

WANADA Bulletin # 7-08

**** SPECIAL REPORT ****

February 21, 2008

2008 NADA CONVENTION

Sykora Says Dealers Are Front Line in The Cafe Debate

Congress and the president may be patting themselves on the back over the recently passed law that modified and raised corporate average fuel economy standard (CAFE), but battle lines are being drawn “and it’s our battle,” said incoming NADA Chairman Annette Sykora at the closing session of the 2008 NADA Convention in San Francisco.

Capitol Hill didn’t address all the details of a national fuel-economy policy, so there are still plenty of unknowns being thrashed out in court and at the regulatory level, Sykora said. “Ultimately consumers will decide how successful the legislation is, she concluded.

“You can’t simply wave a government wand and make consumers buy a par-



NADA 2008 Chairman Annette Sykora.

(Continued on page 2)

Treat Dealers as “Real Partners,” says Outgoing Chairman Willey



NADA 2007 Chairman Dale Willey.

Dealers are uniquely qualified to connect the three sectors that drive the U.S. auto industry – consumers, automakers and Congress, said Dale Willey outgoing chairman of NADA at the association’s 91st Annual Convention & Exposition in San Francisco.

Willey, owner of Dale Willey Automotive in Lawrence, Kan., confessed that after 37 years in the retail-auto industry and as chairman of NADA over the past year, he now sees the role of dealers differently. “We are the bridge that connects the consumer to the manufacturer,” he said. “We hear everything the car buyer likes or doesn’t like about a vehicle and it’s this experience that makes dealers

(Continued on page 2)

Wagoner Wants Consolidation to Be a Mutual Decision

Keynote speaker Rick Wagoner, GM chairman and CEO, spoke at the opening session Saturday about dealer consolidation, saying he agreed with NADA chairman Dale Willey’s premise: “At GM, we believe the decision to close or consolidate dealerships has to be a mutual decision between individual dealers and their OEMs.” GM, he said, wants dealers to be profitable “so that they can invest in world-class facilities and a top-notch workforce.”

(Continued on page 2)



GM Chief Richard Wagner

Inside...

Chrysler Urges Consolidation...	p.2
Celebrities entertain & Inspire...	p.3
Tri-Dealer Reception Photo Collage.....	p.4&5
NADA Economic Forecast.....	p.6
Dealer Assn. Meeting.....	p.6
Hall of Fame Honors	
NADA CEO.....	p.7
Women Dealers Meeting.....	p.7
Minority Dealers Meeting.....	p.7
AIADA Meeting.....	p.8

NOTE: AutoExec and NADA News-wire were the primary sources for these articles and photos. Go to autoexec.org for full coverage of the 2008 NADA Convention.

2008 NADA CONVENTION

Sykora *(Continued from page 1)*

particular type of vehicle and we're the ones who meet car buyers face-to-face every day," she said.

Dealers know better *than* anyone that the public wants it all –fuel-efficiency with all of the bells and whistles and safety features too, said Sykora. "How well automakers keep this in mind as they figure out how to get to 35 mpg by 2020 will determine whether the resulting products are vehicles people actually want to buy." And consumer demand is how the industry will go, she concluded.

"We have to maintain a dialogue with both manufacturers and policymakers to ensure that consumer needs remain at the center of product development," she said.

NADA supports a single, coherent fuel-economy standard for the entire country, not a confusing, costly state-by-state approach, she added, in an obvious reference to an expanded California law emission vehicle program.

Willey *(Continued from page 1)*

uniquely qualified to help automakers develop products that sell," Willey said. Dealers gather valuable product information daily under real-world conditions, he concluded, and dealers must work with automakers as "real partners," not in a legal sense, but in terms of working together with one goal in mind: producing and selling vehicles that consumers want to drive, Willey added.

Manufacturers spend millions of dollars on surveys, polls and focus groups to figure out what consumers want, Willey said. "Just because a focus group likes something doesn't mean that consumers are going to rush out and buy it," he said. America's franchised new-car and truck dealers "know better than anyone what consumers want to drive," Willey said.

In addition, dealers understand legislation that affects the industry and the difficulties automakers face in creating cars with increased fuel economy, he said. "Dealers also understand the consumer's desire to get better gas mileage."

