

THE WANADA BULLETIN

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

WANADA Bulletin # 14-09

April 10, 2009

INSIDE THE BELTWAY

NADA Says DEAC Contributions More Critical Than Ever

Dealers Urged to Stay The Course On PAC Support

The national automobile Dealer Election Action Committee (DEAC) is calling on all NADA members to stay the course this season as the need to have the dealers' voice heard on serious legislative and regulatory issues facing the industry has become paramount.

"We recognize business conditions are difficult, but DEAC donations give us the access required to give our point of view on issues impacting the future of our business," DEAC Chairman Dave Westcott said.

NADA has been extremely active on Capitol Hill this year working with members of Congress to restore the availability of credit for dealer floorplans and retail customers. It has also been pressing the Obama administration on these same issues with the notion of easing credit rating restrictions on Small Business Administration loans.

It has also been working with House members to move forward on so-called "Cash for Clunkers" proposals that would provide consumers between \$1,500 and \$10,000 towards the purchase of a new vehicle depending on its fuel economy and final assembly point. A specific proposal, H.R. 1550, sponsored by Rep. Betty Sutton (D-OH) has gained traction in the last few weeks and may be considered on the House floor



by the end of April.

The Association has also testified before the Environmental Protection Agency urging Congress not to grant California a waiver to impose its own fuel economy standards, arguing that allowing for a "patchwork" approach to fuel economy standards would be "prohibitively expensive" for the auto industry.

NADA is also warning that in light of the current economic downturn and political environment, Congress is likely to introduce legislation to curtail some questionable

Continued P. 2

Fixed Operations Directors See Entry-Level Technicians as Key to Higher Profits

Nature of Dealer Service Changing

Ongoing industry studies and an informal WANADA survey of area fixed operations directors are beginning to show that automotive service is rapidly evolving to maintenance only and that the key to profitability in this new environment is to use reasonably well trained, entry level technicians for this work.

The days of dealership service bays needing to be staffed by A-level technicians are fading, and fading rapidly, the studies and the survey finds. The reasons are two-fold. First, because of the huge strides all automakers have made in vehicle quality and reliability and second, because expansive, on-line, step-by-step diagnostic and repair instructions being made available to all technicians make it possible for lesser experienced employees to do work previously done by A technicians. "The fact is, the majority of our work is simple maintenance these days," said one service director who

Continued P. 2

Inside...

The Chrysler/Fiat Deal.....	p.2
WANADA Comm. Director.....	p.3
In Memoriam—John F. Mattos.p.3	
A Million Plug-Ins.....	p.3
The WANADA Open.....	p.4
WANADA Insurance.....	p.4
Position Wanted	p.4

Technicians—Continued from P. 1

wished to remain anonymous. “We just don’t do that much hard repair work anymore, certainly not the kind that requires ‘A’ technician talent,” he said.

The findings have significant implications for staffing regimens at the typical dealership and come at a time when they are already undergoing changes because of recession induced declines in service work. Said one service director interviewed by WANADA, “the hard fact is, some of the technicians we had to let go we are either hiring back at lower pay or replacing with entry-level technicians.”

WANADA members who find themselves in similar circumstance may want to consider signing on with its Automobile Dealer Education Institute (ADEI) technician training

program which specializes in providing and training serious entry-level technicians to its members and insuring that they become productive service department employees within 30 days.

There are more than 200 plus ADEI trained technicians at work at WANADA member dealerships and the ADEI has a number of quality candidates available. The ADEI approach, which is a NATEF Certified Program, is to have the dealership hire the post-high school candidate on a fulltime basis in the service department and assign him/her a mentor.

The candidate works four days per week in the dealership and attends classes the fifth day where he/she receives instructions in basic mechanical repair as well as manufacturer man-

dated technical instruction.

WANADA dealers participating in the program have consistently found that candidates are almost immediately productive service department employees and return their training dollar investment quickly.

For more information on the ADEI Entry Technician Training service please visit: www.wanada.org/ADEI or call Bill Belew, program director at 202-237-7200.



INSIDE THE BELTWAY

DEAC—continued from P. 1

predatory lending practices such as payday loans and vehicle title loans.

“While well intentioned, these bills fundamentally alter a dealer’s ability to provide affordable credit to customers,” NADA says. “DEAC contributions allow us the opportunity to inform Congress on how dealer-assisted financing provides an even greater access to affordable credit at competitive rates to consumers, especially those who do not have a relationship with a bank,” NADA says.

Enclosed with this Bulletin is a *DEAC Permission to Solicit Form*, which is required by Federal law before DEAC can work with individual members.

WANADA members are urged to sign up and support their industry.

What Chrysler May Get From Fiat

30 Days and Ticking

It is a very short time frame and many industry analysts doubt that Chrysler LLC and Fiat SpA can manage to finalize union arrangements by then, but should it happen, there is some interesting technology Chrysler will gain access to in addition to the city and small car programs Fiat is famous for.

