

THE WANADA BULLETIN

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

WANADA Bulletin # 15-07

April 26, 2007

DEALERS IN THE SPOTLIGHT

Earth Day the Fitzway

Fitzgerald Auto Malls First in Nation to Become EPA "Green Power Partner"

WANADA Chairman Jack Fitzgerald, Fitzgerald Auto Malls, who has earned an array of awards for his business innovations and community activism, added another distinction last Friday when he kicked off Earth Day weekend with a special celebration to announce that his Maryland stores will be the first in the U.S. to become "Green Power Partners" with the Environmental Protection Agency (EPA).

To earn that status, Fitzgerald agreed with Pepco Energy Services to switch all of his Maryland dealerships from electricity generated by conventional power sources to 100% "green-e certified wind power," beginning this May. The Clean Energy Partnership, an environmental group that encourages businesses to purchase green power, advised and assisted Fitzgerald in his shift to green power.

The change over to wind from electric was estimated to cost about 5% more for an operation the size of Fitz/Malls. But Fitzgerald said he made the decision to move to "green power" because "we need energy alternatives to oil, and should be reaching out to wind power and solar folks to help those industries get stronger and



Jack Fitzgerald receives MD Gen. Assembly citations from Dels. Susan Lee, Kumar Barve, Sen. Jennie Forehand and Del. William Bronrott. At right, EPA's Blain Collison presents a "Green Power Partner plaque" to Fitzgerald.

become real competitors. When that happens, we can shop and compare prices, just like the car business."

Fitzgerald, who was actively involved in this year's effort in the Maryland General Assembly to create an energy commission, said he was proud of his industry

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Attention: Dealer Principals and Fixed Operation Directors

NOVA Com. College Provost to Speak at WANADA Apprentice Tech Training Open House

Wednesday, May 2, Montgomery College

Jonathan Gueverra, the new provost of the Alexandria campus for Northern Virginia Community College (NOVA), will be participating in the Automotive Technician Open House at WANADA's Automobile Dealer Education Institute (ADEI) training facilities at Montgomery College, on Wednesday, May 2, 2007, from 9:30 a.m. - 11:30 a.m. Dr. Gueverra will speak about WANADA's effort to bring ADEI technician training to NOVA, as it has with operated at MC, in the context of NOVA's longstanding involvement in technician education.

WANADA also will roll out recent enhancements to the training program such as the "mix & match" option where dealerships can choose courses off the ADEI menu that can be utilized by existing technicians looking to broaden or brush-up on skills, which may assist some in advancing their ASE certifications. A tour of the facility is part of the open house, too, that will provide the opportunity to meet instructors and see, ADEI apprentices at work.

WANADA has a solution to the technician shortage crisis with this program! Be there to hear about it on May 2nd. Use the FAX back RSVP form enclosed with this WANADA Bulletin or contact Trish Frisbee at WANADA, (202) 237-7200, tf@wanada.org.

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Earth Day the Fitzway



"It (environmentalism) really is about picking up after yourself, just like your mother taught you to do," Fitzgerald explained.

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and dealer associations for "taking the high road" on an environmental policy. "The environmental movement is a lot more friendly to business than businesses realize and is something that should bring us all together," he said.

State Senator Jennie Forehand and Delegates Kumar Barve, William Bronrott and Susan Lee presented Fitzgerald with special citations from the Maryland General Assembly in recognition of his efforts to protect the environment. The citation presentations were capped off with a gift from the legislators of a Chesapeake Bay tee-shirt, which Fitzgerald displayed for the assembled group.

NADA environmental attorney Douglas Greenhaus praised Fitzgerald for being one of the first dealers to participate in the NADA/EPA Energy Star Program, which was first announced at this year's Washington Auto Show. The energy savings have "low costs upfront and a quick return," said Greenhaus.

Mike Tidwell, director of the Chesapeake Climate Action Network, said Fitzgerald Auto Malls was a good example of "business, government and environmental leaders coming together to work for a cleaner environment."

In addition to adopting alternative power, Fitzgerald Auto Malls also celebrated the success of their ambitious recycling program. In 2006, Fitz/Malls recycled over 2 million pounds of waste in Montgomery County, representing over 80% of the waste they generated. This resulted in Fitzgerald's receiving the Outstanding Achievement in Recycling Award from the county in 2006.