Wagner *(Continued from page 1)*

Wagner echoed NADA Chairman Dale saying that dealers and manufacturers should work together to reduce the growth in U.S. oil consumption, oil imports, and greenhouse gas emissions. Together, he said, "we can create the right regulatory environment" by advocating for a single national standard on fuel economy and greenhouse gases. Second, the industry can push for the creation of the infrastructure for electric, hydrogen, and E85 vehicles. "Ethanol fueling stations today represent fewer than 1 percent of the 170,000 gas stations in the U.S., despite our best efforts to grow this number," Wagner said.

The GM chief referenced GM's joint manufacturer-dealer dealer profitability task force, whose work resulted in a recent increase in dealer margins and wholesale floor plan. Wagner cited AYES (Automotive Youth Education Systems) as a program dealers and manufacturers have successfully worked through together since 1995. Since then, he said, 4,500 dealers have mentored nearly 13,000 students who became line technicians.

**Jim Press****Chrysler Urges Dealers To Consolidate Brands**

Chrysler is addressing dealer consolidation by persuading dealers to put all three of its brands under one roof, Chrysler vice chairman and president Jim Press said Friday.

"We will consolidate in a collaborative way with our dealers," Press told the J.D. Power Roundtable. Chrysler doesn't have a timetable or a specific number of dealers it wants. When it rolls out its reduced product portfolio over the next five or six years, dealers who don't have Chrysler, Jeep, and Dodge will not have a full range of product. There are now 200 stand-alone Chrysler stores. The consolidation plans are part of Project Genesis, Chrysler's plan to "right-size" the company and its production. It's critical, Press said, because "the domestic automakers have 48 percent of market share and 75 percent of the dealer body."

2008 NADA CONVENTION

Celebrity Speakers Add Humor Insight, Inspiration

Jay Leno Cracks 'Em Up



Late-night talk show host, comedian, and car enthusiast Jay Leno helped close Saturday's general session at the NADA convention with about an hour of nonstop, stand-up comedy. Leno poked fun at everyone from the rich and

famous to dogs and cats, and had dealers roaring with laughter. He asked several people in the audience what types of cars they drive before revealing one of his own: a 1955 Buick Roadmaster. That was "when they built cars out of steel," he said. "There's no padded dash..." "the radio knobs look like Bowie knives..." and "it seats seven for dinner."

Leno ended the show by saying that the auto industry is in an "exciting time," especially with the advancement in alternative fuels and lots of new product coming down the line. "This is my hobby," he said. "I love what you guys do."

Brokaw: Newsman And Storyteller

Former "NBC Nightly News" anchor Tom Brokaw regaled the audience at Monday's general session with stories of success, grief, and triumph.

Brokaw recounted the lives of those who have made a lasting impression—friends like former anchor Walter Cronkite, President Ronald Reagan, and California governor Arnold Schwarzenegger. "I've known him since before he was 'Arnold,'" Brokaw said, describing how he introduced Schwarzenegger to his wife, Maria Shriver, at a cocktail party in New York City.

Brokaw also had the privilege of conducting President Reagan's last interview in the Oval Office, after covering his rise from a Hollywood actor to commander in chief. After the interview, Brokaw said, Reagan asked him to take a walk in the Rose Garden. The president told Brokaw that



the two had come a long way since first meeting when Reagan was governor of California and Brokaw was a freshman reporter. "He said, 'It worked out pretty well for the both of us, didn't it?'" Brokaw recounted.

In a tribute to U.S. troops in Iraq and Afghanistan, Brokaw urged the audience to "re-enlist as citizens" and support the families of soldiers in their communities. Said Brokaw, "I see it as my life's work to remind myself, my family, and friends ... that we have no greater obligation than the obligation we have to each other and to succeeding generations."

The Woodruffs: Inspiration for the Severely Injured—And Others

ABC News anchor Bob Woodruff had gone to Iraq like a good soldier six times without mishap. But on his seventh trip, the long-experienced news professional, embedded with U.S. troops, was nearly killed when a roadside bomb detonated. Today, Woodruff and his wife, Lee—a correspondent with "Good Morning America"—told a story of fear and struggle as Woodruff slowly recovered, through numerous surgeries and countless hours of rehabilitation, over the past two years.



Woodruff, the grandson of a Michigan Ford dealer, and his wife described his injuries (including shrapnel to the brain), the valiant efforts of the field hospital doctors in Iraq to keep him alive, and eventual triumph through enduring faith and the love of family, friends, and complete strangers. In addition, they emphasized the extreme value of strong support from ABC and parent company Disney—the couple never had to fill out a form or do anything except focus on recovery.

