitol Hill. To house its legislative staff, NADA acquires a building just two blocks from the Capitol. Then, as now, such access allows NADA to advocate more directly with Congress, regulatory agencies and the White House.

1974



Tysons Corner, Va. The new 10-story NADA building in Tysons Corner, Va., is heralded a “New Beltway Landmark” by the *Washington Star* newspaper. By renting out most of the space—NADA occupies just three floors—annual expenses are kept to a minimum. Contrary to local lore, the three towers are not grain silos but instead house stairs and water lines. Staff gather in 1992 (right) to commemorate NADA’s 75th anniversary.

1941



Washington, D.C. While the *Guide* department stays in Detroit, the NADA headquarters moves to the nation’s capital on December 1—just days before Pearl Harbor is attacked and the United States enters World War II.

1936



Detroit. NADA moves to the Motor City, occupying the 14th floor of the 1,000-room Statler Hotel. Harry Houdini stays at the hotel in 1926, during what would be his last performance at a nearby theater. NADA later moves to the United Artists Building.

1918



St. Louis. The first NADA headquarters is established in St. Louis, where F.W.A. Vesper—NADA president in 1918 and 1919—has his Buick dealership and a cattle-breeding business. There are 5,000 members in 1919. Within two years, the NADA staff grows to six, along with seven field secretaries. Vesper is NADA president again from 1933 to 1935, and in 1936 NADA moves to Detroit.

1956



Washington, D.C. NADA moves four blocks to its own building on K Street, the thoroughfare famously known for its think tanks, lobbyists and advocacy groups. NADA occupies half the eight-story building, renting out the rest.

1937



Detroit. At the *N.A.D.A. Official Used Car Guide* department in Detroit, the staff (above) use electromatic machines—with “finger-tip touch”— to type master dummy sheets for guide book valuations. Automatic sorting machines (above right) collate 400 cards per minute.

1917



Chicago. NADA is founded on July 11, 1917, at a meeting at the La Salle Hotel (right). The dealers band together during World War I to stave off a proposed 5 percent excise tax on new automobiles.



Lone Star Leader

As 2019 NADA chairman, Texas dealer Charlie Gilchrist will fight overregulation and tariffs in his quest to make vehicles more affordable.

BY SHERYLL POE

Charlie Gilchrist is taking over as NADA chairman armed with more than 30 years of experience operating automotive dealerships. But he started out on an entirely different career path: accounting.

Gilchrist's career as a number cruncher was brief because he realized he didn't actually like accounting. "I like to talk to people and interact," he says. But all was not lost. "Getting an accounting degree made me a natural at reading financial statements and understanding how businesses operate. My background allows me to look at numbers and understand what makes up those numbers."

In fact, Gilchrist credits much of his success as a dealer to lessons learned from his experience as an accountant and subsequent switch to the automotive industry: Cultivate and cherish good relationships in your business and in life, treat your customers and employees the way you would want to be treated, and give back to your community and industry whenever you can.

BUILDING A BUSINESS

Ask Gilchrist what he does for a living and he'll tell you he's a "Ford dealer," even though Gilchrist Automotive includes Ford, Buick, GMC, Chevy, Nissan, VW, Chrysler, Dodge, Ram and Jeep across eight dealerships in the Dallas-Fort Worth area. That's because Gilchrist grew up around Fords. His dad went to work for Ford Motor Co. in Detroit before

transferring back to Texas when Gilchrist was

in grade school. "He went into selling heavy-duty trucks, so I'd been around dealerships a little bit growing up," Gilchrist says. Still, he didn't consider going into the automotive industry, because "I never thought I could be as good a salesman as my dad was."

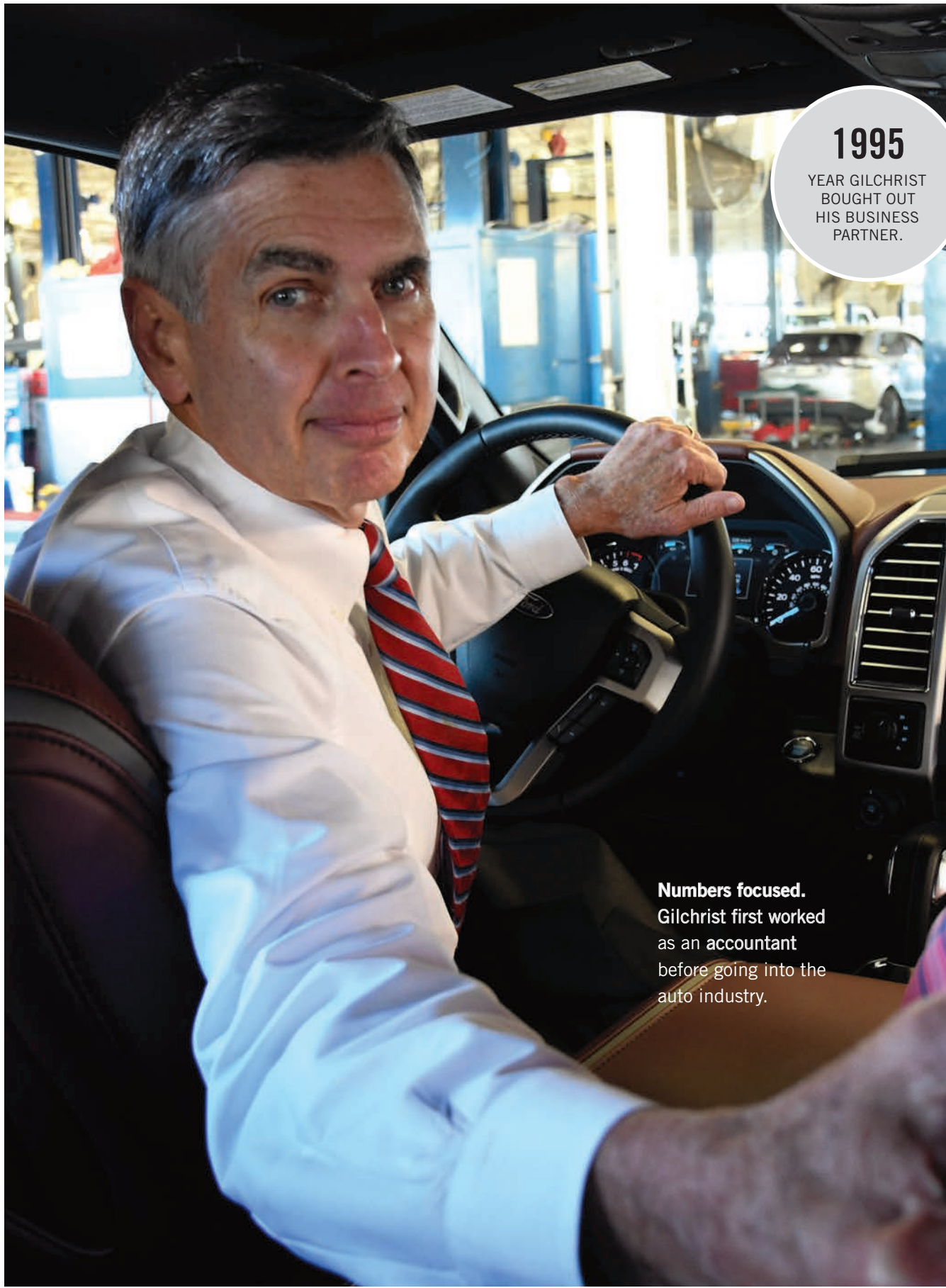
Instead, Gilchrist went to the

University of Texas at Austin to become a lawyer but was advised if he didn't score a

high percentage on his LSAT he would be a history major. "So they said to take accounting, it's a great secondary major to pre-law," he says. Gilchrist did

1986

YEAR GILCHRIST AND HIS BUSINESS PARTNER BOUGHT THEIR FIRST FORD STORE IN WEATHERFORD, TEXAS.



1995
YEAR GILCHRIST
BOUGHT OUT
HIS BUSINESS
PARTNER.

Numbers focused.
Gilchrist first worked
as an accountant
before going into the
auto industry.



Staying connected. Gilchrist and his wife, Trina, spend as much time as possible with their horses.

well, passing the CPA exam before he graduated with highest honors and started work in public accounting at Coopers & Lybrand. Unfortunately, “you don’t get to talk to anybody. You sit in an office and crunch numbers. I’ve got ADD [attention deficit disorder], so to sit there and grind numbers was tough.”

From there he went to work at a dealership owned by his father’s former sales manager, Ken Nichols, and eventually became his business partner. Gilchrist worked at the Kenworth and Ford heavy-truck dealership before getting into the retail car business with the purchase of SouthWest Ford in Weatherford. “Ken Nichols gave me an incredible opportunity to be his business partner,” Gilchrist says. At first, “Ford wouldn’t approve me as a dealer. They said I was too young and didn’t have enough retail experience, but Ken stood by me and forever changed my life.”

WORKING WITH NADA

In 2014, Gilchrist began his first term on NADA’s board of directors, and has served on the Legislative Affairs and Empower Quality Control committees. He’s also chaired the Regulatory Affairs and Industry Relations committees. Those

positions have given him a deep appreciation for what the association does for its members, including heading off legislative and regulatory challenges. “When I got involved with NADA, I saw the passion and drive that the NADA employees have to defend dealers and our franchises,” says Gilchrist.

As vice chairman in 2018, Gilchrist was front and center for some of NADA’s most important recent initiatives, such as the ongoing fight to protect dealer-assisted financing from overregulation and opposing auto tariffs that would hurt American consumers and dealers. “We have an affordability issue, and we need to make sure our vehicles stay affordable,” he says. “We can’t price these vehicles at a rate that makes them less affordable.”

LEADING NADA

Gilchrist says he will continue to focus on these priorities in 2019 while adding some new initiatives. He’s particularly interested in finding ways to attract young people to careers in the auto industry, particularly service technicians. “One of the biggest issues is employees—how to

450+
NUMBER OF
EMPLOYEES AT
GILCHRIST
AUTOMOTIVE.

recruit, train and retain the best people—and one of the issues we all have is we can’t find enough great young people to work in dealerships,” he says. “We have to get the word out. A dealership is one of the most misunderstood industries, but it’s also one of the most diverse in terms of opportunities.”

