

THE WANADA BULLETIN

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

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Headlines...

OEMs commit to Washington's 2015 Auto Show as they have for 3 decades: By space draw

WANADA's new, young CEO reaches out to similarly situated dealer members

ADEI Training for Aspiring *and* Established Technicians (last week of August!)

Employers may impose new hire "orientation periods" as precursor to health coverage under ACA

Army veterans to be trained as GM dealership service techs

Avoiding problems with electronic signatures

Auto loan balances hit record high of \$902 billion

Only Mini Cooper Countryman gets good rating in crash test

Automakers ask for delay in ruling to add sound to EVs

Stop/start technology saves on fuel, AAA research shows

Views on driverless cars mixed; safety still a concern

Drivers less informed on connected cars

'Unpretentious innovation, sustainable living' to drive car colors

Dealership caters to pet lovers with Top Dog Contest

Staying Ahead...

OEMs commit to Washington's 2015 Auto Show as they have for 3 decades: By space draw

Though not entirely at random, WAS space allocation is a drawing just the same



Space Draw meeting for exhibitors in the 2015 WAS. Kevin Reilly, show chairman, presiding (left); and Bob Yoffe, show manager, at the floor plan board.

"It's fair and it works for our OEM exhibitors," said Bob Yoffe, Washington's Auto Show manager, referring to the Space Draw process for the event WANADA produces annually in DC. "Drawing for space in the Auto Show here was going on before I came -- and that's been a while. But I can say, without hesitation, that the draw gets the job done with the floor space the OEMs lease year in and year out, and that's where our business begins."

In fact, WANADA dealers began using a space draw with the Auto Show that was the first event to open the first Washington Convention Center in DC in 1983, which was 31 years ago.

So how does the Auto Show Space Draw actually work?

- 1) Shortly after the winter conclusion of the Auto Show, as spring is beginning to blossom, each OEM exhibitor is invited to commit to space in the next year's show, with all then being grouped from the largest to the smallest by WANADA show producers.
- 2) As summer is under way, WANADA invites all OEMs that committed to the next Auto Show to come to Washington for a Space Draw meeting, which is a full-fledged, out-in-the-open drawing for space officially conducted by the Washington Auto Show Committee.
- 3) Once a participating OEM at the Space Draw meeting acquires its position in the space selection rotation, determined, once again, by the size of the space commitment it made the previous spring – which can be amended on site by any OEM deciding to take more space than its original commitment – those OEM representatives step up to a show floor blue print, displayed on white boards, and choose where their exhibit will be in the next Washington Auto Show.
- 4) In cases within OEM exhibitor groupings where two or more exhibitors are requesting the *same* amount of square footage, those exhibitors, then and there, are asked to step forward and draw lots – which, indeed, becomes a random drawing – to determine the order of rotation in space selection between them.
- 5) While there isn't much random selection at work in a WAS Space Draw, each OEM exhibitor vies for space against competitor OEMs, without knowing with absolute certainty how others will proceed.

“It's simple and straightforward, which are at least two elements any successful process must have, and our Space Draw does,” said Kevin Reilly of Alexandria Hyundai, Auto Show Chairman. “I'm setting out to chair my second, successive Auto Show in 2015; but like Bob Yoffe, I've participated in my share of Space Draws in Washington over the years, and they always seem to go off without a hitch.”

2015 WAS floor plan mimics and expands upon 2014

As has been the case for the past two Auto Shows in Washington, 2015 will feature the ever popular Luxury Lane Pavilion where 9 OEMs will exhibit their high end, state-of-the-art brands, all together, in one convenient location on the show floor. Luxury Lane will be situated at the southern most part (nearest L Street) of the first level of the Walter E. Washington Convention Center. Once again, too, Toyota will join the Detroit 3 – Chrysler, Ford and GM – on the top, or upper, level.

At the opposite end from Luxury Lane, on the first level of the 2015 WAS, will be an expanded grouping of exotic brands, that is to say, those nameplates, the likes of Rolls Royce, Lamborghini and Bentley, which are typically associated with *the lives of the rich and famous* from across the world. In addition, there will be a special display of classic vehicles in furtherance of the partnership forged last year between the WAS and the Historic Vehicle Association, when HVA secured the Department of Interior's listing of the *automobile* – for the first time – on the U.S. Historic Register, a landmark event that occurred on site at the WAS with the classic 1964 Shelby Cobra Daytona Coupe.

Other significant departures, expansions and improvements that will roll out at the 2015 WAS will be a luxury lifestyle event that will include a number of exotic OEM brands working in tandem for a special evening event; a U.S. GSA conference co-locating at the WAS on federal procurement of fleet vehicles – in much the same fashion SAE International has; and, finally, a unique promotional program, taglined *Made across America* is planned to tie into the WAS Public Policy Show, the global industry, and America's unrivaled *number one status* in all things automotive across the world.