The couple launched the Bob Woodruff Family Fund for Traumatic Brain Injury (TBI) to raise awareness of the devastation wrought by TBI.

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NADA Chief Economist Says New-Car Sales to Slide This Year**NADA chief economist Paul Taylor**

NADA chief economist Paul Taylor predicted that new-vehicle sales would be around 15.7 million units in 2008, down slightly from the 16.1 million units sold in 2007. But a possible slide in oil demand and Congress's economic stimulus package could help new-car dealers in the second half of the year, Taylor added.

"I'm happy to say that although the difficulties continue in many of the states, we expect to see some improvement in about 28 of the states," Taylor said. Large states, such as California and Nevada, where the real estate market is suffering, will feel the effects of lower consumer confidence, Taylor said, resulting in a mixed picture of the industry as a whole.

Still, Taylor said he expects to see substantial growth in two categories of vehicles: crossover utility vehicles and small cars. "The manufacturers are not tired of them, and neither are the consumers," Taylor said of crossovers. Much of the growth in sales of small cars can be attributed to young customers, he said, especially in the "small-small" cars category.

On the used-car side, Taylor said that sales for 2008 would total around 11.3 million units, about 100,000 units less than were sold in 2007.

Manheim chief economist Tom Webb pointed out that although the number of used cars retailed dropped 2 percent last year, most franchised dealers earned good profits on them. In fact, the spread between new- and used-car profit was the widest ever, said . The stronger used-vehicle profits resulted from stable margins, faster inventory turns, higher F&I income, and better expense control.

Dealer Associations Remember Colleague, Elect Officers

Automotive trade executives paid tribute to late friend and colleague Stephen Gabriel Friday morning at the ATAЕ Annual Meeting at the Fairmont San Francisco. ATAЕs remembered Gabriel—who was executive vice president of the Connecticut Automotive Retailers Association—with a poem and a toast. Gary Adams, president of the Greater Cleveland Automobile Dealers Association, and Roberts Weaver Jr., executive vice president of the Tennessee Automotive Association, shared memories of Gabriel, calling him "a wonderful friend" and leader.

**ATAЕ meeting: State and metro auto trade execs elect officers, review national agenda..**

The meeting's guest speaker was incoming NADA chairman Annette Sykora, who outlined her goals for 2008, which include positioning NADA as a leader in the fuel-economy debate and recruiting more talented workers to dealerships. Emphasized Sykora, "One of the best investments a dealer can make is finding the right employees."

Friday morning's agenda also included the election of 2008 officers. Immediate past chairman Gary Thomas of Iowa cast a unanimous ballot on behalf of all ATAЕs to elect Kevin Mazzucola of the Automobile Dealers Association of Greater Philadelphia chairman for 2008. Denise Brennan of the Greater Pittsburgh Automobile Dealers Association became immediate past chairman. Tim Doran, executive director of the Ohio Automobile Dealers Association, was elected vice chairman, and Bill Wolters, president of the Texas Automobile Dealers Association, was elected secretary/treasurer.

Maybe Gerry quote about Steve Gabriel....

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Hall of Fame Honors NADA President

"I view this more as recognition of the retail industry and the dealers than as a personal recognition," said NADA president Phil Brady, as he accepted the Automotive Hall of Fame's 2007 Industry Leader of the Year Award.



NADA's Phil Brady and his wife Katie.

Brady joined a rarified group of individuals who have been similarly honored over the years, including industry legends Lee Iacocca, Carlos Ghosn, and Jim Press. Brady took the opportunity to praise dealers, who have survived "extraordinary challenges" in recent times. Paraphrasing last year's winner, Jim Press, Brady said, "It all works best when we all do what we do best—manufacturers produce world-class products, and dealers provide a first-class sales and service experience for customers."

Women Dealers: Staying Flexible With Customers, Employees

Three-year-olds make great salespeople because they don't take no for an answer and they don't care if you like them or not," author, comedian, and human resource professional Connie Podesta told attendees at the annual women dealers' breakfast Saturday.



Connie Podesta

To really excel at sales, though, "you have to understand the psychology of human behavior in others and in yourself," Podesta added. She described various personalities, including stubborn types, floormats, and "those who rely on post-its to get through the day." Each type requires a different approach, whether you're selling to them or managing them in the workplace.