And as a father of two (Stephen, who runs the day-to-day operations of Gilchrist Automotive, and Reese, a junior at Texas Christian University), Gilchrist wants to get more young men and women involved not only in the industry as a whole but also in NADA. “I’ve been blessed and given a lot, and I’ve got to give back,” he says. “This is my family’s business, so I need to serve to help protect our franchises and advocate for each dealer. I want every dealer, every general manager, every employee to think that they are NADA. That ‘I am NADA.’”

To this end, Gilchrist has outlined his vision for what he calls “One NADA” in four simple words: Nurture, Advocate, Deliver and Accountability. His goal as NADA chairman will be to promote each aspect of this N-A-D-A maxim as much as possible. ❖

NADA EDUCATION

FOR ALL LEVELS OF EXPERIENCE


Visit us in the NADA Pavilion, booth #801S

NADA offers premier education opportunities to **step-up your career.**

PROFESSIONAL SERIES

BREAK INTO THE INDUSTRY

NEW Training program exclusively for department managers.

 Designed to fit the busy automotive retail lifestyle of dealership managers with convenient classes offered at three locations across the country.

Core focused training to **new** or **high-potential** department managers working in



OFFICE



PARTS



SALES



SERVICE

ACADEMY

BECOME AN EXPERT IN ALL ASPECTS OF THE DEALERSHIP



Prepare current and future dealership leaders to improve each department's profitability, while examining how new technology and innovations are reshaping the industry.



Examine the latest in industry trends and developments, while also being deeply rooted in the fundamentals needed to operate a successful and profitable automotive business.

Six intensive class weeks all conducted at NADA headquarters in Tysons, Va.



20 GROUP

SHARE KNOWLEDGE FROM INDUSTRY LEADERS



Equips dealers and managers with best practices, new ideas and financial comparisons to improve business performance and profitability.



Financial comparisons of your dealership against average and best-in-class dealers.



Access to the industry-leading OEM-specific online composite.



Ongoing support from your 20 Group peers and consultant between meetings.

NADA MEMBER BENEFITS

NADA Webinar Series

NADA Show Workshops

Online Courses

Driven Management Guides



NATIONAL
AUTOMOBILE
DEALERS
ASSOCIATION

nada.org/education
800.557.6232

2019 NADA Officers & Board of Directors

WHO'S WHO

REGION III

- Illinois
- Metro Chicago
- Indiana
- Iowa
- Kansas
- Michigan
- Metro Detroit
- Minnesota
- Missouri
- Nebraska
- North Dakota
- Ohio
- Metro Cleveland
- South Dakota
- Wisconsin

15

REGION IV

- Alaska
- Arizona
- California (Northern)
- California (Southern)
- Colorado
- Hawaii
- Idaho
- Montana
- Nevada
- New Mexico
- Oregon
- Utah
- Washington
- Wyoming

14

4

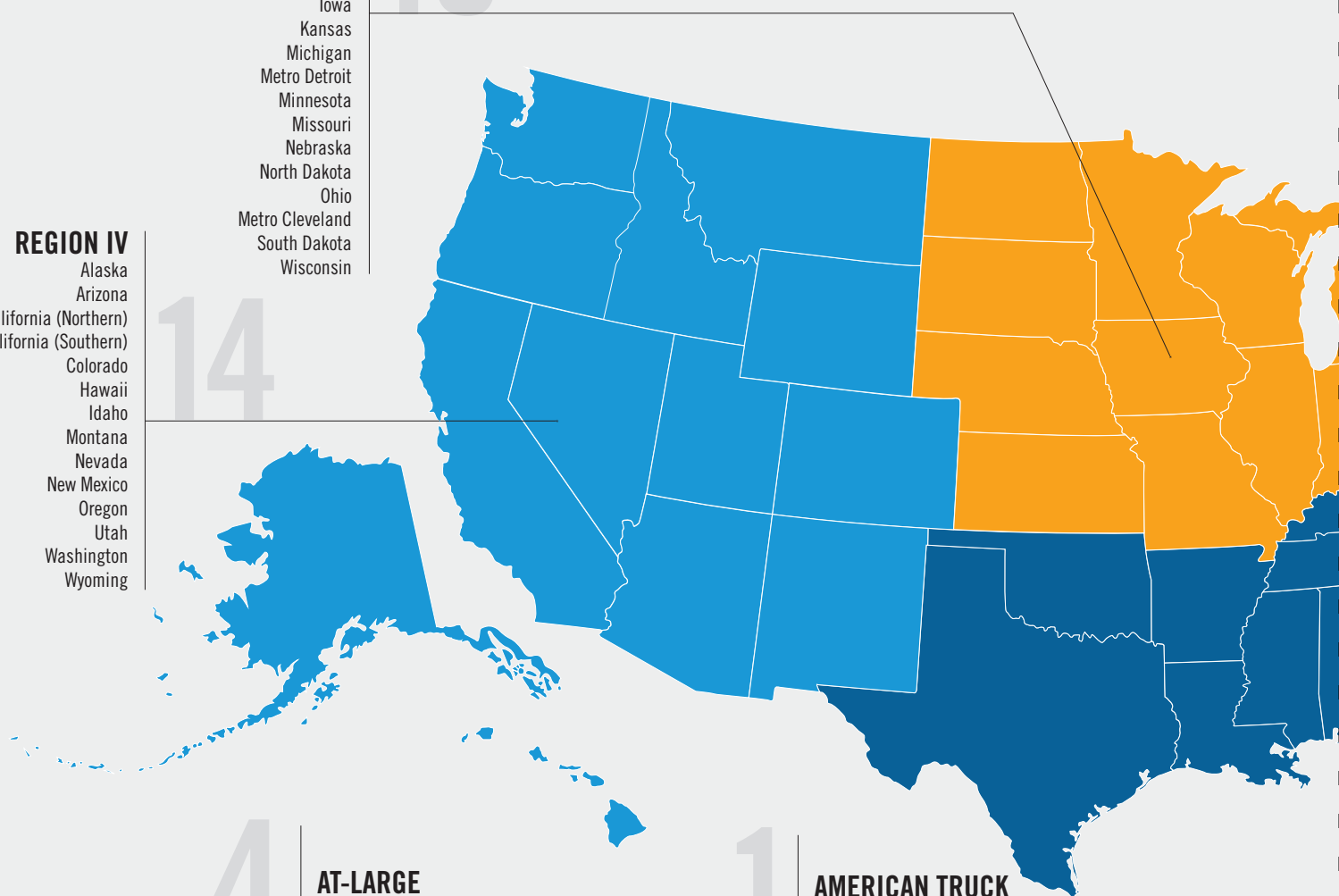
AT-LARGE

- East (Woman) • East (Minority)
- West (Woman) • West (Minority)

1

AMERICAN TRUCK DEALERS

Chairwoman



OFFICERS



Charles W. Gilchrist
Chairman



Rhett Ricart
Vice Chairman



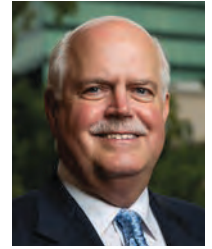
Robert Shuman
Treasurer



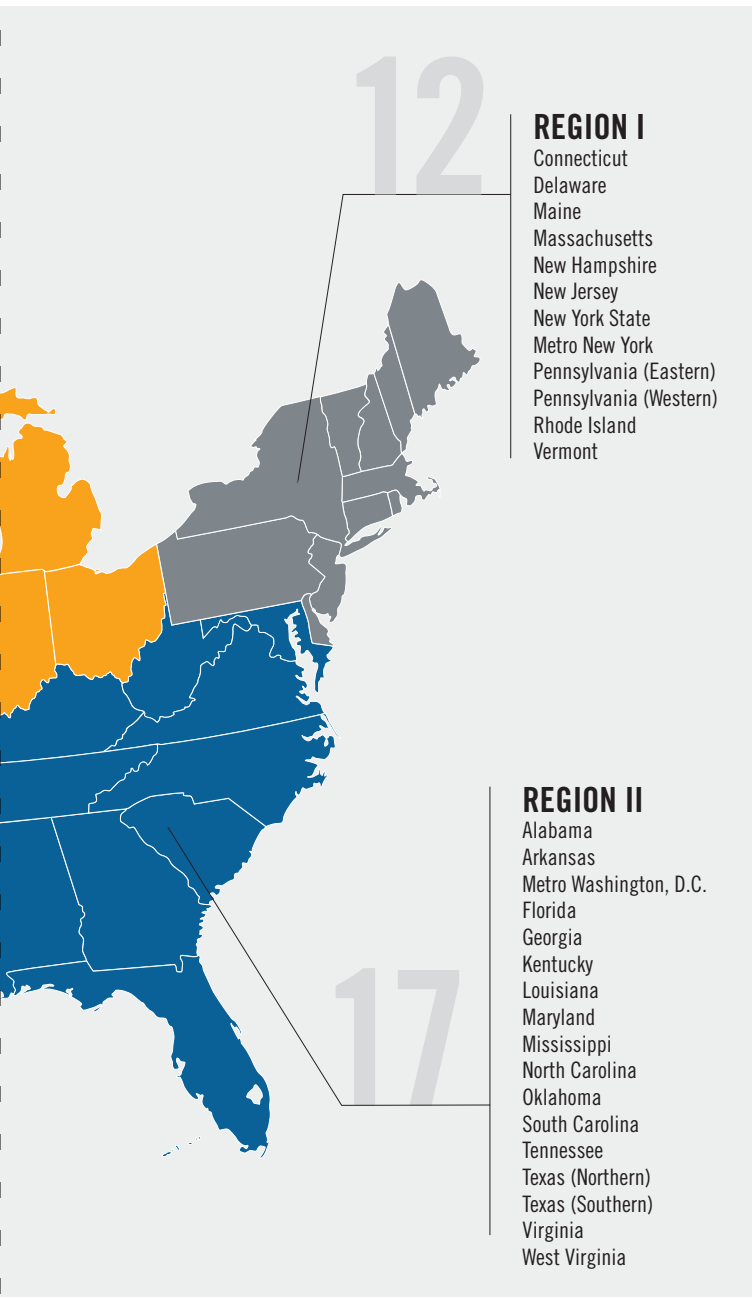
William H. Willis Jr.
Secretary



Wesley L. Lutz
Immediate Past Chairman



Peter K. Welch
President and CEO



REGION I



**Vice Chairman
John Emerson**
Emerson Chevrolet/Buick Inc.
Auburn, Maine
(Maine)



Jeff Aiosa
Carriage House of New London
New London, Conn.
(Connecticut)



Richard DeSilva Sr.
Liberty Subaru
Emerson, N.J.
(New Jersey)