More on these new and exciting developments will be forthcoming as they come together in the weeks ahead.



David Tillapaugh, Ford's global auto shows operations manager at the WAS Space Draw.

Of significance was what appeared to be a record number of high level OEM senior executives attending this year's Washington Auto Show Space Draw Meeting, to include the likes of David Tillapaugh, Ford's chief of global auto shows, who WAS producer staff and Auto Show Committee leaders have long regarded as the "dean of OEM auto show executives."

"David has consistently been a thought leader in determining how auto shows fit into the industry's overall direction, in the U.S., no less than across the world," said WAS producer John O'Donnell. "He has been especially helpful to WANADA in its quest to develop Washington into the Public Policy Show on the industry's global circuit, for which we are extremely grateful."

WANADA's new, young CEO reaches out to similarly situated dealer members

Reminiscent of President John F. Kennedy's inaugural address in 1961, where the youngest man ever to get elected to the highest office in the land at age 43 spoke of "... the torch (being) passed to the next generation," WANADA President John O'Donnell, 46, hosted a small gathering of Washington area dealers where bold, fresh ideas of younger executives were vetted and explored, and, yes, all in attendance were about the same age or younger than John. "Trade associations need to regularly reach out to their members, and in the case of WANADA, that's our Washington area dealers," O'Donnell said, referencing what he described as an intimate setting for the dozen or so who joined him for dinner recently at the Columbia Country Club in Chevy Chase, Md.

The youth factor -- if the historic, middle 40s age range that Kennedy set 53 years ago still holds true -- is important, too, because the *next generation*, indeed, needs to *take up the torch* whether it's the nation-state, the dealership, or the dealer association, if the enterprise is going to continue to deliver what it was set up to do in the first place.

O'Donnell took the opportunity to include his senior staff at the event, which, like him, is of the *next generation*. Correspondingly, there were also next generation dealer leaders from WANADA's Board of Directors at the dinner which provided the basis for a successful setting to impart to the more newly engaged what their WANADA dealer organization does concertedly on their behalf.

Ok, so some attendees -- including the host -- were less youthful than Jack Kennedy when he made his *torch-has-been-passed* speech at age 43. Simply, fast forward to the current president, Barack Obama, widely regarded as youthful, when in 2009 he was elected at age 47. Then realize that today, in 2014, President Obama at 54, wouldn't have been youthful enough to merit an invitation to John O'Donnell's *youthful and bold* WANADA dealer dinner party. And there you have it.

More of these events are planned in the fall. For more information, please contact Kristina Henry at WANADA, (202) 237-7200 or kh@wanada.org.



WANADA dealers at dinner with the new CEO and his staff team.

Back row (from left): Patrick Coleman, Jim Coleman Toyota; Benji Nowak, Chantilly Nissan; Melanie Funkhouser, Fair Oaks Motors; John O'Donnell, WANADA CEO; Robert Fogarty Jr., Sport Honda; Jamie Darvish, DARCARS; Joe Koch, WANADA. Front row (from left): Conrad Aschenbach, King Buick/GMC; Kathy Teich, WANADA; Chip Doetsch, Apple Ford; Ed Mullaney, WANADA.

ADEI Training for *Aspiring and* Established Technicians

Last week of August!

Earlier this week, *all* WANADA dealers were sent a Special Bulletin urging them to take full advantage of the high quality technician training opportunities *immediately available* to their fixed operations through WANADA's Auto Dealer Education Institute.

Commencing at the end of this month of August, when classes resume at Montgomery College in Rockville and Marshall Academy in Falls Church, where ADEI's NATEF *Certified* Technician Training Program will be starting up once again, established, veteran line technicians in the service department can sign up for courses where they would benefit by refresher training in the various areas covered by the ADEI curriculum. This is a new and valuable extension of WANADA's ADEI training for dealership service departments.

At the same time, of course, ADEI Technician Development Training commences at MC and Marshall, *along with a newly opened location at Hayfield Academy in Springfield, Va.* To have a look at the ADEI Special Bulletin that went out earlier from ADEI Chairman Harold Redden, which includes the details and course specifics, click [here](#).

For further information on ADEI Technician Training, generally, contact Program Manager Billy Painter at 202-236-2270 (cell) or bp@wanada.org. With *time of the essence*, WANADA dealers are urged to get with fixed operations managers *as soon as possible* on this great opportunity!

Employers may impose new hire “orientation periods” as precursor to health coverage

On June 20, federal regulators responsible for guidance on issues related to the Affordable Care Act (ACA) released final regulations clarifying the relationship between an employer group health plan’s eligibility criteria and the ACA’s 90-day limit on waiting periods.

