

Headlines...

Mulally touts resurgence of Ford and Industry at joint Maryland, Virginia Dealer Convention

WANADA cautions DC City Council on pitfalls of adopting national Health Reform Act

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Last chance to sign up and play at the Bobby Mitchell Tournament

Thought for the week...

Happy 4th of July!

WANADA's offices will be closed on Monday July 5 for the holiday and will reopen on July 6

Mulally touts resurgence of Ford and Industry at joint Maryland, Virginia Dealer Convention

Chevrolet and Toyota Division chiefs share the podium and optimism



Ford CEO Alan Mullaly

Attendees at the first joint MADA/VADA state dealer convention got a healthy dose of optimism about the future of the automobile business from an upbeat OEM leadership panel, headlined by Ford president and CEO Alan Mulally, who outlined a variety of steps taken by his company to resurge from the global recession and avoid Chapter 11 bankruptcy in 2009, which befell other domestic automakers. He pointed to Ford's new vehicle products as a "lineup that excites the consumer's imagination," while setting the pace on new vehicle innovation. Overall, Mulally saw the automobile industry, at large, gaining momentum over the next several years and being a positive force in the near term economic recovery.

Joining Mulally in the OEM presentation segment of the convention was Alan Batey, the new vice president of sales and service for Chevrolet, and Bob Carter, group vice president and general manager Toyota Division, Toyota Motor Sales, USA. Batey and Carter each hit the respective setbacks their companies have experienced over the past year, with Batey citing GM's success in paying back its government loan early and Carter pointing to the learning curve Toyota benefitted from in vehicle recall management. Each OEM spokesman used specific examples of brand redirection, with Mulally spotlighting the new Lincoln vehicles without Mercury and Batey speaking of Chevrolet without "Chevy." For its redirection, Carter said Toyota was focusing on the vehicle safety aspects of his company's longstanding success in the U.S.

During another business panel, Virginia governor Bob McDonnell provided some brief executive insights into the direction and course of Virginia's economy and the automobile industry's role

in that. Ceremonially, the governor was joined by House Speaker William Howell for the signing into law of Virginia’s franchise bill that passed the 2010 General Assembly.

Besides the convention, MADA chairman Sam Weaver, Chevy Chase Cars, presided over MADA’s 100th

anniversary, while VADA chairman Chip Lindsay, of Lindsay Automotive, presided over the Virginia side of the convention as the third generation of Lindsays to do so. Chris’s father, Terry Lindsay, and grandfather Tolliver Lindsay both chaired VADA.



VA Gov. Bob McDonnell (center) signs the Franchise Rights bill as VADA chairman Chip Lindsay (seated, front left) looks on with bill sponsor Del. Clay Athey (seated right)



WANADA hosted breakfast Saturday morning for the dealer conventioners, who were joined by service providers, a number of whom were WANADA Kindred-line members.

MADA chairman Sam Weaver, Chevy Chase Cars (L) with WANADA CEO Gerard Murphy (C) and MADA CEO Peter Kitzmiller, at the WANADA breakfast

WANADA joins insurance industry in cautioning DC City Council on pitfalls of adopting Health Care Reform

WANADA executive vice president John O’Donnell testified before the DC City Council with insurance industry representatives this week on a proposal it is considering to adopt a local law that would mirror the national Health Care Reform Act signed into law by President Obama earlier this year.

O’Donnell, in his capacity as head of WANADA’s Employee Benefits and Insurance Programs, told council members and regulators who were officiating at a special hearing on the subject, that going ahead would likely have the opposite effect of what the legislation was designed to do, namely making health care more affordable and easier to get for all citizens. O’Donnell pointed out that Health Care Reform does not address the fundamental issue of cost containment, but instead looks to reduce administrative costs which likely will result in insurance carriers cutting staff and broker fees that in turn will result in poor service for all insured’s.

O'Donnell said the law's prescription that administrative costs can total no more than 15% of premium revenues (an amount five points less than current standards) will inevitably lead to insureds losing their brokers and leverage with the insurers. Citing examples, Mr. O'Donnell said WANADA had handled a dealer employee's claim for \$36,000 by successfully interceding with the carrier on the insured's behalf and worked through \$76,000 in denied claim deductibles for a group of employees in another dealership. "There are scores examples like this," he added.

"We all want to believe insurance companies will quickly facilitate easy reimbursement of claims, but the fact is, it doesn't happen that way," said O'Donnell. "Brokers are the buffer between the insured and the carrier who make it happen for the insured."

Health Care Reform seriously threatens brokers who are "the last line of defense" for insureds in their relationship with health insurers, O'Donnell said. "We are advisors, advocates, interpreters and ombudsmen for employers and employees and this law puts that relationship at risk.

Under federal Health Care Reform, all states and DC currently have the choice to opt out of it. Virginia has already done so and its attorney general is now suing the federal government over the measure.

Montgomery County shuts down car-sharing program

Montgomery County has ended its car-sharing program for county government workers, an initiative urged by County Executive Isaiah Leggett, as a way to reduce traffic and auto air pollution. Under the program, the county paid \$1,100 a month per car to Enterprise for hybrid vehicles, which were then made available for county employees to check out by the hour. A total of 30 cars were rented by the county, but records indicate that each was used less than an hour per month by employees during the initial months of the program, making the per hour cost of using each vehicle about \$1,300.