C. Scott Dube
Bill Dube Hyundai
Wilmington, Mass.
(Massachusetts)



William C. Fox
Fox Imports Inc.
Auburn, N.Y.
(New York State)



Dennis Gaudet
AutoServ Dealerships
Tilton, N.H.
(New Hampshire)



Mitchell H. Jay
Midstate Dodge
Barre, Vt.
(Vermont)



John S. Oyler
Faulkner Organization
Jenkintown, Pa.
(Eastern Pennsylvania)



Michael B. Smith
Laurel Auto Group
Johnstown, Pa.
(Western Pennsylvania)



Robert Tasca Jr.
Tasca Automotive Group
Cranston, R.I.
(Rhode Island)



Robert J. Vail
Vail Buick/GMC
Bedford Hills, N.Y.
(Metro New York)



William H. Willis Jr.
Willis Automotive Group
Smyrna, Del.
(Delaware)

REGION II



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Stan McNabb**
Stan McNabb Automotive
Tullahoma, Tenn.
(Tennessee)



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Marine Chevrolet/Cadillac
Jacksonville, N.C.
(North Carolina)



Tom Bloomfield
Don Thornton
Automotive Group
Tulsa, Okla.
(Oklahoma)



Valerie Bowen
ValMark Chevrolet
New Braunfels, Texas
(At-Large West)



**Andrew "Jack"
Caldwell Jr.**
Caldwell Toyota
Conway, Ark.
(Arkansas)



Michael J. Cannon
Cannon Motors of
Mississippi
Greenwood, Miss.
(Mississippi)



Thomas Castriota
Castriota Chevrolet Inc.
Hudson, Fla.
(Florida)



Roger Elswick
Community Toyota/
Kia/Honda
Baytown, Texas
(Southern Texas)



Bruce M. Farrell
Berglund Chevrolet Inc.
Roanoke, Va.
(Virginia)



Charles W. Gilchrist
SouthWest Ford Inc.
Weatherford, Texas
(Northern Texas)



H. Daniel Jobe
Capitol Cadillac Co.
Greenbelt, Md.
(Maryland)



Forrest McConnell III
McConnell Honda & Acura
Montgomery, Ala.
(Alabama)



A. Foster McKissick III
Fairway Ford Inc.
Greenville, S.C.
(South Carolina)



Steve Middlebrooks
Heyward Allen Toyota
Athens, Ga.
(Georgia)



Joel Oustalet
Bubba Oustalet Chevrolet/
Cadillac
Jennings, La.
(Louisiana)



Geoffrey Pohanka
Pohanka Honda
Capitol Heights, Md.
(Metro Washington, D.C.)



Danny Renshaw
Renshaw Automotive Group
Bowling Green, Ky.
(Kentucky)



Richard Stephens
Stephens Auto Center
Danville, W.Va.
(West Virginia)

REGION III



**Vice Chairman
Desmond A. Roberts**
Advantage Chevrolet
Hodgkins, Ill.
(At-Large East)



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St. Clair Auto Mall
O'Fallon, Ill.
(Illinois)



Trace Beck
Beck Motors Inc.
Pierre, S.D.
(South Dakota)



Chris Coyle
Coyle Chevrolet/Buick/
GMC/Nissan
Clarksville, Ind.
(Indiana)



Kirt Frye
Sunnyside Honda
Middleburg Heights, Ohio
(Metro Cleveland)



Brian Hamilton
Midway Chevrolet/Cadillac/
Buick/Chrysler/Dodge/Jeep
Kearney, Neb.
(Nebraska)



Tom Holcombe
Little Apple Toyota/Honda
Manhattan, Kan.
(Kansas)



Joshua Johnson
Don Johnson Toyota/Honda
Rice Lake, Wis.
(Wisconsin)



Wesley L. Lutz
Extreme Dodge/Chrysler/
Jeep Inc.
Jackson, Mich.
(Michigan)



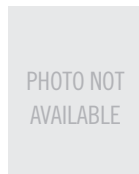
Michelle Primm
Cascade Auto Group Ltd.
Cuyahoga Falls, Ohio
(At-Large East)



Rhett Ricart
Ricart Automotive Group
Groveport, Ohio
(Ohio)



Mark N. Scarpelli
Raymond Chevrolet/Kia
Antioch, Ill.
(Metro Chicago)



Kent Scism
Sam Scism Ford/Lincoln
Farmington, Mo.
(Missouri)



Robert Shuman
Shuman Chrysler/Dodge/
Jeep/Ram
Walled Lake, Mich.
(Metro Detroit)



Paul Walsler
Walsler Automotive Group
Edina, Minn.
(Minnesota)



Jeffrey M. Weber
Anderson-Weber Inc.
Dubuque, Iowa
(Iowa)



Daniel M. Wilson
Corwin Chrysler/Dodge
Fargo, N.D.
(North Dakota)

REGION IV



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Kirk Schneider**
Nate Wade Subaru
Salt Lake City, Utah
(Utah)



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Mendenhall Auto Center
Juneau, Alaska
(Alaska)



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Victory Dealership Group
Seaside, Calif.
(Northern California)



Jeffrey B. Carlson
Glenwood Springs Ford/
Subaru Inc.
Glenwood Springs, Colo.
(Colorado)



Sidney B. DeBoer
Lithia Chrysler/Dodge/Jeep
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(Oregon)



**Annette DiLorenzo
Thayer**
Quality Dealerships
Albuquerque, N.M.
(New Mexico)



Greg Galpin
Galpin Ford Inc.
Prescott, Ariz.
(Arizona)



Gary Gilchrist
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GMC Inc.
Tacoma, Wash.
(Washington)



Richard Hammer
Ed Hammer Inc.
Sheridan, Wyo.
(Wyoming)



Donald P. Hicks
Shortline Auto Group
Aurora, Colo.
(At-Large West)



Don Kaltschmidt
Don K Chevrolet/Subaru/
Chrysler
South Whitefish, Mont.
(Montana)



James R. Marsh
Jim Marsh Automotive
Las Vegas, Nev.
(Nevada)



Stan Masamitsu
Tony Honda
Waipahu, Hawaii
(Hawaii)



Timothy J. Smith
Bob Smith BMW/Mini
Calabasas, Calif.
(Southern California)



Greg Taylor
Taylor & Sons Chevrolet
Ponderay, Idaho
(Idaho)

AT-LARGE



Michelle Primm
Cascade Auto Group Ltd.
Cuyahoga Falls, Ohio
(At-Large East)



Desmond A. Roberts
Advantage Chevrolet
Hodgkins, Ill.
(At-Large East)



Valerie Bowen
ValMark Chevrolet
New Braunfels, Texas
(At-Large West)

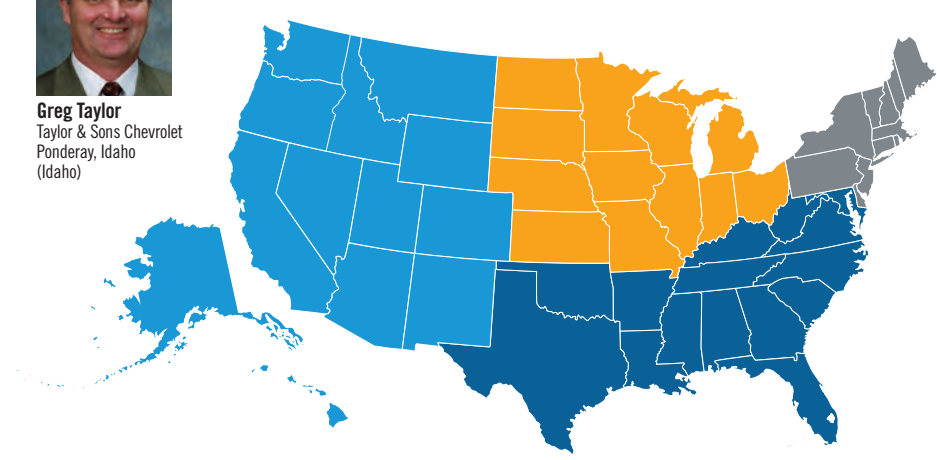


Donald P. Hicks
Shortline Auto Group
Aurora, Colo.
(At-Large West)

AMERICAN TRUCK DEALERS



**ATD Chairwoman
Jodie Teuton**
Kenworth of Louisiana
Gray, La.
(Louisiana)



NADA Data 2018

mid-year update

A mid-year report on vehicle sales.

BY JOE PHILLIPS

NADA's regular, comprehensive financial profiles of new-car dealerships—*NADA Data: Full-Year Report* and *NADA Data: Mid-Year Report*—are two of the association's most popular publications. And lately, vehicle sales have been keeping dealers and their employees busy, and bolstering local economies. Here are some highlights, with all *NADA Data* numbers from mid-year 2018 unless otherwise noted. (For a complete copy of the latest *NADA Data*, visit nada.org/nadadata.)