Back in February, regulators defined a waiting period as the time that must pass before coverage for an individual who is “otherwise eligible to enroll” can become effective. Among other things, this rather vague phrase encompassed the satisfaction of an employment based orientation period. The most recent regulations permit employers to require new hires to complete a maximum one-month “reasonable and bona fide orientation period” *before* the 90-day waiting period for qualifying for health care coverage begins for plan years beginning on or after January 1, 2015.

The final regulations do not specify what is required for an orientation period to be “reasonable and bona fide.” They are silent on whether or not such an orientation period must apply to all benefits, be tied to a formal probationary period or appear in the employer’s handbook. Developing a policy that applies to all employees is recommended to eliminate the perception that the sole purpose of the orientation period is to delay health plan enrollment, which would violate the intent of the ACA.

Please contact Ed Mullaney or Joe Koch at the WANADA office, (202) 237-7200, to get further information or clarification on this development.

Army veterans to be trained as GM dealership service techs

General Motors, the U.S. Army and Raytheon are working together to train Army veterans to become service technicians at GM dealerships after they return to civilian life.

The Shifting Gears Automotive Technician Training Program will start in August at Ford Hood. Shifting Gears will be part of the Army’s Soldier for Life support program, which helps soldiers reintegrate into their communities after leaving the Army. Soldiers will be trained to diagnose and repair GM vehicles, with a focus on engine repair, engine performance, brakes and HVAC, the Army



Returning Army veterans will be trained as GM auto technicians.

says. Once they graduate, veterans will receive career counseling and access to openings for service techs at GM dealerships. The Army notes on its website that auto technicians earn an average of \$39,000, with master techs earning \$60,000.

“Shifting Gears illustrates GM’s commitment to serving those who serve America,” said Steve Hill, GM vice president, U.S. sales and services.

Avoiding problems with electronic signatures

Plaintiffs’ attorneys have a new tactic for challenging retail installment sales contracts (RISCs) in the deals where the customer is no longer happy. They claim the signature doesn’t look like the consumer’s signature on the rest of the documents, and therefore it must be forged. The attorney then demands that the dealer buy back the car.

Usually, the dealer finds that the customer signed the RISC on an electronic signature pad required by the finance source. But most electronic signatures look like indecipherable scratching. Having the F&I rep testify that the customer signed the RISC is not practical when that person sees multiple deals daily and may not remember a customer from two or three months ago.

One idea: Use a paper form in conjunction with electronically sign RISCs. It should be signed in the customer’s hand at the same time as the RISC. While not ironclad proof that the customer signed the RISC, it is compelling proof that the customer was in the dealership and acknowledged signing the RISC in the same handwriting as the rest of the hand-signed documents.

Thanks to Michael Charapp of Charapp and Weiss LLP for providing this information.

Auto loan balances hit record high of \$902 billion

The total balance of auto loans nationwide has reached a record high of \$902 billion, reports Equifax – an increase of more than 10 percent from a year ago. The total number of outstanding auto loans is more than 64 million. Subprime lending has grown across all sectors this year.

“Lenders are responding to record low delinquencies by offering great rates and terms, while consumers are responding to the improving economic conditions by making the decisions to purchase new vehicles,” said Dennis Carlson, deputy chief economist at Equifax.

Other record-setting figures from the Equifax report:

- More than 8 million new loans were originated in the first four months of the year – an eight-year high.
- An impressive 2.6 million subprime auto loans were originated in that period, representing 32 percent of all auto loans issued in those four months.
- The total balance of subprime auto loans is \$46.2 billion, an eight-year high, representing 28 percent of the total balance of new auto loans.



The Mini Cooper Countryman was the only one of the 12 cars tested to receive a top rating.

Only Mini Cooper Countryman gets good rating in crash test

The Mini Cooper Countryman is the only small car to earn a good rating out of the 12 recently tested in the Insurance Institute for Highway Safety's small overlap front crash test.

The test replicates what happens when the front corner of a vehicle collides with another vehicle or an object such as a tree or utility pole. In the test, 25 percent of a

vehicle's front end on the driver's side strikes a rigid barrier at 40 mph.

Two electric vehicles and a hybrid were also tested. The Chevrolet Volt EV and Ford C-Max Hybrid earned acceptable ratings, and the Nissan Leaf earned a poor.

Ratings for the other cars tested were: acceptable (Mitsubishi Lancer, Scion FR-S, Subaru BRZ), marginal (Hyundai Velostar, Scion xB) and poor (Fiat 500L, Mazda 5 and Nissan Juke).