According to The Wall St. Journal, Chrysler will have access to Fiat’s MultiAir engine technology, an air intake modulation system that can both boost engine power and improve fuel efficiency by 10%. It also will have access to a dry dual-clutch transmission Fiat will begin producing by year-end. That transmission allows for seamless gear changes in automatic mode, much like the continuously variable transmission (CVT) offered by Nissan. Fiat says this technology also offers a 10% fuel savings, in part because of its small size. Both technologies would be extremely helpful in making it possible for Chrysler’s future vehicle lineup to meet the higher fuel economy standards set to take effect in 2011.

Chrysler has until May 1 to deliver to the U.S. government a viability plan that includes a partnership with Fiat.

Kelderman Named Communications Director

WANADA has placed Jake Kelderman, the current director for the Automobile Dealer Education Institute, in the additional role of director of communications. He has been with WANADA since August of 2008 and is a seasoned auto industry professional. He began his career as Washington correspondent for Automotive News in 1976 and after a 10 year stint with that noted industry journal became vice president of the industry affairs group at the National Automobile Dealers Association.



Most recently, he completed an eight year stint with the

Newspaper Association of America where he was responsible for that organization's outreach efforts to the auto industry.

Kelderman has written extensively on the auto industry, with a particular emphasis on the retail sector. He is co-author of *Betting on the Franchise, The Future of the Franchise Auto Industry*, which was published in 1986.

"In making this appointment we are both recognizing and taking advantage of Jake's many journalistic skills and his deep understanding of the auto industry to help us move forward to enhance communications with our members and tell our story to the public,"

WANADA CEO Gerard Murphy said.

Obama Budgets 1 Million Plug-In Vehicles by 2015

We don't know if this is what they had in mind, but the Obama administration says it wants to switch research funding dollars away from hydrogen fuel cells to plug in electric vehicles. In the stimulus package recently signed by the president, it provides for \$2 billion in new battery research grants, but no new dollars for the hydrogen fuel cell research programs first funded by the Clinton administration and later the George W. Bush administration.



GM- Segway Project PUMA

The stimulus measure also calls for at least one million plug-in electric vehicles on the road by 2015.

John F. Mattos, Past President and CEO Mattos Pro Finishes Died Last Week

WANADA is saddened to report the passing of John F. Mattos, the past president and CEO of longtime kindred line member company, Mattos Pro Finishes. John passed away on April 3, 2009 at his home in Alexandria, Va. John was 85. He served his country with distinction during World War II and was wounded in combat in the Pacific Theater.



He and his brother Paul followed their father, John A. Mattos, into the company he founded as the Mattos Paint Company. From there, John F. and Paul took the business to where it is today when in 1943, they became the key DuPont automotive paint distributor for the Washington area. Mattos Pro Finishes is led today Joe Mattos, the son of Paul Mattos and nephew of John F. Mattos.

John is survived by his wife Marjorie, and son John A.(II), Kristie Dalidio, Nancy Seely and Bruce Chambers. He leaves behind six grandchildren and three great grandchildren.

The family asks that in lieu of flowers, memorial contributions be made to the Salvation Army, 1804 Mount Vernon Avenue, Alexandria, VA. Expressions of sympathy may be sent to Mattos corporate office, 4501 Beech Road, Temple Hills, MD 20748.

WANADA extends its condolences to the Mattos family.



The WANADA Open May 18

Mark your calendar and registration for this always fun event. A great golf course, beautiful scenery, lots of fun and plenty of prizes. Attendance is limited to the first 128 registrants. Register online at www.wanada.org



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Automobile Dealers Association

Tel: (202) 237-7200

Focused Customer Service

Drives Growth of WANADA Insurance Brokerage

It's the kind of business any auto dealers would like to see, growth so pronounced that you barely have time to total the number of new accounts. That is the situation WANADA's Insurance Brokerage Services is handling these days as members and affiliated organizations understand more about the services and savings being offered by the dealer owned provider.

Martha Kowalski, longtime director of insurance services at WANADA, looks at it as the result of careful strategic planning and hard work. "Our operation is on the grow because dealer members know that we know and understand the character of the automobile business better than anyone else," she says, adding that WANADA insurance brokerage is about working through the best insurance solution for the dealership and its employees and not about fees. "Yes, we're an insurance agency, but we're a dealer association first, so it's the industry's work that benefits by our insurance success," she says. She notes growth has been especially strong in obtaining COBRA coverage for dealerships, now that laid off employees have an expanded opportunity to receive this coverage under legislation passed earlier this year. "It's incredibly important at this moment," she says.

Kowalski feels the WANADA membership will continue to look to their association for their insurance needs. "Our customers are our best sales people," she says. Dealers and kindred line members might want to give Martha and her team a call for a complete employee benefits analysis, be it for Health, Dental, Life, Short Term Disability, Long Term Disability, Health Savings Accounts, Health Reimbursement Arrangement and Billings Services. Mostly, however, "it's about responsive personal service."

Position Wanted—Senior Level Finance Executive

Local area executive with extensive experience and contacts in automotive finance market is seeking dealership employment. For further information please contact John O'Donnell, VP 202-237-7200.

Staying Ahead...

Democracy is a process by which the people are free to choose the man who will get the blame.

Laurence J. Peter

U.S. educator & writer (1919 - 1988)

Enclosure:

- DEAC Permission to Solicit Form