Total New-Car Dealerships

16,794



TOTAL DEALERSHIP SALES
\$503,859,356,600

...per dealership

\$30,002,343



CALIFORNIA

Highest dollar sales for all dealerships \$59,119,125,130



ARIZONA

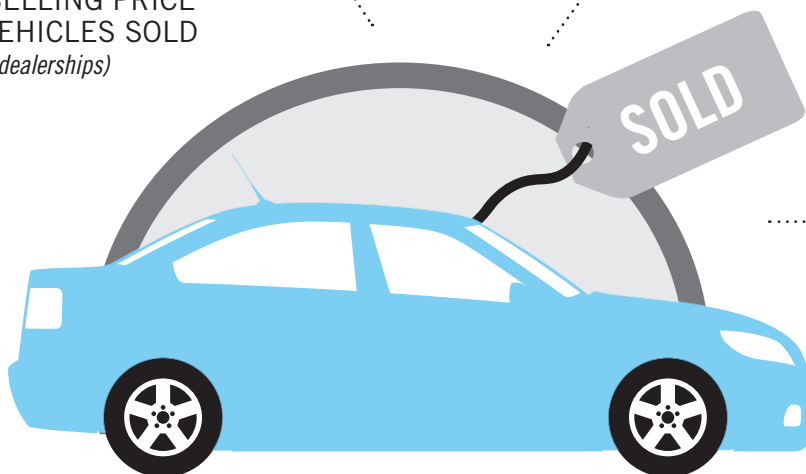
Highest dollar sales per dealership \$49,459,312

\$20,390

AVERAGE SELLING PRICE
OF USED VEHICLES SOLD
(by new-vehicle dealerships)

\$35,249

AVERAGE SELLING PRICE
OF NEW VEHICLES SOLD



435

AVERAGE NEW
VEHICLES
SOLD PER
DEALERSHIP



domestic
2,074,200
+ import
1,909,400

NEW-CAR INVENTORY

3,983,600



NEW-VEHICLE
DAYS' SUPPLY

82
domestic

61
import

March
Month with most
new-vehicle sales
1,652,948
units

Change
in number
of new
vehicles
sold

2.1%

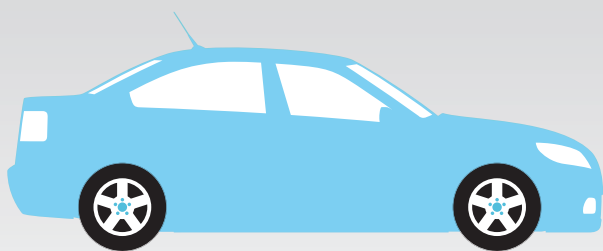
from June 2017 to June 2018

TOTAL NEW VEHICLES SOLD
THROUGH JUNE 2018

8,574,268

VEHICLES IN OPERATION, Q2 2018

273.9 million



1YR

3YRS

5YRS

7YRS

9YRS

11YRS

13YRS

15YRS

Average age of vehicles on the road
(Q1 2018, cars and light trucks)

11.8
YEARS

DEALERSHIP EMPLOYEES

1,138,800

68

Average per
dealership



\$1,113

Average weekly earnings
per dealership employee
(year-end 2017)

\$3.9 million

Average annual payroll
per dealership
(year-end 2017)

\$65 billion

Average payroll of all
dealerships
(year-end 2017)





\$58.4 billion
SERVICE AND PARTS SALES
(for all new-vehicle dealerships)



\$3.5 million
SERVICE AND PARTS SALES
(per new-vehicle dealership)



267,125
TECHNICIANS
(including body shop)

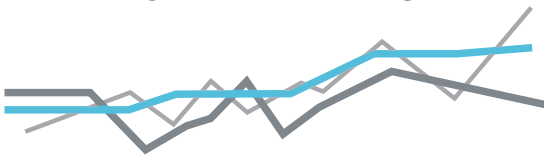


155.3 million
REPAIR ORDERS WRITTEN

Percentage of dealerships operating on-site body shops

38%

FINANCIAL TRENDS



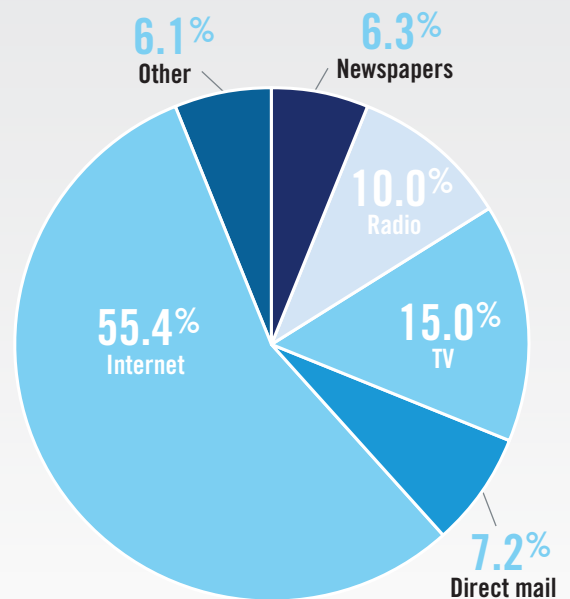
New-Vehicle Department
\$869,153 Average gross profit

Used-Vehicle Department
\$902,268 Average gross profit

Service/Parts Department
\$1,708,422 Average gross profit

ADVERTISING EXPENDITURES

(by medium, data from year-end 2017)



(All NADA Data numbers are from mid-year 2018 unless otherwise noted.)

Service and Parts Department

- Clean Air Act
- Clean Water Act
- DOT hazardous-materials-handling procedures
- FTC Used Parts Guide
- IRS Core Inventory Valuation
- LIFO/FIFO inventory accounting method
- NHTSA tampering rules
- NHTSA tire rules
- OSHA asbestos standards
- OSHA Hazard Communication Standard
- OSHA lock-out/tag-out procedures
- OSHA workplace health and safety standards
- RCRA
- Safe Drinking Water Act
- Superfund
- UNICAP

Body Shop

- Clean Air Act
- EPA hazardous-waste rules
- OSHA Hazard Communication Standard
- OSHA Respiratory Protection Standard
- OSHA workplace health and safety standards
- UNICAP
- VIN and parts marking



REGULATORY MAZE

Our annual list of major federal regulations; state and local laws also apply and sometimes include additional requirements.

F&I Department

- Dodd-Frank Financial Reform Law
- Equal Credit Opportunity Act
- Fair Credit Reporting Act
- FACT Act of 2003
- FTC Credit Practices Rule
- FTC Holder-in-Due-Course Rule
- Gramm-Leach-Bliley Act
- Military Lending Act
- Producer-Owned Reinsurance Companies
- Truth in Lending and Consumer Leasing acts

All Departments (General Management/Personnel)

- Affordable Care Act
- Age Discrimination in Employment Act
- Americans with Disabilities Act
- COBRA
- Electronic deposit of taxes
- Electronic records retention
- Emergency-response planning
- Employee drug testing
- Employee Polygraph Protection Act
- ERISA
- Employee verification rules
- Equal Pay Act
- Estate tax
- Family and Medical Leave Act
- Federal child-support enforcement regulations
- Federal Civil Rights Act
- FTC Repossession Rule
- Federal wage-hour and child labor laws
- Genetic Information Nondiscrimination Act
- Health Insurance Portability and Accountability Act
- IRS/DOL worker classification
- IRS treatment of demo vehicles
- IRS treatment of tool plans
- Mandatory workplace posters
- Mental Health Parity Act
- Miscellaneous recordkeeping requirements
- Newborns' and Mothers' Health Protection Act
- NLRB unionization rules
- OSHA Blood-Borne Pathogens Rule
- OSHA injury and illness recording and reporting requirements
- Section 179 expensing and bonus depreciation
- USERRA
- Walking-working surfaces and fall protection rule
- WARN

All Departments (Customer)

- Americans with Disabilities Act
- CAN-SPAM Act
- Driver's Privacy Protection Act
- Electronic Funds Transfer Act
- FTC Privacy Rule
- FTC prohibition against deceptive and unfair trade practices
- FTC Safeguards Rule
- FTC Telemarketing Sales Rule
- FTC warranty rules
- IRS Cash-Reporting Rule
- Magnuson-Moss Act
- OFAC restrictions
- Telephone Consumer Protection Act
- USA PATRIOT Act

New- and Used-Vehicle Sales Departments

- American Automobile Labeling Act
- CAFE and GHGs rules
- Diplomat vehicle purchases
- DOE/EPA gas-mileage guide
- Federal bankruptcy law
- FTC Door-to-Door Sales Rule
- FTC guidelines for fuel-mileage advertising and alternative-fueled-vehicle advertising and labeling
- FTC Used Car Rule
- Gray-market vehicles
- IRS treatment of salesperson incentives
- LIFO inventory accounting method
- Heavy-highway-vehicle excise tax
- Motor vehicle tax credits
- Monroney sticker (Price Labeling Law)
- NHTSA alteration and tire-placarding rules
- NHTSA odometer rule
- NHTSA recall regulations
- NHTSA safety belt/airbag deactivation
- NHTSA tire regulations
- School van sales
- UNICAP

In addition to this list of federal laws and regulations, be sure to consult nada.org/regulatoryaffairs for more details.

All Departments (General Management/Personnel)

- **Affordable Care Act (ACA):** Extensive health-care reforms enacted in 2010 affect dealerships and their health-care plans. For example, most dealerships with more than 50 full-time employees had to decide by January 1, 2015, whether to offer health coverage that meets the federal requirements or pay a penalty. Many additional reporting, recordkeeping and other duties apply to dealerships and other businesses. For more information, visit healthcare.gov. The Tax Cuts and Jobs Act of 2017 (TCJA) eliminated the individual responsibility mandate after December 31, 2018.
- **Age Discrimination in Employment Act:** Protects older individuals against age-based employment discrimination.
- **Americans with Disabilities Act (ADA):** Dealerships with 15 or more employees must reasonably accommodate disabled workers and job applicants.
- **Consolidated Omnibus Budget Reconciliation Act (COBRA):** Dealerships with 20 or more employees must continue health-care coverage for ex-employees and their families for 18 to 36 months, depending on circumstances.
- **Electronic deposit of taxes:** Dealerships generally must use the Electronic Federal Tax Payment System.
- **Electronic records retention:** Revenue Procedure 98-25 explains IRS requirements for retaining computerized accounting records.
- **Emergency-response planning:** Federal, state and local laws require dealers to have emergency-response plans.
- **Employee drug testing:** Unionized dealerships must bargain with unions before implementing employer drug policies (not necessary for pre-employment drug testing). The ADA prohibits employers from discriminating against employees or applicants who have completed or are currently undergoing drug treatment, as long as they aren't currently abusing drugs.
- **Employee Polygraph Protection Act:** Prohibits dealerships from using polygraphs in pre-employment screening; allows use in limited cases where an employee is reasonably suspected of a

workplace incident involving economic loss to the employer.

- **Employee Retirement Income Security Act (ERISA):** Dealers offering retirement or health plans must, among other things, provide employees with plan information, keep records and abide by fiduciary responsibilities.
- **Employment verification rules:** Dealerships must verify the employment eligibility of prospective new employees using I-9 forms and proper support documentation. Use of E-verify is optional.
- **Equal Pay Act:** Prohibits wage discrimination on basis of sex.
- **Estate tax:** The estate tax limit for 2018 was \$11.2 million, and for 2019 it is \$11.4 million per individual. The annual gift exclusion remains at \$15,000, with lifetime gifts beyond the annual exclusion counting toward the \$11.4 million combined estate/gift tax exemption.
- **Family and Medical Leave Act (FMLA):** Dealerships must post a notice informing employees of their right to take unpaid personal and family medical leave and must comply with appropriate requests for such leave. Special provisions apply to leave related to military service.
- **Federal child-support enforcement regulations:** Requires states to govern liens put on personal property—including vehicles—for overdue child support. Dealerships should check that child-support liens don't exist on used cars, and must place liens on wages of employees who are delinquent on child-support payments.
- **Federal Civil Rights Act:** Bars employment discrimination on the basis of race, sex, color, religion or national origin. Prevents employers from asking job applicants certain questions (such as age, marital status or childbearing plans). Prohibits workplace sexual harassment, including behavior that creates a hostile work environment.
- **FTC Repossession Rule:** Requires formal accounting of money collected for repossessed vehicles.
- **Federal wage-hour and child labor laws:** Address minimum-wage and overtime pay mandates and exemptions as well as standards for employing minors, including teen driving restrictions. Federal minimum wage is \$7.25 per hour; state and local minimum wage rates may be higher.
- **Genetic Information Nondiscrimination Act:** Prohibits discrimination based on health-related employee DNA information.