Asked if he thought of himself as an environmentalist, Fitzgerald said, "I think of myself as a used car salesman; but if I'm walking across the used car lot and see a piece of trash and pick it up and put it in the can – the right can – that makes me an environmentalist, because that's where being a responsible 'caretaker of the planet' begins."

KINDRED KORNER

New WANADA Kindred Members

The WANADA Board of Directors recently approved the following suppliers and contractors as WANADA Kindred-Line Members and welcome their participation in the dealer organization.

- **Eyewitness Surveillance**, 9710 Traville Gateway Drive #232, Rockville, MD 20850; 800-203-2024, 410-295-0964 (fax); www.eyewitnesssurveillance.com. Usual Representative: Larry Adler, managing partner, Larrya@Eyewitnesssurveillance.com. Design, install and monitor surveillance systems for auto dealer properties.
- **OBA Bank**, 20300 Seneca Meadows Parkway, Germantown, MD 20876; 301-528-9900, 301-528-4420 (fax); www.obabank.com. Usual Rep: Kevin Nduru, branch manager, knduru@obabank.com. Banking services.
- **OVE.com**, Two Concourse Parkway, Suite 600, Atlanta, GA 30328; 859-619-1133; www.ove.com. Usual Rep: Jim McAnally, district sales manager, jim.mcanally@ove.com. Virtual wholesale automotive auction website for dealer-to-dealer transactions.
- **Prudential Financial, Inc.**, 4920 Elm Street, Suite 300, Bethesda, MD 20814; 301-986-4800 x7021, 301-986-0223 (fax); www.prudential.com. Usual Rep Matthew Lucas, director, advanced markets, matt.lucas@prudential.com. Business and estate insurance planning.
- **XiGroupAuto**, 3500 Boston Street, #226, Baltimore, MD 21224; 410-276-0010 x33, 410-735-9987 (fax); www.xigroupauto.com. Usual Rep Tony Stephens, west sales consultant, tstephens@xigroupauto.com. Provides inventory management and marketing software. Their comprehensive solution offers one step/one source vehicle uploading on eBay and other inventory sites; prints window stickers.
- **Travelers Insurance Company**, One Tower Square, Hartford, CT 06183; 860-277-2104, 860-954-5281 (fax); www.travelers.com. Usual Rep: David Stevenson, second vice president – Product, dasteven@travelers.com, Bill Curtis, vice president marketing 860-277-7564. Broad range of property and casualty insurance products and services including those tailored to the auto dealer industry.
- **Smith Barney**, 7272 Wisconsin Ave. NW, 4th Floor, Bethesda, MD 20814; 301-657-6339, 301-656-1510 (fax); www.fa.smithbarney.com/paulkeats. Usual Rep: Paul Keats, senior vice president - wealth management, paul.a.keats@smithbarney.com. Financial management.

NADA MONTHLY DEALER OPERATIONS COMMENTARY

Technician Labor Sales Potential

In the service department, your inventory is time—the highly marketable time of highly trained technicians. You need to utilize technician time skillfully in order to retain profits while giving customers value exceeding expectations. Thus, you should price service labor competitively, and carefully monitor the mix of work your shop does. You should also analyze your repair orders (ROs) every day, making sure every RO is complete, that pricing is correct and effective, and that your Effective Labor Rate (ELR) is where it should be.

Of the various labor pricing options, variable labor rates based on job complexity may be a good choice. When tech skills are matched to the job, you use labor efficiently while enhancing your competitive stance. Guidelines for the work mix are 60 percent competitive and maintenance, 40 percent repair. **Competitive labor** comprises such services as lube, oil, and filter changes (LOF) and tire rotations, and is charged at a low hourly rate, perhaps at or near the LOF rate charged by local quick lube shops and gas stations. **Maintenance labor** is work the manufacturer recommends or requires, including common but less competitive services (e.g., emission control or air conditioning service), maintenance labor is priced at a moderate hourly, perhaps at or above the existing warranty rate. *The maintenance rate is the target rate for the department and should never be lower than the warranty rate.*

Repair labor comprises the least competitive, most specialized services charged at your highest hourly rate, which might be \$8-\$10 above the maintenance rate. Fuel injection calibration or engine overhaul are examples of repair labor.

