

THE WANADA BULLETIN

NEWS AND INFORMATION FOR AND ABOUT FRANCHISED NEW CAR DEALERS IN THE WASHINGTON AREA

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Headlines...

Join fellow dealers and associates at WANADA Annual Lunch!

Automotive News reports on reception hosted by U.S. ambassador for Washington Auto

Show reps and others in town for Paris Motor Show

All trade-ins now eligible for tax credit in Maryland

Federal contractors must pay sick leave for staff as of Jan. 1

NADA study: Dealership wages keep rising

NADA chairman decries cost burden from Washington

Tesla sues Michigan over direct sales model

Tepid September sales, much of it retail, with rising incentives

Webinar: Social media in hiring and firing

Staying Ahead...

Join fellow dealers and associates at WANADA Annual Lunch!

Nov. 2, Ritz Tysons



Former Sen. Scott Brown

Plan on attending the WANADA Annual Meeting and Luncheon, Wednesday, November 2, that is once again at the Ritz-Carlton Tysons Corner. Yes, the Annual Lunch is a month earlier than it has been in recent years. But the quality of the event remains outstanding on all scores!

Former U.S. Senator Scott Brown will keynote the lunch, which will also include a Washington auto business update and election of the 2017 WANADA Board. Additionally, it's a chance, to spend some productive and enjoyable time networking and catching up with fellow dealers and business associates.

Brown spent many years in the Massachusetts Legislature before being elected to Ted Kennedy's seat as the first Massachusetts Republican elected to the U.S. Senate in more than 40 years. In the Senate, he was a member of the Armed Services Committee, the Committee on Homeland Security, the Veterans Committee

and the Committee on Small Business.

Sen. Brown is a popular contributor to Fox News and a *New York Times* best-selling author for his book *Against All Odds*. His November 2 appearance at the WANADA Annual Lunch will present an excellent opportunity for attendees to get his take on this year's election, which will happen a few days later. The reception starts at 11:30 a.m. and the meeting will adjourn at 2 p.m.

Please [click here](#) to register today!!

Automotive News reports on reception hosted by U.S. ambassador for Washington Auto Show reps and others in town for Paris Motor Show

As reported in this week's issue of *Automotive News*, WANADA representatives for the Washington Auto Show were hosted by Jane Hartley, U.S. Ambassador to France, at a special reception at the embassy residence in Paris for the Washingtonians who were in town for Industry/Media Days at the Paris Motor Show. As covered in last week's WANADA Bulletin, the ambassador also hosted WANADA's guests, to include Jeff Carlson and Peter Welch, chairman and president of NADA, respectively; Christian Peugeot, president of the French Automakers, which sponsors the Paris Motor Show; and Yves van der Straaten, secretary general of the *Organisation Internationale des Constructeurs d'Automobiles* (OICA). Representing the Washington Auto Show for WANADA were Charles Stringfellow and John O'Donnell, vice chairman and president, respectively.

The AN report, published yesterday in the October 10 issue, captioned "Welcome to Paris," appears below:

8 • OCTOBER 10, 2016
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Welcome to Paris

Industry representatives in Paris for the auto show gathered at a reception hosted by the U.S. ambassador to France, Jane Hartley. Guests included representatives from the Organisation Internationale des Constructeurs d'Automobiles, or OICA, an organization of global auto manufacturers; the Comite des Constructeurs Francais d'Automobiles, or CCFA, the French car trade organization; the National Automobile Dealers Association; and the Washington Area New Automobile Dealers Association. Shown, from left: OICA's Dominique Legendre, the Washington dealers association's Charles Stringfellow, Nancy Carlson, NADA's Jeff Carlson, Hartley, NADA's Peter Welch, the Washington dealers association's John O'Donnell, CCFA's Christian Peugeot and OICA's Yves van der Straaten.

Ambassador Hartley, additionally, hosted senior staff from the Washington Auto Show (WAS) and the other referenced industry organizations. These included the following: Barbara Pomerance, WAS promotions; Bob Yoffe, WAS manager; Gerard Murphy, WANADA counsel; Michael Regan, NADA industry affairs; and Dominique Legendre, OICA.