- **Health Insurance Portability and Accountability Act:** Generally prohibits health insurers from denying coverage to workers who lose or change jobs and bars insurers from excluding coverage for pre-existing conditions for more than a year.
- **IRS/DOL worker classification:** Dealers must determine whether their workers are employees or independent contractors. The IRS and the Department of Labor use multi-factor legal standards and tests to evaluate this question. When making worker classification decisions, dealerships should be conservative and prepared to document their decisions. Of greatest importance: the level of control employers exercise over workers as measured by the means and manner of the work performed. The IRS Voluntary Classification Settlement Program encourages employers to admit past worker misclassifications.
- **IRS treatment of demo vehicles:** Revenue Procedure 2001-56 offers dealers alternative methods for determining the value of demo use by qualified salespeople and other dealership employees. It defines what constitutes limited personal use and streamlines recordkeeping requirements.
- **IRS treatment of tool plans:** Tool and equipment plans for service technicians and other employees must comply with the IRS requirements for business connection, substantiation and return of excess payment.
- **Mandatory workplace posters:** Notices, such as "Your Rights Under the FMLA," "Equal Employment Opportunity Is the Law," "Federal Minimum Wage" and "Notice: Employee Polygraph Protection Act," must be conspicuously displayed.
- **Mental Health Parity Act:** Requires insurers and large health plans to offer mental illness coverage comparable to that for physical illness and to set dollar limits on mental health care comparable to that for general medical and surgical services. The ACA generally mandates minimum mental health coverages.
- **Miscellaneous recordkeeping requirements:** A multitude of requirements govern the length of time records must be maintained. Examples: Notification forms for underground storage tanks must be kept indefinitely; and copies of Form 8300 cash reports must be kept for five years.
- **Newborns' and Mothers' Health Protection Act:** Employers and insurers must provide minimum hospital-stay benefits.
- **National Labor Relations Board (NLRB) unionization rules:** Govern unionization



activities, including employee rights, election rules, postings and unfair labor practices.

■ **OSHA Blood-Borne Pathogens Rule:**

Dealerships more than four minutes from an emergency health facility must have a program to respond to employees who suffer cuts. All dealerships must have adequate first-aid kits.

■ **OSHA injury and illness recording and reporting requirements:**

Dealers with 10 or more employees are required to maintain a yearly log of work-related injuries and illnesses on OSHA Form 300. Dealers must also complete a report on each workplace injury or illness that occurs using OSHA Form 301. Even if no injuries or illnesses have occurred in a calendar year, all dealers with more than 10 employees must fill out and post an annual summary of work-related injuries and illnesses on OSHA Form 300A. Dealers also must report the following events to OSHA: all work-related fatalities; all work-related inpatient hospitalization of one or more employees; all work-related amputations; and all work-related losses of an eye. Heavy-duty truck dealerships with 20 to 249 employees per establishment also must electronically submit OSHA Form 300A. Both heavy-duty truck and light-duty car dealerships with more than 250 employees per establishment must electronically submit OSHA Form 300A.

■ **Section 179 expensing and bonus depreciation:** Generally, businesses can

expense qualified Section 179 property, subject to phaseout. With the recent passage of the TCJA, the total 179 deduction limitation is now \$1 million for 2018 and beyond. Bonus depreciation is expanded by the TCJA to 100 percent for certain property acquired after September 27, 2017, and is good through 2022. This now also includes used equipment.

■ **Uniformed Services Employment and Reemployment Rights Act (USERRA):**

Governs the employment and reemployment rights of members of the U.S. uniformed services.

■ **Walking-working surfaces and fall protection rule:**

Must implement practices to prevent slips and falls, including personnel training and facility inspections.

■ **Worker Adjustment and Retraining Notification Act (WARN):**

Dealerships must give 60 days' notice to workers before termination or store closings under certain circumstances.

All Departments (Customer)

■ **Americans with Disabilities Act (ADA):**

Prohibits discrimination against the physically handicapped in areas of public accommodation. Must make reasonable accommodations to facilities, such as by installing ramps, and accessible parking spaces, drinking fountains, public toilets and doors.

■ **CAN-SPAM (Controlling the Assault of Non-Solicited Pornography and Marketing) Act:**

Emailers must identify a commercial message as an advertisement or solicitation and provide their physical postal addresses and a mechanism to opt out of future commercial emails. If recipients opt out, senders must stop sending them commercial email within 10 business days. The disclosure requirements don't apply to emails that relate to transactions or relationships, such as those containing exclusively warranty information or recall-repair messages, or messages related to the completion of transactions requested by the consumer. No one may send commercial emails to wireless devices without recipients' express prior authorization. So that senders can recognize wireless addresses, the FCC maintains a list of wireless domain names at transition.fcc.gov/cgb/policy/DomainNameDownload.html. Commercial emailers must check the list monthly. (Additional provisions prohibit deceptive headers, misleading subject lines and other spam tactics.)

A text message may also be considered an email and therefore subject to the CAN-SPAM Act if it is sent to an email address—that is, if it has an internet domain name after the “@” symbol (whether the email address is displayed or not). This means that no commercial text message (deemed to be an email) may be sent to a wireless device without “express prior authorization.” Merely having an “established business relationship” with the recipient is not enough.

■ **Driver's Privacy Protection Act:**

Denies access to personal information in state motor vehicle records except for limited purposes, such as driver safety, theft and recalls. Also restricts the release or use of personal info for marketing.

■ **Electronic Funds Transfer Act (EFTA):**

EFTA and its implementing “Regulation E” govern a variety of electronic transactions. Certain provisions of Regulation E apply directly to any “person” that engages in certain activities or transactions, regardless of whether the person is a financial institution. Examples of such transactions include: issuing access devices (such as debit cards, personal identification numbers [PINs] or payroll cards); issuing or selling gift cards; initiating electronic check conversions; preauthorizing electronic fund transfers; or operating ATMs.

■ **FTC Privacy Rule:** Dealers must issue notices of their privacy policies to their finance and lease customers and, in some cases, to consumers when the dealer discloses nonpublic information about consumers to third parties. The rule also restricts disclosure of nonpublic personal information and requires dealers to contractually limit their service providers' access to and use of that information. Dealers who correctly use an FTC model privacy notice receive safe-harbor protection for the language used to describe their privacy policy.

■ **FTC prohibition against deceptive and unfair trade practices:** Section 5 of the FTC act prohibits unfair and deceptive trade practices. For example, the FTC has found certain advertising practices to be deceptive, including safety inspection claims related to used vehicles subject to open safety recalls.

■ **FTC Safeguards Rule:** Dealers must develop, implement and maintain—and regularly audit—a comprehensive, written security program to protect customer information and must ensure that their service providers provide similar safeguards.

■ **FTC Telemarketing Sales Rule (TSR):**

Imposes many of the Telephone Consumer Protection Act (TCPA) restrictions (below) on dealers who telemarket across state lines. Requires dealers who sell or obtain payment authorization for goods or services during interstate phone calls to abide by the prohibition against numerous deceptive and abusive acts and to maintain certain records. Prohibits prerecorded telemarketing calls without a consumer's express written agreement, requires such calls to provide a key-press or voice-activated opt-out mechanism at the outset of the calls, and requires the calls to ring for 15 seconds or four rings before disconnecting.

■ **FTC warranty rules:** The Disclosure Rule mandates disclosure requirements for written warranties and requires simple language in a single document. The Pre-Sale Availability Rule details the methods by which warrantors and sellers must provide warranty terms before a sale. The E-Warranty Act allows warrantors to comply by posting warranty terms to a website, as long as the warrantor also provides consumers with a non-internet-based method to obtain warranty terms, and allows sellers to use electronic methods to provide consumers with warranty terms pre-sale.

■ **IRS Cash-Reporting Rule:** Dealers receiving more than \$10,000 in cash in one transaction or in two or more related transactions must file IRS/FinCEN Form 8300 with the IRS within 15 calendar days and must provide written notice that the report was filed to the person named on the report by January 31 of the following year. "Cash" includes certain cashier's checks, traveler's checks, money orders and bank drafts.

■ **Magnuson-Moss Act:** Dealers must give consumers certain information on warranties and service constraints. Warrantors are generally prohibited from requiring routine service to be performed at a dealership as a condition of a vehicle warranty.

■ **Office of Foreign Assets Control (OFAC) restrictions:** Dealerships may not enter into transactions with certain sanctioned countries, governments, or specially designated organizations and individuals. Dealers should check the electronic list maintained by OFAC to ensure compliance.

■ **Telephone Consumer Protection Act (TCPA):** Imposes national and company-specific do-not-call (DNC) rules, calling-time restrictions, caller ID requirements, fax advertising rules, and restrictions on the use of autodialers and prerecorded



messages. Fax ads may be sent only to authorized recipients and must include a phone number, fax number and toll-free opt-out mechanism (each available 24/7) on the first page of the fax ad.

The FCC considers text messages to be "phone calls" under the TCPA. Do not send text message "solicitations" to phone numbers on the national DNC list (subject to the "established business relationship" and "prior express permission" exemptions to the national DNC rules) or your company-specific DNC list (to which there are no exemptions). See additional text message restrictions under "CAN-SPAM Act."

Requires express written consent prior to any text message or prerecorded or autodialed telemarketing call to a cell phone. There is currently a great deal of uncertainty as to what is an "autodialed" call. Dealers are encouraged to use caution when engaging in text messaging or calling a cell phone, and should consult their attorney before doing so. You cannot send any text message whatsoever to a cellular telephone number—solicitation or not, whether the number is on a DNC list or not—using an "autodialer" unless you have the called consumer's "prior express consent."

