

# THE WANADA BULLETIN

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

WANADA Bulletin #14-02

April 8, 2002

## Action Alert

### NADA Urging Dealers to Help Move Voluntary Arbitration Bill to Senate Floor

With Congress back in session this week following the spring recess, NADA is urging dealers to contact their Senators in an all out effort to move "The Motor Vehicle Franchise Contract Arbitration Fairness Act," S. 1140, to the Senate floor.

Current Senate cosponsors of this bipartisan legislation stand at 56 – 25 Democrats, 30 Republicans and one independent. "The sticking point to moving S. 1140 forward remains Sen. Jeff Sessions (R-AL), who continues to block consideration of S. 1140 on the Senate floor," NADA explained in a recent "Action Alert" to dealers. Under Senate rules, any one Senator can hold up legislation since bills need unanimous consent to move forward for full Senate

debate.

"In addition," said NADA, "the Senate has been in a standoff with Republicans and Democrats bitterly fighting over judicial nominations and other matters, and little legislation is moving forward for full Senate debate.

Despite these challenges, NADA's lead sponsor, Senator

Orrin G. Hatch (R-UT), says he is ready to take up the charge and attempt to move the bill. NADA is asking for dealers' help "in keeping S. 1140 on the front burner with other Senators" by contacting and urging holdout Senators to become cosponsors of S. 1140,

*(See Arbitration Bill, page 2)*

## Dealers in the News

### DARCARS DNA Events Draw 1,400 Vigilant Parents

For their efforts in an area-first program to offer free DNA samples to parents of elementary school children, DARCARS dealerships were featured in The Washington Post's Health section April 2. The program, held on March 23, drew more than 1,400 parents to five DARCARS dealerships – Fairfax Chrysler-Plymouth, Ford/Lanham Kia, Toyota of Silver Spring, Wilson Powell Lincoln-Mercury, and 355 Toyota of Frederick.

Sponsored by DNA LifePrint, which makes the kits used in collecting the samples, similar programs have been held at more than 400 car dealerships across the country over the past three years.



*(See DARCARS, page 2)*

## Inside...

- Hot New Mini Cooper Comes to Town.....p.2
- Profit-centering the Used Car Department.....p.3
- Vehicle Leasing Software Tips.....p.3
- Advertising Reminders...p.4
- WANADA Outing.....p.4

## DARCARS

*(continued from page 1)*

The company says a child's DNA sample is a better form of child identification than fingerprints, and is useful in the case of abduction or runaway, perhaps increasing chances of a child's safe return.

DARCARS employees volunteered to spend their Sunday taking DNA samples from the children. The procedure was simple and absolutely painless: just run a cotton swab on the inside of the cheek, drop the swab into a test tube filled with clear liquid that stops the growth of bacteria (which can kill DNA), and drop it into a red envelope that the parents keep. The kids got juice and cookies.

To alleviate parent's privacy concerns, the staff at DARCARS and the flyers from DNA LifePrint tell parents that the sample isn't coded

and that personal information about the child's DNA isn't stored in any databases.

The program was promoted through 150,000 flyers distributed in elementary schools in the dealerships' communities. It also received advance notice in area newspapers, and through 1,500 PSAs run on Comcast.

"There also was a lot of interest drummed up through word-of-mouth, which resulted in a lot of calls and emails," said Diane Rexroad, executive assistant to Tammy Darvish of DARCARS Toyota of Silver Spring, which handled nearly half of all the children.

Why undertake such an extensive program? "The philosophy at DARCARS – and we include this in our hire orientation – is the community has been really, really good to us and you have to give back some time," said Rexroad. "It's the culture here. There are things that are just the right thing to do."

"We're planning to do it again in September," she added.

## Arbitration Bill

*(continued from page 1)*

and to urge a floor vote on S. 1140 in the near future.

Both Virginia Senators, John Warner and George Allen, are cosponsors of S. 1140, while neither Maryland Senators, Paul Sarbanes and Barbara Mikulski, have signed on.

NADA also reports that the National Federation of Independent Business, which represents more than 600,000 small business owners nationwide, also has signed on to this legislation, noting that, "it appears that these mandatory binding arbitration clauses are being used to deny small business owners access to justice, rather than as a true mechanism to resolve disputes fairly."

"Since this is an election year, we only have a short window to get this bill passed," said NADA. "Please help pass this bill to restore state rights to dealers." For more information, please contact the NADA Legislative Office at (800) 563-1556.



### Hot New MINI Cooper Comes To Town

BMW of Sterling is the first dealer in the Washington area to begin selling the stylish new MINI Cooper. The first MINI debuted on August 26, 1959, with the idea of getting the maximum usable space out of minimum overall dimensions and providing a sporty and exhilarating driving experience. With BMW engineering and retro styling, the current MINI is expected to be hot and hip. "We are excited to be the first dealer in the area to sell the MINI Cooper," said Christal Waddy, sales manager for MINI of Sterling. "This is a fun car that shares all the standard safety features of BMW. The MINI is unique in its appeal to all age groups."