Monitor performance. Use daily reports to study ROs and calculate your ELR, which is the dollar figure you get when you divide sales in each category by hours billed in that category. Analyze ROs monthly to determine what needs to be done to maintain an ELR that always exceeds target. Then, use a month's actual performance to calculate your monthly labor sales potential:

1. $\$ \text{ Labor sales} \div \text{Hours billed} = \text{Effective Labor Rate}$
2. $\text{Number of techs} \times \text{Hours/day} \times \text{Working days/mo.} = \text{Clock hours available/mo.}$
3. $\text{Available hours/mo.} \times \text{ELR} = \$ \text{ Labor sales potential/mo.}$

How does your *actual total* (dollar amount labor sales in #1) compare with your *potential total* (labor sales potential, #3)?

Among the many adjustments you can make to achieve potential—pricing tweaks, minimizing one-item ROs, upselling needed service and maximizing the use of menus, pricing guides, extended hours, and work mix scheduling—are improvements in facility utilization and in technician performance.

This article was adapted from the NADA Management Education bulletin *Service Department Performance Analysis* (SP29). This bulletin can be ordered online at www.nada.org/mecatalog or by calling NADA at 800-252-NADA, ext. 2.

Spring is a Great Time to Team Up with NCAA Athletes

Thousands of NCAA athletes will graduate from college over the next few weeks and will join the more than 500,000 former collegiate and pro athletes around the country who are looking for rewarding and challenging careers, such as those offered in dealerships. To help dealers recruit and retain a high caliber of talent, NADA has partnered with the Collegiate Recruitment Team (CRT), which helps former NCAA student athletes find jobs. For a one-time fee of \$25, dealers can advertise an unlimited number of open positions on the CRT website. In addition, CRT and its foundation will give any NCAA alum \$2,000 toward the purchase of a new or used vehicle at a registered dealership. To register, visit www.crtjobs.org, click on "Employers" in the upper right corner; choose "Click here to register"; complete the required information and choose "Submit;" choose "Pricing Plans," then "NADA Plans," complete and submit payment information.

DEALER ALERT!**Beware of Waste Oil Theft**

Ourisman Chrysler-Jeep-Dodge in Clarksburg, MD reports that an unauthorized company made off with some 500 gallons of waste oil. The theft was captured on a surveillance video, which has been turned over to the Howard County Police after attempts to contact the rouge company were unsuccessful. A similar theft occurred at a nearby GM dealership, which has joined Ourisman in filing a complaint with police. Ourisman's authorized waste oil collection company, Siemans Water Technology, confirmed problems with this particular used oil collector throughout the Mid Atlantic Region. Siemans is working on developing a universal locking device for its dealership customers to prevent such thefts.

In the meantime, Dave McFadden, fixed operations director for Ourisman Chrysler-Jeep-Dodge, cautions other dealers to be on the lookout for waste oil theft. "Not only does this create a financial loss for the dealership, but we are also responsible under federal and state law for the product from the time it's picked up until the time it goes through the recycling process – including while it is in the possession of the suction truck on the highway. It's still our product and our problem if something happens," said McFadden.

IMPORTANT UPCOMING EVENTS— SIGN UP TODAY!**F&I Certification Programs**

May 15 & 16, 2007, Greenbelt & Ellicott City

Based on the resounding success of last year's F&I Professional Certification Program, MADA and WANADA are going forward with spring 2007 sessions which have been calendared for May 15, 2007 at the Greenbelt Marriott and May 16 at the Turf Valley Resort in Ellicott City. Conducted by F&I specialists from JM&A, the full day program covers various federal and state finance disclosures and consumer laws, along with privacy and best practices.

2007 WANADA Open

Monday, June 4, Lansdowne Resort

Time to get on board for an extraordinary day of golf, dinner and awards at the annual WANADA Open, Monday June 4 at the spectacular new Golf Club at Lansdowne Resort in Leesburg, VA. A shotgun start on two championship courses will commence at 11:00 a.m. Cocktails will follow at 4:00 p.m., culminating in a fun-filled Awards Dinner at 5:30 p.m. with lots of prizes and fabulous giveaways! Cocktails and dinner (buffet-style) will happen at the new Lansdowne Club House, which is a great venue!

Registration sheets for these events are enclosed with this WANADA Bulletin.

Staying Ahead...

*I know that there are people who do not love their fellow man,
and I hate people like that!*

-- Tom Lehrer

Enclosures:

- ADEI Open House, 9:30 a.m., May 2, Montgomery College RSVP
- WANADA Open Registration and Information Sheet
- F&I Professional Certification Program Registration Information Sheet