This form of interaction with industry leaders and the related publicity is what the Washington Auto Show is seeking when it attends the major international auto shows each year, such as Paris. These efforts, as well as the notables Washington's Auto Show attracts at its Industry/Media Days--on up to President Obama and Vice President Biden--also act to enhance the stature of Washington on the global industry circuit. Washington's status as an OICA certified auto show is evidence that it is headed in the right direction.

All trade-ins now eligible for tax credit in Maryland

As of October 1, all vehicle trade-ins in Maryland are eligible for tax credit on the purchase of a new vehicle *if* it is part of the same transaction. Previously, the Motor Vehicle Administration did not apply tax credit when the trade was a lease and the new car was a purchase, or when both cars were a lease, but the new car was with a different leasing company.

Vehicles titled in another state are also eligible for the tax credit, as are vehicles owned by a relative of the owner of the car being purchased. A “relative” means a spouse, son, daughter, grandchild, parent, sister, brother, grandparent, father-in-law, mother-in-law, son-in-law or daughter-in-law.

Federal contractors must pay sick leave for staff as of Jan. 1

A new rule from the U.S. Labor Department will affect dealers who sell or service federal government fleets and other WANADA members who are federal contractors. Starting January 1, 2017 all federal contractors must offer their workers paid sick leave. Companies with more than 100 employees must also report to the government how they pay their workers by race and gender.

The sick leave requirement applies only to government-solicited contracts. Workers may also use the leave to care for a sick family member or to deal with the aftermath of sexual assault or domestic violence.

The administration wrote the rule after sick leave legislation stalled in Congress for years. The U.S. Chamber of Commerce and International Commerce Association called the rule a “compliance nightmare,” and the Chamber said it would create a large administrative, paperwork and labor time burden.

The Equal Employment Opportunity Commission (EEOC) will release an annual report based on the salary data collected, showing the pay for various sectors by industry and region.

NADA study: Dealership wages keep rising

The average annual compensation for employees at new-car dealerships in all positions was \$69,718 in 2015, a 1 percent increase from 2014, according to NADA’s recently released Dealership Workforce Study. Dealership productivity, measured as gross profit per employee, increased 0.4 percent to \$8,446.

A new measurement for 2016, which included a pay analysis of individual dealership employees working in the same position in 2014 and 2015, showed an average earnings growth rate of 6.3 percent year over year compared with the private sector rate of 2.2 percent in 2015.

General managers and F&I managers saw double digit percentage earnings growth rates, as sales managers and sales consultants increased 4.5 percent and 2.7 percent, respectively. Earnings growth in key fixed ops positions rose an average of 7.5 percent.

Total employee turnover remained relatively unchanged at 39.6 percent, up slightly from 39.3 percent in 2014 but still lower than the U.S. non-farm, private sector average of 46 percent.



Federal contractors must provide paid sick leave to employees starting January 1.

Annualized turnover for sales consultants at all new-car dealerships dropped 5 points to 67 percent in 2015.

Dealerships are doing a better at hiring and retaining millennials, but not women, the study found. Sixty percent of all new hires in 2015 were millennials.

“As more and more dealerships add flexibility to work schedules and move away from 100 percent commission pay plans to attract and retain millennials, nonluxury dealerships reduced sales consultant turnover by eight points,” said NADA Chief Economist Steven Szakaly.

The ratio of women working at new-car dealerships was 18.6 percent, a slight increase from 2014. Women accounted for 20 percent of all new hires, the same as the previous year.

NADA chairman decries cost burden from Washington



NADA Chairman, Jeff Carlson in Detroit

When NADA Chairman Jeff Carlson spoke to the Detroit Automotive Press Association, he said he would talk about taxes. But his speech was really about the cost imposed on dealers – and consumers – by current and potential Washington regulations and directives. Some examples Carlson gave:

- The harm done to trade-in values by the federal requirement that a dealer can't resell or wholesale a vehicle under open safety recall.
- Dramatic increases in fuel economy that raise the price of a new car by thousands of dollars.
- An increase of hundreds of dollars to the retail price of a new car “because Washington thought it was no

longer beneficial to consumers to have multiple, independent retailers competing with each other.”