**NADA Monthly Dealer Operations Commentary**

**A Second Look: Profit-centering the Used Vehicle Department**

How do you know if your used vehicle operation is pulling its own weight? Is the operation contributing to the overall health of your dealership?

The following calculation, as well as many others, is offered to dealers in NADA's newest videotape package to help you analyze your used vehicle department.

**Break Even Gross Profit Per Used Vehicle Retail**

*Purpose: by adding all the expenses of the Used Vehicle Department and dividing them by the number of used vehicles sold, one determines the average cost to sell a used vehicle.*

Used Vehicle Departmental Expenses		Current Month
Variable Expense		_____
Personnel Expense*	+	_____
Semi-fixed Expense	+	_____
Fixed Expense	+	_____
Other Expense**	+	_____
Other Expense	+	_____
Total Departmental Expenses	=	_____
Number of Used Vehicles Retail	÷	_____
Break Even Gross Profit PUVR	=	_____

\*(If your statement does not have Personnel as a separate category, place 0 here, Example: Ford.)

\*\* (GM = Z Expense, Ford and Chrysler = Dealer's salary)

Did you think your break even point was higher or lower than it is? Now you realize that in order to become more profitable, you have to reduce your expenses and sell more used vehicles. It's striking to see the proof in black and white (hopefully not red!).

The above information was excerpted from A Second Look: Profit-centering the Used Vehicle Department videotape, diskette, and workbook set. You can order the package from the National Automobile Dealers Association (NADA) by calling 800-252-6232, ext. 2 or 703-821-7227. Cost to NADA members is \$189 for the 35-minute videotape, one diskette, and one 36-page study guide, and \$10 for each additional study guide, plus shipping.

**NADA TIP: Questions to Ask When Buying Vehicle Leasing Software:**

- Will it automatically transfer the entire deal structure from the stand-alone leasing software to the dealership's mainframe or dealership management system (DMS)? Most errors and contracts "bounced" from leasing systems happen because of re-keying errors when the contracts cannot be automatically transferred to the DMS.
- Can the leasing software be installed on several dealership PCs or an application server on the local area network (LAN) instead of a single PC? Dealership sales and F&I staff need to be able to use the leasing applications at their existing PCs and terminals rather than purchasing new equipment to support the leasing software.
- Why buy leasing software products that can calculate a deal with 200 different financial lenders unless your dealership works with that many lenders?

**Reminders & Useful Tips**

**Radio/TV Advertising Tips from VA MVDB:**

At its March meeting, the Virginia Motor Vehicle Dealer Board’s Dealer Advertising Committee listened to several recent radio advertisements. The members concluded that many advertisements included disclaimers that cannot be easily understood. Disclaimers must be made in an understandable tone and speed and must be clear. Specifically, the Virginia Advertising Regulations state:

“In radio advertisements, where terms, conditions or disclaimers are used, they shall be clearly announced during the advertisement. They must be explained clearly and at an understandable speed and volume level.


“In television advertisements, where terms, conditions or disclaimers are used, they shall be clearly and conspicuously displayed or announced, or both, during the advertisement. They shall be at an understandable speed or understandable volume level, or both.”

Failure to comply with these regulations could result in the assessment of a civil penalty of up to \$1,000 each time the advertisement is aired.

The Board has also advised against placing a disclaimer at the *beginning* of dealer radio advertisements. While there is no prohibition against this practice, the advertisements could be considered deceptive and misleading if the listener is not able to connect the disclaimer to the advertisement, particularly if heard directly after another advertisement.

**Sign Up Now!**

**2002 WANADA Outing Tees Off Monday, May 13**



What could be worse than being left behind at the store while all your buddies are enjoying themselves on a perfect spring day at the **WANADA Open, Monday, May 13** (the day after Mother’s Day) at the Indian Spring Country Club in Silver Spring, MD. The annual golf and tennis outing is expected to be the best ever this year with celebrity guests, a “pro” MC, and more entertainment features at the reception and awards banquet. Dinner has also been moved up a half-hour to **6:00 p.m.** Unchanged will be the opportunity for fellowship and fun, a chance to win valuable prizes, and a round of captain’s choice golf, where everyone enjoys the day irrespective of their level of talent.

Sponsorship opportunities are available for kindred-line members and friends. A WANADA Open registration form and flyer — with prices, times and details — is enclosed with this *WANADA Bulletin*. For more details, call Trish Frisbee at the WANADA office, (202) 237-7200, ext. 14.

**Thought for the Week...**

*Death and taxes may be certain, but we don’t have to die every year.*

— Anonymous

**Enclosures:**

- 2002 WANADA Open flyer and registration form
- Universal Underwriters Loss Prevention series: “Disaster Preparedness Plan to Survive!”