The program was abandoned in April of this year after it was determined that buying and maintaining a hybrid car would have been several thousand dollars less per vehicle than renting from Enterprise. In fact, the county could just as easily have contracted with Zipcar, a popular hourly rental car service, for about \$10 an hour.

By the time the program was abandoned in April, the county was down to paying for only seven cars, and usage had begun to pick up. But even so, the county had paid \$33,954 for 1,600 hours of car usage, or \$21 an hour, between January and late April.

Despite hundreds of thousands of dollars spent on vehicles that often were never used, Leggett didn't consider the shuttered service a failure.

"It simply didn't do as well as it could have in terms of participation and usage," he said.

Direct factory sales by Ford in the U.K.

Every few years it seems there is another OEM which thinks it has "a better idea" about selling cars. This time it is Ford of England which has started offering vehicles for direct sale via the internet for United Kingdom customers. Ford opted for the direct sales approach after its own

research found that almost 40 percent of buyers don't especially care about a test drive; they just want what they want at the click of a mouse.

Commencing June 29, Ford has set up 50 dealers to sell new, used and commercial vehicles on the web. One-price selling is the preferred option, but bargaining is possible on the websites too. Ford also gives customers the option of dialing a call center to complete the sale for customers who want an alternative to the online purchase. Ford will deliver sold vehicles to 12 regional delivery centers where customers will collect their cars and drive off.

Ford has 550 traditional dealers in the U.K. who likely are not too happy about this development. It is unclear how used vehicle trades and financing are going to be arranged for customers opting for the online sales option, much less where they will have the vehicle serviced. All previous attempts at direct selling by automobile manufacturers have failed.

NADA chief forecaster bullish on the economy



Paul Taylor

NADA chief economist Paul Taylor recognizes that consumer confidence and spending are being affected by the uncertainty of economic growth, bolstered by things like the disaster unfolding in the Gulf of Mexico. But he doesn't think we're in for a "double dip" or "W" curve in the economy. He believes that the economy will continue to recover at a modest pace, with the prospect of a double-dip only a remote possibility.

News on home prices stabilizing in the second quarter will help boost car sales, Taylor says, since a majority of households have most of their net assets represented by home equity. And despite high unemployment, he says jobs are being created and there are positive signs for long-term economic growth, including extremely low inflation.

WANADA members might also be interested to hear that in the Washington Area unemployment is just 6 percent, the lowest in the U.S. for urban regions with at least one million residents.

What does it all add up to? Taylor sees an 11.3 million new vehicle sales year for 2010 and a faster recovery for the Washington Metro Area than the rest of the country.

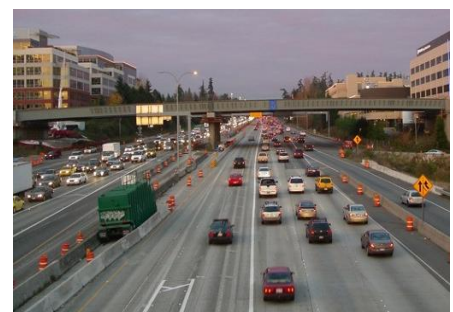
We hope you're right, Paul!

How the automobile business in the U.S. became what it is

Ike Signs Interstate Highway Act, June 29, 1956

Urged to ease congestion on America's roads, and inspired by Germany's use of autobahns for troop movement during World War II, President Dwight D. Eisenhower signed the Federal Aid Highway Act of 1956 on June 29th.

The new law poured \$33 billion (about \$265 billion in today's purchasing power) into overhauling the country's roadways. Then-Secretary of Commerce Sinclair Weeks called it "the



greatest public works program in the history of the world.”

Before the act, U.S. highways were narrow, meandering, stop-and-start affairs, passing right through big cities and small towns. After the act, interstate travel was defined by the massive, multilaned, high-speed roadways we know today. In the process, rural and small town America was transformed and the mighty American automobile business was created.

Today the government spends \$40 billion a year overseeing the National Highway System’s 160,000 miles, and highway spending is a stock mode of government job creation. New vehicle sales typically average well above 10 million units each year and nearly 500 million vehicles traverse those highways on a daily basis. More than 18,000 new vehicle dealerships, employing nearly one million people, sell and service those products.

“More than any single action by the government since the end of World War II, this one would change the face of America,” Eisenhower said in 1963. How right he was.

Last chance to sign up and play with “The Greats” in the Bobby Mitchell Tournament

July 10-11, Lansdowne Resort, F.B.O. Leukemia/Lymphoma research

Fifty football and basketball Hall of Famers will join former Washington Redskins great Bobby Mitchell at the Hall of Fame Classic named in his honor. Sponsored by AutoTrader.com and presented by WANADA, the weekend event kicks off with a private practice round of golf on Saturday morning (July 10) at Lansdowne Resort in Northern Virginia, followed by an evening banquet and charity auctions. Sunday is tournament day as golfers are joined by Hall of Fame partners -50 in all- for 18 holes of competitive play. Click this link:

http://www.leukemialymphoma.org/all_page.adp?item_id=504567 to sponsor or play in the golf tournament.

To purchase tickets and help raise money for the cause, please call The Leukemia & Lymphoma Society at (703) 399-2900 or email [Loree Lipstein](mailto:Loree.Lipstein).



Thought for the week...

Democracy is the recurrent suspicion that more than half of the people are right more than half the time.

--E. B. White, US author & humorist (1899 - 1985)