■ **USA PATRIOT Act:** Dealers must search their records and provide information about individuals or entities with whom they conducted transactions or created accounts if requested by the federal Financial Crimes Enforcement Network. Dealers are currently temporarily exempt from the law's anti-money-laundering program requirements.

New- and Used-Vehicle Sales Departments

■ **American Automobile Labeling Act (AALA):** New cars and light trucks must have a domestic-parts content label showing percentage of U.S. or Canadian parts; countries contributing more than 15 percent of the parts; origin of engine and transmission; and location of vehicle assembly. Dealers must ensure that labels remain on vehicles until sold.

■ **Corporate Average Fuel Economy (CAFE) and Greenhouse Gases (GHGs) rules:** NHTSA CAFE and EPA GHGs rules govern the fuel-economy performance of all light-, medium- and heavy-duty vehicles, which affects their design, performance and cost. EPA also governs the use of alternative technologies and fuels.

■ **Diplomat vehicle purchases:** The State Department's Office of Foreign Missions must approve a diplomat's vehicle purchase before a tax exemption request may be honored.

■ **DOE/EPA gas-mileage guide:** Dealers must make this guide available to prospective new-vehicle buyers upon request. Download the guide from fuelconomy.gov.

■ **Federal bankruptcy law:** Dealerships should perfect security interests within 30 days after a customer takes possession of a vehicle, regardless of state law. Otherwise, if the customer files for bankruptcy

within 90 days of when the financing agreement is signed, the bankruptcy trustee may avoid the lien. Dealerships failing to perfect liens in a timely manner may be liable for losses.

■ **FTC Door-to-Door Sales Rule:** Gives consumers a three-day “cooling off” period only for sales not consummated at a dealership. Does not apply to auctions, tent sales or other temporary locations if the seller has a permanent place of business.

■ **FTC guidelines for fuel-mileage advertising and alternative-fueled-vehicle advertising and labeling:** Dealer and manufacturer fuel-economy advertisements must state that the numbers are estimates and where they come from. Alternative-fueled vehicles must be properly labeled.

■ **FTC Used Car Rule:** “Buyers Guides” are required on all used vehicles offered for sale, disclosing whether the vehicle is offered “as is” or with a dealer warranty, other non-dealer warranty disclosures and service contract availability. Dealers must use the FTC-required Buyers Guide form.

■ **Gray-market vehicles:** EPA, NHTSA and U.S. Customs restrict the importation/sale of new and used vehicles.

■ **IRS treatment of salesperson incentives:** Factory incentives paid directly to salespeople by the factory are not required to be treated as wages for tax purposes. However, factories must report these incentives as taxable amounts to salespeople if \$600 or more.

■ **LIFO (last-in/first-out) inventory accounting method:** The use of the LIFO inventory methods must comply with the conformity requirement.

■ **Heavy-highway-vehicle excise tax:** A 12 percent excise tax generally applies to the first retail sale of (1) truck chassis and bodies with a gross vehicle weight rating (GVWR) in excess of 33,000 pounds (Class 8); (2) truck trailer and semitrailer bodies with a GVWR in excess of 26,000 pounds (Classes 7 and 8); and (3) “highway tractors,” unless they have a GVWR of 19,500 pounds or less (Class 5 and under) and a gross combined weight rating of 33,000 pounds or less. Dealers selling Class 5 vehicles with more than 33,000-pound gross combined weight rating or Classes 6 or 7 vehicles should apply the “primary design” test to determine if a vehicle is a taxable tractor or a nontaxable truck.

■ **Motor vehicle tax credits:** Customers may be eligible for up to a \$7,500 personal

federal tax credit when they buy new qualifying plug-in electric or dedicated electric vehicles. Eligibility for this “EV Tax Credit” is based on a taxpayer’s income and tax status. The EV Tax Credit begins to phase out when a manufacturer’s overall EV sales reach 200,000 qualified vehicles in the United States. Note that several manufacturers have now exceeded, or soon will exceed, this 200,000 threshold. Dealers should use caution when discussing the availability of this credit, and should ensure they do not provide legal or tax advice.

■ **Monroney sticker (Price Labeling Law):** Dealerships must keep stickers on new passenger cars showing the manufacturer’s suggested retail price, plus other costs, such as options, federal taxes, and handling and freight charges. Stickers also include EPA’s revised fuel-economy information and NHTSA’s NCAP revised crash-test star ratings. Dealerships that alter covered vehicles must attach a second label adjacent to the Monroney label, stating, “This vehicle has been altered. The stated star ratings on the safety label may no longer be applicable.” No size or form of this label is specified, but it must be placed as close as possible to Monroney labels on automobiles that (1) have been altered by the dealership and (2) have test results posted.

■ **NHTSA alteration and tire-placarding rules:** Significantly altered new vehicles must have labels affixed identifying the alterations and stating that they meet federal safety and theft standards. Tire-placarding and -relabeling rules require a new tire-information placard/label whenever parts or equipment are added that may reduce a vehicle’s cargo-carrying capacity, or when replacement tires differ in size or inflation pressure from those referred to on the original.

■ **NHTSA odometer rule:** Prohibits odometer removal or tampering and misrepresentation of odometer readings. Requires recordkeeping to create a “paper trail,” and odometer disclosures on titles. Vehicles with a greater than 16,000-pound gross vehicle weight rating and those 10 model years old or older are exempt.

■ **NHTSA recall regulations:** New vehicles and parts held in inventory that are subject to safety recalls must be brought into compliance before delivery.

■ **NHTSA safety belt/airbag deactivation:** Dealerships may install airbag switches for consumers with NHTSA authorization. Dealerships also must be responsive to

consumer requests for rear-seat lap/shoulder safety belt retrofits in older vehicles.

■ **NHTSA tire regulations:** Rule requires proper replacement or modification of the tire-information labels when replacing tires or adding weight before first sale or lease. Also, customers must be given registration cards when buying new tires or the tires may be registered electronically. Other rules govern the handling and disposal of recalled new and used tires.

■ **School van sales:** Dealers may not sell, lease or give away large, new passenger vans with more than 10 seating positions if they know the vehicle will be used to transport students to or from school or school activities. Schools must purchase or lease a school bus or multifunction school activity bus for such purposes.

■ **Uniform capitalization (UNICAP):** Dealers who (1) “produce” property or (2) acquire it for resale if their average annual gross receipts over the three preceding tax years exceed \$25 million must comply with the UNICAP requirements contained in Section 263A of the Internal Revenue Code. Revenue Procedure 2010-44 creates two safe-harbor methods of accounting, which dealers may elect by filing Form 3115 with the IRS, that generally permit dealers to expense, instead of capitalize, all handling and storage costs at certain dealership facilities.

F&I Department

■ **Dodd-Frank Financial Reform Law:** Dealers engaged in three-party financing are excluded from the authority of the bureau and remain subject to regulation by the Federal Reserve Board, the FTC (which has been given streamlined authority to declare dealer practices as unfair or deceptive) and state consumer protection agencies. Finance sources, including dealers who engage in BHPH financing, are subject to the bureau’s jurisdiction. The Dodd-Frank law also created several new obligations for creditors, including additional disclosure requirements for risk-based pricing and adverse-action notices under the Fair Credit Reporting Act (Section-1100F). Plus, it contains a requirement to collect, report to the federal government, retain and make available to the public upon request certain data collected in credit applications from small, women-owned and minority-owned businesses. Dealers are temporarily exempt from this requirement pending promulgation of specific regulations.

■ **Equal Credit Opportunity Act (ECOA):**

Regulation B prohibits discrimination in credit transactions based on race, sex, color, marital status, religion, national origin, age and public-assistance status. The government interprets this prohibition as applying not just to intentional discrimination, but also to credit practices that result in a negative “disparate impact” on consumers based on one of these prohibited factors. In addition, the dealer/creditor is required both to notify applicants in a timely fashion of actions taken on—and reasons for denying—applications, and to retain certain records. (See also “Dodd-Frank Financial Reform Law,” above, for a description of new small-business loan data collection requirements.) An optional ECOA compliance program template is available to dealers at nada.org/faircredit.

■ **Fair Credit Reporting Act (FCRA):**

Dealers are restricted in their use of credit reports for consumers, job applicants and employees. Credit reports generally may be obtained only pursuant to consumers’ written instructions or if consumers initiate a business transaction (not if they merely talk with salespeople). Dealers must give job applicants and employees a separate document informing them that a credit report may be obtained and must obtain prior, written authorization to access the report. Dealers generally may not share credit information with affiliates unless they give consumers notice and the opportunity to opt out. If dealers take adverse action based on the report, they must notify consumers and follow additional procedures with job applicants and employees.

■ **Fair and Accurate Credit Transactions (FACT) Act of 2003:**

Duties include: responding to requests for records from victims of ID theft and to fraud and active-duty alerts on credit reports; disposal requirements for credit report information; opt-out disclosure formatting requirements for prescreened credit solicitations; truncating the expiration date and all but the last five digits on electronically printed credit and debit card receipts provided to purchasers at the point of sale; the Federal Reserve’s Regulation FF restrictions on obtaining, using and sharing “medical information” in credit transactions; the FTC Red Flags Rule, which requires creditors and financial institutions to develop and implement a written Identity Theft Prevention Program that contains procedures to identify, detect and respond to “red flags” indicating the possibility of identity theft; the FTC Address Discrep-



ancy Rule, which requires users of credit reports to develop and implement procedures to verify a customer’s identity when receiving a “Notice of Address Discrepancy” from a consumer reporting agency; the FTC Affiliate Marketing Rule, which generally requires a business to offer customers the opportunity to opt out of receiving solicitations from the business’s affiliates before affiliates may market to the customers; and the Risk-Based Pricing Rule, which generally requires initial creditors to issue either risk-based pricing notices to consumers to whom credit is granted but on relatively unfavorable terms, or credit score disclosure exception notices to all consumer credit applicants. Additional requirements apply to businesses that furnish negative information about consumers to consumer reporting agencies.

■ **FTC Credit Practices Rule:** Dealers are required to provide a written disclosure statement to a cosigner before the cosigner signs an installment sale contract. Dealers cannot “pyramid” late charges (that is, add a late charge onto a payment made in full and on time when the only delinquency was a late charge on a previous installment).