To preserve fair and affordable auto financing for consumers, Carlson said NADA is urging the Consumer Financial Protection Bureau (CFPB) to enforce the NADA, NAMAD and AIADA Fair Credit Compliance Program. NADA also wants Congress to support S.B. 2663, which would rescind the CFPB's auto finance guidelines.

“We agree that 100 percent of recalled vehicles should be fixed,” said Carlson, “but we cannot make trading in a vehicle so costly that it drives more consumers toward the unregulated private sales market, and away from the very dealers who are entrusted – by Congress and our customers – to make these repairs.”

As for the fuel economy standards, Carlson said, “We agree that we should reduce greenhouse gas emissions, but we cannot make new fuel-efficient cars and trucks so expensive that consumers can't afford to buy them.”

Tesla sues Michigan over direct sales model

Tesla has sued the state of Michigan for the right to sell its cars there under a direct sales model, saying that Michigan's two-year-old law banning direct sales is unconstitutional. That is a much broader challenge than the automaker has made in other states. If Tesla's challenge is effective, it could threaten state bans on direct sales nationwide.

Michigan turned down Tesla for a new-car dealership license in mid-September because state law requires that a dealer have a contract with an automaker and cannot play both roles.

Tesla aims to reverse direct sales laws throughout the nation, not just in Michigan, analyst Mike Ramsey of Gartner Inc. told the *Detroit News*.

Locally, Tesla has a showroom in Tysons Corner, VA, and a sales outlet in Montgomery Mall, Bethesda, MD.

Tepid September sales, much of it retail, with rising incentives

Nationally, September auto sales presented mixed results, with totals down slightly from a year ago, with rising incentives and a high proportion of retail sales rather than fleets. No one expected the recent hot sales pace to continue, and September confirmed those expectations.

Still, several automakers and analysts expressed optimism. “Key economic fundamentals like a strong jobs market, rising personal incomes, low fuel prices and low interest rates continue to point toward strong industry performance,” said Mustafa Mohatarem, GM’s chief economist. “We think the industry is well positioned for a continued high level of customer demand into the foreseeable future.”

September’s seasonally adjusted annual rate (SAAR) was 17.74 million, a big jump from 16.97 in August, but below September 2015’s 18.04 million. This year remains on track to be the second biggest sales year of any on record.

Average transaction prices increased nearly 3 percent from a year ago, according to Kelley Blue Book. That trend has been bolstered by the market shift from cars to crossovers and SUVs, said KBB analyst Tim Fleming. And although incentives are rising, Autotrader.com Senior Analyst Michelle Krebs said they are “not spiraling out of control.”

Webinar: Social media in hiring and firing

Date: Wednesday, October 19, 2016

Time: 10 a.m. to 11 a.m.

Host: WANADA Kindred-line member Auto/Mate (Dave Druzynski, Director of HR)

Any dealer who has ever “Googled” a job applicant or checked the individual’s Twitter or Facebook profile may have accessed information that is protected by law, such as age, race and disabilities. Having accessed this information can land an employer on the wrong end of a discrimination lawsuit.

Any dealer who has ever disciplined an employee for posting a disparaging remark online about a manager or about the dealership could be hit with a lawsuit. And a recent court decision has determined that it is illegal to have a policy requiring that all dealership personnel be courteous to one another.

The use of social media in hiring and employment has been a hot topic lately, and recently car dealers have been finding themselves on the losing end in court battles. The laws and regulations haven’t been able to keep pace with emerging social media technologies, and courts are rarely siding with employers.



The Toyota Corolla was the best-selling car in September.

This webinar can teach dealers:

- The current laws that affect the dealership's use of social media as it relates to job applicants, the hiring process and current employees.
- How courts are currently interpreting these laws and how they affect dealers' decision making.
- How to craft a social media policy that will allow a dealership to take advantage of the tools available while remaining out of legal trouble.

[Register here](#)

[Watch Dave Druzynski's video](#)

Staying Ahead...

I'm not concerned with your liking or disliking me. All I ask is that you respect me as a human being.
--Jackie Robinson

