

THE WANADA BULLETIN

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

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U.S. dealer associations convene for NADA Washington Conference

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U.S. dealer associations convene for NADA Washington Conference Regulatory overreach by CFPB tops dealer list

WANADA leadership joined together with sister dealer associations from across the country last week for the Annual NADA Washington Conference. Assembled together for the Conference at DC's Capitol Hilton, the dealers represented the U.S. auto retailing industry, whose principal purpose for being in town was to visit all members of Congress in the House and Senate to present NADA's national government relations agenda.

Curbing the federal regulator assault against auto dealers from the Consumer Financial Protection Bureau (CFPB) was NADA's first priority. Focus was placed on NADA-inspired legislation before Congress to halt CFPB's effort to limit or eliminate credit arranging for car buyers by dealers, ostensibly because dealers discriminate against minorities, who, CFPB alleges, obtain financing, but at higher rates than non-minorities.

NADA has effectively debunked CFPB's regulatory premise as the falsehood that it is, and with the support of dealer associations across the U.S., is successfully moving legislation through Congress with bipartisan support in both houses.

What the legislation does is appropriately realign CFPB's authority, which covers banks, but not auto dealers, who, as credit arrangers, do not come under the Dodd-Frank Finance Reform Act. It also puts a halt to the pressure CFPB has been systematically applying on the finance institutions it does regulate to limit indirect financing through partner dealerships. The legislation also provides for regulatory agency transparency and accountability to Congress from CFPB which currently does not exist.



Rep. Joyce Beatty (D-Ohio), speaker at the NADA Washington Conference and sponsor of legislation to curb CFPB overreach.

NADA’s legislation in the form of H.R. 1737 has already passed the House with strong bipartisan support. NADA’s task now is to get S. 2663 by the Senate which presents a more challenging proposition.

Other parts of NADA’s Capitol Hill agenda included keeping a check on bad vehicle recall legislation in Congress as a result of the unprecedented number of vehicle recalls in recent times. The issue here, of course, is the prospect of dealer used car inventory being grounded and rendered unavailable for sale. Fortunately for WANADA dealer members, legislation at the state level addressing recalls passed this session to both the General Assembly of Virginia and Maryland making automakers accountable to their dealers on grounded used cars as they are already by federal law on new cars.

Important changes to the tax code proposed in Congress were also presented that pose problems for dealers and other small businesses. One had to do with limitations on the longstanding deductibility of advertising expense and inventory control under the LIFO rules.

WANADA is represented at NADA leadership conferences, like the one last week in Washington, by NADA director Geoff Pohanka, Pohanka Automotive; WANADA chairman Dick Patterson, RRR Automotive; and WANADA CEO John O’Donnell.

Former Sen. Scott Brown to headline WANADA Annual Luncheon



Sen. Scott Brown

WANADA has organized its Annual Meeting and Luncheon for Wednesday, November 2, 2016, several weeks earlier than previous years. This year’s keynote speaker will be former U.S. Senator Scott Brown (R-MA). The meeting will take place at the Ritz-Carlton/Tyson’s Corner from 11:30 a.m. to 2:00 p.m.

Sen. Brown has a long history of public service, including many years in the Massachusetts legislature before being elected to Ted Kennedy’s seat as the first Massachusetts Republican elected to the U.S. Senate in more than 40 years.

During his time in the Senate, Brown was a ranking member on the Armed Services Committee and the Committee on Homeland Security and Governmental Affairs. He was also a member of the Committee on Veterans’ Affairs and, of special interest to dealers, the Committee on Small Business.

Brown was known as one of the most bipartisan members in the Senate and was responsible for many pieces of important legislation, including the Stock Act (which banned insider trading for members of Congress), the Hire a Hero Act (providing tax benefits for employers that hire returning veterans) and the 3% Withholding Bill (which abolishes the stealth tax for businesses doing work with the government).

Agenda	
11:30 a.m.	Networking Reception
12:00 p.m.	Lunch
12:30 p.m.	WANADA Business Session
	<ul style="list-style-type: none"> • Association Update • 2016-2017 Board Elections • Passing the chairman’s gavel
1:00 p.m.	Scott Brown Keynote speaker “Where is America Heading?”
2:00 p.m.	Adjournment

Sen. Brown has been a popular contributor to Fox News and is a *New York Times* bestselling author, with his book *Against All Odds* reaching #4 on the bestseller list.

The Annual Meeting includes a state of the industry and regional automobile business report from WANADA's leadership. Members will also elect WANADA's 2016-2017 Board of Directors.

WANADA dealers, Kindred-Line members, key managers, business associates and dealer community friends are cordially invited to attend the Annual Meeting and Luncheon. Click [here](#) to register.

WANADA's Gerry Murphy honored by black male and youth advocacy coalition for lifetime achievement

The Made Man Initiative at its Annual Congressional Black Caucus Conference in Washington week before last recognized WANADA's Gerard Murphy and others for their "achievements (as) notable influencers" from the business world for their "distinguished community leadership" and longstanding support of underserved black men. Besides Murphy was an extensive list of business and professional honorees by the Made Man Initiative, to include Washington Wizard John Wall; former Wizard's coach Eugene Banks; Brian Mitchel, COMCAST SportsNet; former DC mayor and DC councilman Vincent Gray; former DC councilman and president of the DC Chamber Vincent Orange; former Maryland delegate Herman Taylor; National Bankers Association president Michael Grant; National Urban League president, Marc Morial; and George Foreman Jr, entrepreneur and son of former heavy weight champion, George Foreman, Sr.



Rev. George Holmes, Made Man Initiative leader (right) with Gerard Murphy of WANADA who Rev. Holmes put forward as an honoree.