Today's managers must also contend with employees "whose number one complaint is that 'they actually make me work here,' " says Podesta. "The response to that is, 'Work isn't supposed to be fun. That's why they pay us, because they knew we wouldn't like it.'"

But it's not that employees have bad attitudes and work ethics, says Podesta. "Management isn't expecting from employees what was expected 20 years ago, and they're living up to our expectations."

"As leaders, we have a right to set expectations high," she told dealers. "If you keep paying poorly performing employees, then they're not the ones who have a problem."

Helping Retain and Grow Minority Dealers

Frustration was evident at the minority dealers' breakfast Sunday as panelists discussed "How to Stop the Free Fall of Minority Dealers Going Out of Business."



Minority dealer panel.

"The state of affairs for minority dealers is extremely precarious," said Desmond Roberts, who has three domestic stores and is chairman of the National Association of Minority Automotive Dealers (NAMAD). Most minority dealers are first-generation, are highly leveraged, and are "often required to turn a failing operation around" because of the points they are assigned, Roberts said.

Now that manufacturers are focusing on dealer consolidation, "a lot of the dealerships they want to get rid of are in the worst locations and are not as well financed," said Gregory Jackson, head of the Prestige Automotive Group and past president of the GM Minority Dealers Association. "I don't believe they've considered that they're minority dealerships."

The biggest challenge for minority dealers, said Roberts, is lack of capital. "Most lenders are asset based," so when assets are already low, it's harder to get the needed capital. "Manufacturers have to place more emphasis on strengthening their weakest link," he said. "The weakest link of dealers is minority dealers," which still make up less than 5 percent of the dealer body.

2008 NADA CONVENTION

AIADA “Equipped for New Challenges” Says New Chairman Jim Hudson

An overflow crowd of over 500 auto dealers and executives were on hand for the American International Automobile Dealers Association’s 38th Annual Meeting and Luncheon, where Jim Hudson, CEO/Founder of Jim Hudson Automotive Group in Irmo, SC, was announced as AIADA’s new chairman for 2008, as well as new officers of the board of directors.

“There isn’t a cause or an organization I believe in more than this one, and so I’m honored to greet you as your chairman today,” Hudson told fellow dealers. “There’s an election coming up, and a new administration to prepare for no matter which way the votes fall on issues important to dealers. AIADA is going to be equipped for every new challenge, and well positioned to take on all comers.”

The success international dealers have gained, Hudson feels, “Makes us targets for opponents of free trade, for new taxes, politicians who see us as convenient scapegoats for their problems. We will always be on the defensive. But our own success makes us targets for these people, so it is critical we have a strong voice in Washington.”

AIADA President Cody Lusk added: “To achieve our goals with Members of Congress in the future will require proactive participation of dealer members from across the country, whether through hosting Dealer Visits at local showrooms, supporting AFIT-PAC, or becoming involved in AIADA’s grassroots Legislative Action Network.”

Hudson, a 40-yr veteran of the automobile retail industry and longtime member of AIADA, operates five automobile dealerships in South Carolina and Georgia representing Toyota, Scion, Lexus, Buick, Pontiac, GMC, Saab and Hyundai. Jim Hudson Automotive Group ranks as the largest automotive group in South Carolina, employing more than 300 people.

“Throughout his tenure in the automobile business, Jim has successfully maintained consistency at an extremely high level of performance, whether at his dealerships, in the local community, as an advocate in Washington, at home with his family, or on the golf course,” said AIADA Immediate Past Chairman John Hawkins. “Like many of us he is an entrepreneur at heart and his continued success makes him a perfect leader for our high achieving dealer body.”

AIADA’s 2008 officers of the board of directors are: Jim Hudson, chairman (Irmo, SC); John Hawkins, immediate past chairman (Montclair, CA); Russ Darrow, chairman-elect (Menomonee Falls, WI); Rick DeSilva, vice chairman (Oradell, NJ); and, Fritz Hitchcock, secretary/treasurer (Rowland Heights, CA).



New AIADA Chairman Jim Hudson

Thought for the Week...

“We have to maintain a dialogue with both manufacturers and policymakers to make sure that consumer needs remain at the center of product development,”

**NADA Chairman Annette Sykora
At the 2008 NADA Convention**