Automakers ask for delay in rule to add sound to EVs, hybrids

Two groups of automakers have asked the National Highway Traffic Safety Administration to delay its rule to add sounds to hybrids and electric vehicles to warn pedestrians of their approach. NHTSA had already delayed completion of the rule until April 29, 2015, and the Alliance of Automobile Manufacturers and Association of Global Automakers asked the agency to move the compliance date to September 2018, with no phase-in.

With the rule already delayed, "manufacturers will have very little time to develop and put into production compliant systems in time to meet a Sept. 1, 2018, deadline," the groups wrote in a letter to NHTSA. The automakers noted that Denso International America Inc. had said it would need at least three years to develop pedestrian-alert systems that comply with federal requirements. NHTSA told *Automotive News* it would consider the automakers' comments with the others it has received.

NHTSA has estimated that complying with the rule would cost automakers about \$23 million, and putting a speaker system in each car would cost about \$35. Automakers have said the cost could be much higher.

Stop/start technology saves on fuel, AAA research shows

Automatic stop/start technology provides a 5 to 7 percent improvement in fuel economy and carbon dioxide emissions, according to new research by the American Automobile Association.

With an automatic stop/start system, when the engine is stopped, systems and gadgets run on power from the car battery. The feature most often deploys in city driving.

AAA put three automatic stop/start vehicles through the Environmental Protection Agency's "urban" cycle, which simulates a commuting trip covering 11.04 miles at an average speed of 21.2 mph. The cars tested were a 2013 Ford Fusion, a 2014 Mercedes Benz CLS550 and a 2013 Chevrolet Malibu.

Views on driverless cars mixed; safety still a concern

Two recent surveys on autonomous vehicles showed mixed views among drivers. In a University of Michigan study, 68 percent of respondents said completely driverless cars would have fewer accidents, but 67 percent said they would be concerned about driving one. Security and performance were particular concerns. Still, 44 percent said they would be very or somewhat interested in owning a completely driverless car.

The drivers surveyed by Insurance.com were more enthusiastic, with more than three-quarters saying they would be very likely to buy or would at least consider buying an autonomous car. The number rose to 86 percent if the car had cheaper insurance because of better safety.

Nearly a third of Insurance.com respondents said they would not continue driving themselves if an autonomous car were available. But 76 percent said they would not trust a driverless car to take their children to school.

Drivers less informed on connected cars

More than 40 percent of car owners who have a 2000 model or later and are in the market for a new vehicle have heard of connected cars but don't really know what they do. That's the finding of the 2014 Harris Poll AutoTECHCAST study.

Only 15 percent of car owners say they are very or extremely interested in owning a connected car, and 31 percent say they are not interested at all. Two-thirds of car owners say they fear owning a connected car could compromise their privacy. Those who are most interested currently own a BMW, Acura or Audi.

Familiarity and purchase interest is higher with specific features, such as voice activated controls and vehicle mobile applications. Harris points out that once car owners better understand a technology's benefits, adoption of the feature will soar. That's what happened with the backup camera.

'Unpretentious innovation, sustainable living' to drive car colors

When chemical company BASF gathers its experts to discuss future car colors, they don't talk about grays and whites. BASF says the five theme colors automakers should look at for model year 2018 are la garra charrua, haymaker, fitted green, gray elevator and take 10,000.

La garra charrua, BASF says, is "a light blue color representing an unpretentious look at mother nature reminiscent of the prairie spaces in middle America."

Besides light blue, automakers should prepare for rich orange, soft green, dark silver and brownish with a lot of sparkle. The overall theme is "a new level of normality as North America bounces back from the recession and society embraces the unpretentious beauty of the 'flyover states.'"



2015 Chevrolet Spark: Soft green is in.

Dealership caters to pet lovers with Top Dog Contest

One Houston dealership has found an unusual way to connect with customers. Gillman Subaru North Houston has taken Subaru's pet-friendly reputation and run with it.

The dealership recently held a customer appreciation event for customers and their dogs, with music, hot dogs -- oops, better known as "franks"-- shaved ice, pet grooming and gift giveaways. The day culminated in the Top Dog Contest, with categories for Cutest Dog, Ugliest Dog, Best Dog Trick, Best Costumed Dog and best Owner/Dog Lookalike. The Lone Star Animal Welfare League was on hand to host on-site adoptions.

"The passion dog people have for their pets is unreal," said general manager Yeong Won. "They're like family members, and that's exactly where Gillman sees itself. We're very family-oriented and we're a family-owned and -operated business."

Staying Ahead...

It may be hard for an egg to turn into a bird: It would be jolly sight harder for it to learn to fly while remaining an egg. We are like eggs at present. And you cannot go on indefinitely being just an ordinary, decent egg. We must be hatched or go bad.

--C.S. Lewis



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