DC focused programs and support for black youth of note in Murphy's background were WANADA's Ford Motor Company inspired auto technology career education program, at Phelps Career High School in NE DC that later moved to Ballou High School in Anacostia, along with his extended tour of service as a member of the DC Workforce Investment Council. It was in these efforts, in addition to Toyota's auto career initiative in DC, where Murphy worked along side and befriended Rev. George Holmes, longtime youth career advocate and current chaplain of the DC State Committee. A leader in the Made Man Initiative, Rev. Holmes put Mr. Murphy up for the Made Man recognition as one of its business sector honorees. Gerard Murphy, Esq. currently serves as general counsel to WANADA, having formerly served as the dealer association's chief of staff for many years.

Organizations sponsoring the Made Man Congressional Black Caucus Conference were 100 Black Men of America, Greater Washington Chapter; and The Blueprint Global Group.

Five biggest mistakes dealers make when hiring

By David Druzynski, Director of Human Resources, Auto/Mate Dealership Systems

It's no secret that the employee turnover rate for certain positions in the auto industry is high. Why is this? In my career with Auto/Mate, I have interviewed thousands of job candidates, the majority of whom have car dealership experience.

From what I have gathered, here are the most common hiring mistakes that auto dealers make (which lead to their employees wanting to leave):

1) Hiring too quickly to fill a need

Dealers may associate an empty seat with lost revenue, but it's important to realize that the wrong person in that seat could cost you even more lost revenue, and then some! When the wrong person is fired or quits, there's the cost of unemployment insurance and COBRA administration. If this person harasses or discriminates against a coworker or customer, you are left exposed to lawsuits. Then there is the time spent interviewing the hire, training them, managing them more than necessary, and repeating the process unnecessarily a few months later.

In fact, the average cost of turning over an auto dealership salesperson is \$20,000 (not including the wages you paid them).

In addition there are hidden costs of making a bad hiring decision, such as the cost of lost vehicles sales, cost of alienating customers, cost of low employee morale, cost of your reputation being affected, and more.

Have patience when it comes to hiring. Also be sure to hire people who are a good culture fit. I understand if you have a rock star sales person in front of you, you may want to hire that person immediately. But if that person's sales style is aggressive and dog-eat-dog, and your sales environment is all about relationship building and team effort with a friendly attitude, that salesperson will not last long, despite the fact they can sell cars.

2) Believing what is on a candidate's resume is true

It's hard for many dealers to believe or understand, but candidates lie all the time. They lie on their resumes and they lie during interviews. They lie about their abilities, achievements and experience.

The best way to fully assess each candidate is to establish a hiring process. First, form a hiring committee with three to five members whose judgment you trust. Formulate interview questions and check for inconsistencies in candidates' answers. If their resume says they were a service manager, but they describe duties that closely resemble an advisor, then it's likely they inflated their title.

Also, require that your top two or three candidates take pre-employment aptitude, skills and/or personality assessments. These are inexpensive, some are very accurate, and they can tell you a lot more about a candidate than what is revealed in an interview. I also recommend that a unanimous "yes" by all hiring committee members is required in order for any candidate to be hired.

3) Hiring someone because you like them

This is similar to number two. You may have a great "gut feel" about a person and you may really like them and want to hire them. Just because someone is likeable, doesn't mean they are capable of, or willing to do the job. Gut feelings can be dead wrong. Don't skirt the hiring process.

4) Not properly vetting a candidate

Take the time to vet all candidates, even if they seem perfect on paper. In a survey of 3,100 hiring managers, 49 percent said they caught a job applicant fabricating their resume. There are even companies out there like CareerExcuse.com, that create fake companies, fake work histories and provide fake references for job seekers.

Ask every candidate for at least three references and state that two of them must be previous managers. Research to make sure they are legitimate managers at legitimate companies. Call and talk to the managers on the phone; sometimes you'll catch a hesitation or inflection in the voice that you wouldn't otherwise notice in e-mail correspondence.

You can gain a lot of valuable information from references. This year alone, we caught one candidate who submitted a reference letter on company letterhead, and when we called to verify with the dealership, we learned she never even worked there. In another instance, we had an individual who said that they resigned from a parts position, when in reality, we learned they were fired for theft and escorted out of the dealership in handcuffs. A little extra effort can save your dealership from being victimized.

5) Overselling the job opportunity

The top three reasons that people quit their previous position at an auto dealership (according to thousands of interviews conducted with former auto dealership employees at Auto/Mate) are:

- "They promised I would make more money than I did."
- "They told me there was opportunity for advancement, but there were no opportunities in the entire year (two years, three years) I was there."
- "I got burned out."

It's critical not to oversell the opportunities in your dealership.

Don't promise a potential salesperson they will make \$120K if the average salesperson makes \$80K. Don't promise someone they can have weekends off if your staff is expected to work weekends. If you are interviewing a potential service advisor and he says he's ready to be a manager, don't promise that he'll be a service manager within a year or two--unless you know with a high degree of certainty that you will have a service manager opening in the next year or two.

When you exaggerate opportunities in order to convince a candidate to take a job, that employee will feel duped in short order, and rightfully so. Chances are they will immediately begin looking for a better opportunity.

For information on how to create a successful hiring process, download our free eBook titled *The Auto Dealer's 10-Step Guide to Hiring the Best Employees*. The eBook is available on Auto/Mate's website in the 'Resources' section.

David Druzynski is director of Human Resources with Auto/Mate Dealership Systems. He oversees strategic HR planning, talent management, employee engagement, leadership development, benefits and compensation, and legal and regulatory compliance

Staying Ahead...

All mothers might well wish for their child to grow up to be president, but none want them to grow up and become a politician.

--John F. Kennedy