■ **FTC Holder-in-Due-Course Rule:** Preserves the consumer’s right to raise claims and defenses against purchasers of consumer credit contracts (with automobile sales, it protects consumers who buy vehicles from dealerships on credit). When dealerships sell credit contracts to lenders, consumers are obligated to pay the lenders instead of the dealerships. Under the rule, if a dealership engaged in fraud or made misrepresentations in selling a car on credit, a consumer could raise the dealership’s conduct as a defense against the lender’s demand for payments. Dealerships must ensure that their credit contracts contain the precise disclosure required by the rule.

■ **Gramm-Leach-Bliley Act:** See “FTC Privacy Rule” and “FTC Safeguards Rule” under “All Departments (Customer).”

■ **Military Lending Act (MLA):** A December 2017 Department of Defense Interpretation states that creditors must comply with the MLA’s extensive duties and restrictions when extending vehicle financing to covered borrowers (generally active-duty service members and their dependents) that includes a “credit-related product or service” such as GAP or a credit insurance premium. These duties and restrictions (including not being able to use a vehicle title as security for the financing) also apply if the financing includes a cash advance (i.e., “cashout” financing).

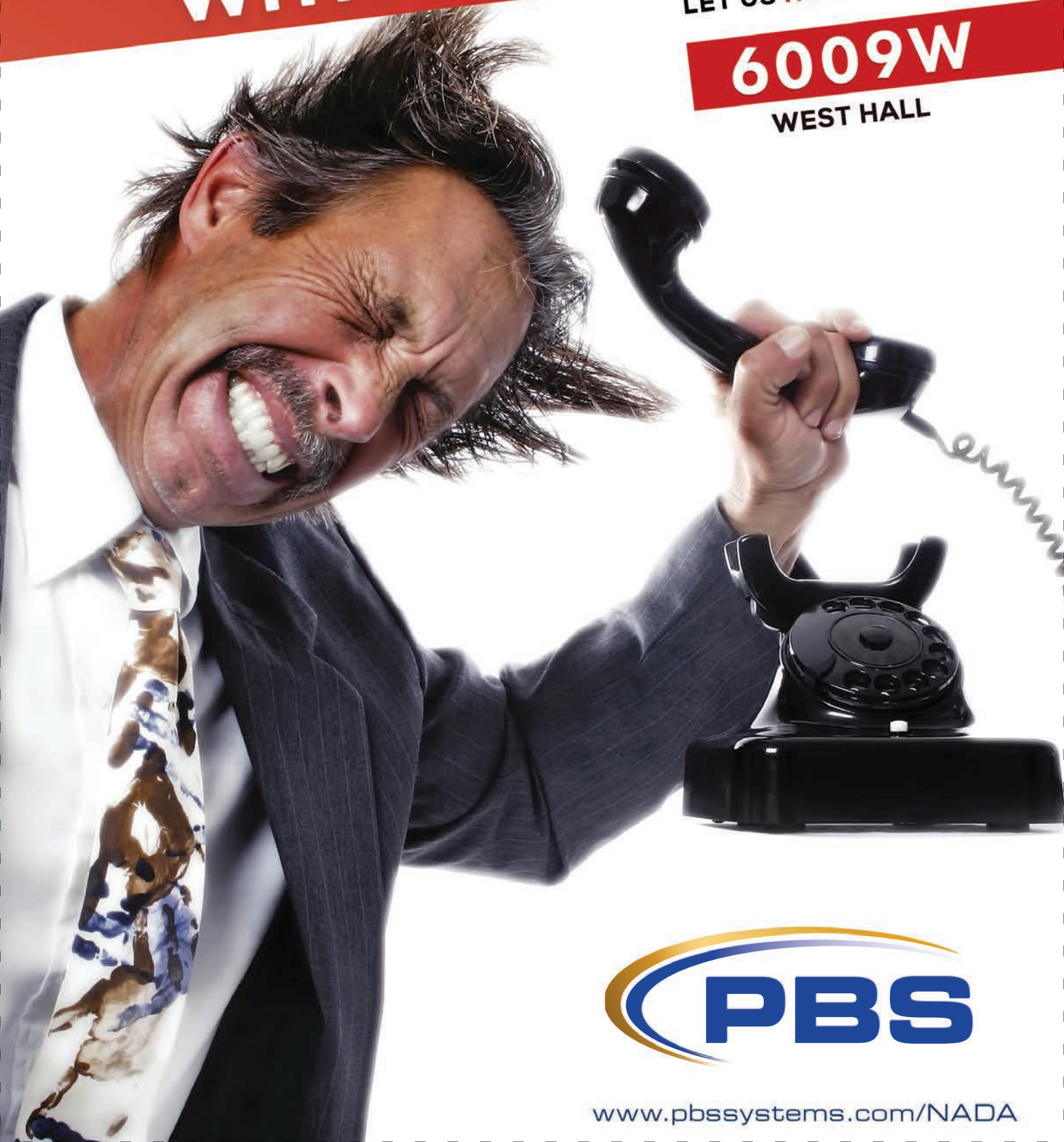
■ **Producer-Owned Reinsurance Companies (PORCs):** IRS Notice 2016-66 identifies certain reinsurance arrangements as “transactions of interest” requiring taxpayer disclosure by the filing of Form 8886. While this requirement does not involve all reinsurance arrangements, the IRS may continue to scrutinize any transaction that shifts income from taxpayers to related companies resulting in tax benefits. The Tax Cut and Jobs Act of 2017 reduces the tax rate to 21 percent for domestic finance and insurance reinsurance companies, including small companies, those electing to be taxed only on investment income and U.S.-taxed “controlled foreign corporations.” The new law makes significant changes involving non-controlled foreign corporations by expanding the definition of a U.S. shareholder and, most importantly, by changing the definition of a passive foreign investment company. These changes may decrease the ability of U.S. shareholders to defer the taxable income from these companies.

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■ **Truth in Lending and Consumer Leasing acts:** Regulations Z and M cover consumer credit and consumer leasing transactions, respectively, specifying information to be disclosed to a consumer before completing the transaction, and information to be disclosed when advertising consumer credit transactions or leases. For example, dealers who advertise a lease down payment or monthly payment amount must disclose in lease ads that the advertised deal is a lease; the total amount due at lease signing; number, amount and period (for example, monthly) of payments; and whether a security deposit is required.

Service and Parts Department

- **Clean Air Act:** Dealerships may not tamper with, replace or remove emissions-control equipment, such as catalytic converters. CFC recycling regs require dealership air-conditioning techs to obtain certification and to use certified recycling and recovery equipment to capture spent refrigerant, including HFC-134a and other non-ozone-depleting refrigerants. The act also regulates any fuels dealers store and dispense, and the alternative fuels motorists use, including gasohol. It restricts emissions from solvents and chemicals.
- **Clean Water Act:** Sets standards for regulation of wastewater and stormwater at dealerships and comprehensive rules governing aboveground oil storage tanks.
- **Department of Transportation (DOT) hazardous-materials-handling procedures:** Require parts employees who load, unload and package hazardous products, such as airbags, batteries and brake fluid, to be trained in safe handling practices.
- **FTC Used Parts Guide:** Prohibits misrepresentations that a part is new or about the condition, extent of previous use, reconstruction or repair of a part. Previously used parts must be clearly and conspicuously identified as such in advertising and packaging, and, if the part appears new, on the part itself.
- **IRS Core Inventory Valuation:** Revenue Procedure 2003-20 creates an optional method for valuing core inventories for those using the Lower of Cost or Market Valuation Method.
- **LIFO/FIFO inventory accounting method:** Revenue Procedure 2002-17 provides a safe-harbor method of accounting that authorizes the use of replacement cost to value year-end parts inventory.

- **NHTSA tampering rules:** Prohibit dealerships from rendering inoperative safety equipment installed on vehicles in compliance with federal law.
- **NHTSA tire rules:** Dealerships must report sales of defective tires when they are sold separately from vehicles, and must properly manage recalled tires.
- **OSHA asbestos standards:** Dealerships must use certain procedures during brake and clutch inspections and repairs to minimize workplace exposures. Water, aerosol cleaners or brake washers may be used to comply with the standard.
- **OSHA Hazard Communication (HAZCOM) Standard (right-to-know laws):** Dealers must inform employees about chemical hazards they may be exposed to in the workplace, keep chemical product information sheets on-site and accessible, and train staffers to properly handle the hazardous materials. Also, EPA's community right-to-know rules require dealers to list annually with state and local authorities tanks of more than 1,600 gallons.
- **OSHA lock-out/tag-out procedures:** Explain what service departments must do to ensure machines, including vehicles, are safely disengaged before being serviced.
- **OSHA workplace health and safety standards:** Extensive regulations cover a multitude of workplace issues and practices, from chemical labeling requirements to the number of toilets required. Example: Dealerships must determine if workplace hazards warrant personal protective equipment and, if so, to train employees on its use. Verbal or online reports must be made within eight hours of any incident involving the hospitalization or death of any worker.
- **Resource Conservation and Recovery Act (RCRA):** Comprehensive environmental law regulating many dealership functions, including underground storage tanks and the storage, management and disposal of used oil, antifreeze, mercury products and hazardous wastes, including some airbags. Underground tanks must be monitored, tested and insured against leaks; leaks and spills must be reported to federal and local authorities and cleaned up. The law also regulates new-tank installations. Dealers must obtain EPA ID numbers if they generate more than 220 pounds per month (about half of a 55-gallon drum) of certain substances; must use EPA-certified haulers to remove the waste from the site; and must keep records of those shipments. Used oil should be burned in space heaters or hauled off site for recycling. Used

oil filters must be punctured and drained for 24 hours before disposal.

- **Safe Drinking Water Act:** To protect underground drinking water from contamination, dealerships should avoid discharging waste liquids (such as used oil, antifreeze and brake fluid) into septic system drain fields, dry wells, cesspools or pits.
- **Superfund (Comprehensive Environmental Response, Compensation and Liability Act):** As waste generators, dealerships may be subject to Superfund liability. Carefully select companies to haul waste off site. Dealers can deduct the cost of cleaning up contaminated soil and water in the year it's done. Dealers may qualify for an exemption from liability for sites involving used oil managed after 1993. The service station dealer exemption application (SSDE) requires dealers to properly manage their oil and to accept oil from do-it-yourselfers.
- **UNICAP:** See "New- and Used-Vehicle Sales Departments."

Body Shop

- **Clean Air Act (CAA):** National paint and hazardous air-pollution rules require reformulated, environmentally safer paints and finishes, special handling procedures, and recordkeeping.
- **EPA hazardous-waste rules:** See "RCRA" under "Service and Parts Department."
- **OSHA HAZCOM Standard:** See "Service and Parts Department."
- **OSHA Respiratory Protection Standard:** Requires written programs describing how to select, fit and maintain respirators to protect body shop workers from hazardous chemicals.
- **OSHA workplace health and safety standards:** Extensive regulations affect body shops in many ways, including mandating the use and care of protective equipment such as face masks, gloves and respirators. Hex chrome standards limit air emissions during sanding and painting. (See also "Service and Parts Department.")
- **UNICAP:** See "New- and Used-Vehicle Sales Departments."
- **VIN and parts marking:** Dealers may not alter, destroy or tamper with vehicle identification numbers or antitheft parts-marking ID numbers and should use only properly marked replacement parts. ♦

Doug Greenhaus, Paul Metrey and Brad Miller of the NADA Legal and Regulatory Affairs Department contributed to this guide. For more info, visit nada.org/regulatoryaffairs.

Century Award Dealers

Honoring longtime dealerships.

BY JOE PHILLIPS

Many dealerships were originally blacksmiths or wagon makers before selling automobiles. The NADA Century Award celebrates those dedicated dealerships that have been in the transportation business for 100 years or more (to apply for the award, visit nada.org/centuryaward). Here is a timeline of the current NADA Century Award winners.



1898 Eich Motor Co.
St. Cloud, Minn.



1847

W. Hare & Son Inc.
Noblesville, Ind.

1852

Schaefer & Bierlein Inc.
Frankmuth, Mich.

1859

**Reynolds' Garage
& Marine Inc.**
Lyme, Conn.

1875

Kemmann Chevrolet Inc.
Lowden, Iowa
Normandin Chrysler/Jeep
San Jose, Calif.

1885

Moser Motor Sales Inc.
Berne, Ind.

1885 Moser Motor Sales Inc.
Berne, Ind.



1890

• **Ten Voorde Ford Inc.**
St. Cloud, Minn.

1895

• **Ferman Motor Car Co., Inc.**
Tampa, Fla.

1897

• **Hill International Trucks LLC**
East Liverpool, Ohio

1898

• **Eich Motor Co.**
St. Cloud, Minn.

1900

• **Diehl Ford Inc.**
Bellingham, Wash.
• **Hulsizer Chevrolet**
Montgomery, Pa.

1901

King BMW
Freehold, N.J.

1902

Suttle Motor Corp.
Newport News, Va.

1903

**Wentworth
Chevrolet Inc.**
Portland, Ore.

1904

Martens Cars
Washington, D.C.

1905

Claude Nolan Cadillac
Jacksonville, Fla.



1910

Grovert Motor Co.
Newhall, Iowa

The Hersrud Co.
Sturgis, S.D.

Sames Motor Co.
Laredo, Texas

Tiffany Motor Co.
Hollister, Calif.

1911

Barry Motor Co.
Danbury, Iowa

Chuck Colvin Auto
McMinville, Ore.

Dahl Automotive
Onalaska, Wis.

1912

Hight Auto Group
Skowhegan, Maine

Kelleher Motor Co.
Ellensburg, Wash.

Schallau Motor Co.
Van Horne, Iowa

C. Speck Motors
Sunnyside, Wash.

J.C. Lewis Ford
Savannah, Ga.

Witt Buick
Muskegon, Mich.

1913

Baker Garage Inc.
Baker City, Ore.

1906

Smart Chevrolet Co.
Pine Bluff, Ark.



1907

Butts Motors Inc.
Seaside, Calif.
Garber Buick
Saginaw, Mich.

1908

Luck Chevrolet
Ashland, Va.
Wegner Auto Co.
Pierre, S.D.

Don Drennen Motor Co.
Hoover, Ala.
Goodwin Bros. Auto
New Castle, Ind.

I.G. Burton and
Co. Inc.
Milford, Del.
Smart Motors Inc.
Madison, Wis.



1914

Oliver C. Joseph Inc.
Belleville, Ill.

1915

Brasher Motor Co. of
Weimar Inc.
Weimar, Texas
McClinton Chevrolet Co.
Parkersburg, W.Va.

1916

Edwards Chevrolet Co.
Birmingham, Ala.

1917

Brown's Automotive
Group
Patchogue, N.Y.
Soerens Ford of
Brookfield
Brookfield, Wis.

1918

Colussy Chevrolet
Bridgeville, Pa.
Sandman Brothers Inc.
Shelbyville, Ind.

To apply for a Century Award for your dealership, go to nada.org/century.

BUYER'S GUIDE

NEW PRODUCTS & SERVICES

BY PETER CRAIG

VEHICLE AUCTIONS

ACV Auctions, Buffalo, N.Y., extends a dealership's network of vehicle sources while streamlining the wholesale process. ACV's full-service platform includes impartial, comprehensive condition reports with detailed photos; real-time notifications of wholesale inventory; payments; titles; transportation; and arbitration. More info at acvauctions.com or 800.553.4070. (Booth 7535W)

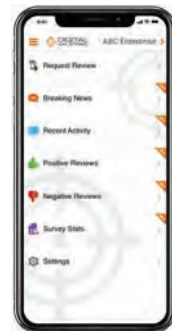


SERVICE LANE TOOL

AutoLoop, Clearwater, Fla., has the SmartLane mobile check-in and service lane management tool to dramatically boost CSI. From check-in to walk-around, SmartLane streamlines the service process, with critical vehicle data always accessible and easily updatable. More info at autoloop.us or 877.850.2010. (Booth 3634S)

MOBILE APP

Digital Air Strike (DAS), Scottsdale, Ariz., has the DAS Mobile App to let you track customer service, online reputation and employee performance. You can view actionable data from any device and directly respond to customers. Also, reporting widgets filter results down to specific employees or departments. More info at digitalairstrike.com or 888.713.8958. (Booth 128S)



MANAGEMENT SYSTEM

Reynolds and Reynolds, Kettering, Ohio, has a complete Retail Management System in a single platform to improve customer and employee engagement and operational efficiency. DMS, CRM, F&I, eContracting, eFunding, service write-up and shop loading are all in a single system, with a unique identifier for each customer and every transaction. More info at reyrey.com or 800.767.7879. (Booth 435S)

PURCHASE SOLUTIONS

Roadster, San Francisco, offers Express Storefront to deliver great deals in a well-designed interface involving everything from inventory merchandising to financing/leasing, incentives, trade-ins, service plans and accessories. Dealerships can provide hassle-free car buying in store, online or on the go. More info at roadster.com or 833.ROADSTER. (Booth 7122W)



CAR PHOTO STUDIO

360Booth, Odessa, Fla., has introduced the first patented car dealer photo studio solution. The 360Booth designer visits your dealership and shows you the best location for the showroom studio-like setting the company supplies. All you supply is sufficient space, vehicles and a camera. More info at autoexact.com or 727.422.2080. (Booth 6059W)



DEALERSHIP SIGNAGE

Ad Art Sign Systems, San Francisco, offers high-quality, low-profile lettering and signage. A project manager oversees the work from proposal and contract through engineering, technical survey, engineering, permitting, fabrication, installation and project close-out. More info at adart.com or 800.675.6353. (Booth 7423W)

PHONE SYSTEM

Clarity Voice, Southfield, Mich., has the DealerPhones VoIP system, which provides a full suite of telecom features to help move cars and boost service sales while improving accountability. Long-term contracts are not required, and phone rental is available. More info at clarityvoice.com or 800.786.6160. (Booth 7739W)



One Half Century of Achievement

The business and engineering faculty at the University of Michigan Tauber Institute for Global Operations salute those TIME Dealer of the Year finalists competing for this milestone 50th annual award.

Along with partners TIME, Ally, and NADA, The Tauber Institute applauds the nominees who demonstrated exceptional performance in their dealerships as well as a commitment to making an impact their communities.

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PREPARING FOR A NEW CONGRESS IN WASHINGTON HELP NADA FIGHT FOR YOU

Nearly 100 new Members of Congress
were sworn into office in January.

Does your member of congress know
where to find the best information
about your dealership?

To find the name of your legislator and how you can help NADA at home,
visit Legislative Affairs at the NADA Pavilion, booth #801S.

nada.org/grassroots





Auction to Benefit NADA Foundation

CANINE COMPANIONS FOR INDEPENDENCE

Saturday, January 26 • 1pm • ADESA Booth #621S

Auction item: Yamaha Drive Series Golf Cart



Absolute sale, no reserve.

(Disclaimer) No pre-sale qualification required. The pre-owned Yamaha golf cart will be offered for sale in an open environment, onsite at ADESA booth #621S only. No online or proxy bids will be accepted.



NADA SHOW | 2020

LAS VEGAS • FEBRUARY 14-17

BY JOE PHILLIPS

Next year, the NADA Show returns to Las Vegas—one of the most popular cities for dealer attendees. But dealers aren't the only ones enamored with glitz, glamor and gambling. Some 40 million people visit annually, with the city hosting nearly 4,000 conventions (and 400 shows and concerts each day!). Fifteen of the world's top 25 hotels are here—many recently renovated with even snazzier rooms, suites and lounges. And where else can you dine every night at a different celebrity chef restaurant? For 2020, dealers can bet on a winning hand at the NADA Show, along with a full house of accommodations and amenities.



15,000

MILES OF LIGHTED
NEON TUBING IN VEGAS



1,701

PLACES TO
GAMBLE





197,144

NUMBER OF
SLOT MACHINES



300+

NUMBER OF
WEDDINGS PER DAY



\$35

COST OF A
WEDDING LICENSE
(AVERAGE COST TO FILE
FOR DIVORCE: \$450)



NADASHOW

FUTURE DATES

2020

February 14-17
LAS VEGAS



2021

January 21-24
NEW ORLEANS

2022

March 10-13
LAS VEGAS

2023

January 26-29
DALLAS



2024

February 2-5
LAS VEGAS



2025

January 23-26 (*tentative*)
NEW ORLEANS

2026

February 6-9
LAS VEGAS

2027

January 21-24 (*tentative*)
DALLAS

2028

(*dates to be determined*)
LAS VEGAS

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Sure, it's scary to consider such an important change. And yes, we know your team is used to their current system and want things to stay the same. But we have news for you: Dealers that have made the switch to Auto/Mate say it was one of the best decisions they've ever made.

Start planning your escape.

Take a good hard look at your relationship with your current DMS, break the chains shackling your dealership and discover what freedom looks like. **Read the 6 Red Flags Signaling It's Time for a New DMS at automate.com/liberation.**

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