

THE WANADA BULLETIN

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

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Headlines...

Krauthammer blasts Obamacare, CFPB at WANADA Annual Meeting & Lunch

Chairman Korengold speaks of industry's mercurial year, noting highs and lows of 2013

WANADA Members set the association's 2014 Board of Directors

Photo Collage – WANADA Annual Meeting and Lunch, Nov. 25

WANADA compiling dealer staff compensation survey

Mitsubishi, Toyota most likely to lose purchase intenders

Toyota Research Vehicle aims to reduce driver distraction

Thought for the Week...

Krauthammer blasts Obamacare, CFPB at WANADA Annual Meeting

Lunch crowd of several hundred hears columnist at Ritz-Carlton in Tysons Corner, Nov. 25



Charles Krauthammer predicted collapse of the health-care law in his remarks to WANADA members at the assn.'s Annual Meeting.

“I’m here today to talk about the craziness in Washington,” Charles Krauthammer told dealers at the WANADA Annual Meeting and Lunch. But the Pulitzer Prize-winning syndicated columnist didn’t talk about Congress. He focused on the administration.

“I think it’s astonishing that there are people in the White House who’ve never run so much as a candy store, who make regulations with no conception of how they will affect people,” Krauthammer said.

Reopening the Consumer Financial Protection Bureau, he lashed out at “so called consumer protection agencies telling you how to run your business and telling you you’re racist, essentially, which I think is a disgrace.”

Throughout his speech Krauthammer took the long view. During the Obama administration, he said, issues around health care policy, cap and trade, the budget and the

environment are all subordinate to the age-old debate, namely: What’s the nature of democracy in America and the proper role of government?

“We only have this kind of argument once a generation,” Krauthammer said. The last time was in the early 1980s, when President Reagan, shortly after his inauguration, said that *government*



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is the problem, and so dialed-back the social policies of earlier Democrat presidents from FDR's New Deal to LBJ's Great Society. After Reagan, even President Clinton-- a Democrat-- said the era of big government is over.

But President Obama wants to reverse that philosophy, said Krauthammer. The president is "not your ordinary Democrat liberal." An ordinary liberal "doesn't care what you do as long as it's mandatory," he said. Obama is, rather, a liberal in the mold of the European left, advocating for "a new kind of society where the emphasis is on equality."

Krauthammer cited a speech by President Obama in which he said, *I came here to transform America* in three areas: health care, education and energy. He tried to transform energy policy through cap and trade, but that effort failed. On health care, Krauthammer predicted that Obamacare will collapse on itself. If it does not succeed, we will see the failure of that type of radical liberalism and will go back to the Clinton-type left-of-center liberalism.

The "revulsion" Americans feel about Obamacare, Krauthammer said, stems from three problems with the law's rollout. First is the incompetence of an administration that presumes it can completely turn around a sector that represents 17 percent of the nation's economy, then can't even run a website. Second is the paternalism of saying, "You can keep your plan," but later saying, "We're going to cancel it if we (the government) don't like it." The third problem with the health care law rollout is deception. The administration stated that 85 percent of Americans would be untouched by the new law and would not have to pay anything extra.

"That was clearly a promise that had a catch," said Krauthammer. "The government would not pay for this directly. They deliberately decided to force people off their plans into exchanges. The surplus would be used to subsidize everybody else."



2013 WANADA Annual Meeting and Luncheon, Nov. 25, Ritz/Tysons



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It's possible but very unlikely, that the health care law will be fixed, Krauthammer said. Because of health care, Krauthammer predicted the Democrats will lose the Senate in 2014 and may lose the presidency in 2016.

The Obama agenda of the first two years is over, Krauthammer said. Now, the president is trying to govern by administrative fiat, a method Krauthammer called "lawless and unconstitutional."

Chairman Korengold speaks of industry's mercurial year, noting highs and lows of 2013



Danny Korengold called the CFPB's actions "an unprecedented attack on our industry."

WANADA Chairman Danny Korengold, who will continue in his post in 2014, offered association members a reflection on the highs and lows of the past year in his *Chairman's Report* at the association's Annual Meeting and Luncheon, Nov. 25.

Korengold started by invoking the Chinese curse "May you live in interesting times," where *interesting* is usually taken as a *euphemism* for navigating the highs and lows of life. Among this year's challenges, he said, were chronic high unemployment, creating an unstable economy and political gridlock leading the nation to the edge of the fiscal cliff, sequestration and a government shutdown.

Despite these challenges, said Korengold, the stock market hit new highs, and "new vehicle sales are approaching heights not seen since the early 2000s." Even with the furloughs and layoffs of many government employees and contractors in the Washington area, he said that "vehicle demand remains robust, with consumers out and about in growing number buying cars and having their old ones serviced."

Two areas of continuing difficulties come from President Obama's *signature* public policy accomplishments, the Affordable Care Act and Finance Reform, which Chairman Korengold said are increasingly "looking like they will set back small business and dealers in particular."

Although Democrats and Republicans agree that the rollout of Obamacare is a disaster, Korengold said, the worse problem for dealers comes from the Consumer Financial Protection Bureau (CFPB) and its "unfounded position that auto dealers, as credit arrangers for car buyers, *discriminate* against minorities."

But here's the bottom line in what Korengold called "an unprecedented attack" on our industry: "CFPB wants dealer credit arrangers – that they have no authority to regulate directly – to be forced by their bank partners – that they *do* regulate – to settle for reduced or *flattened* compensation for the dealers' longstanding job as credit arrangers."

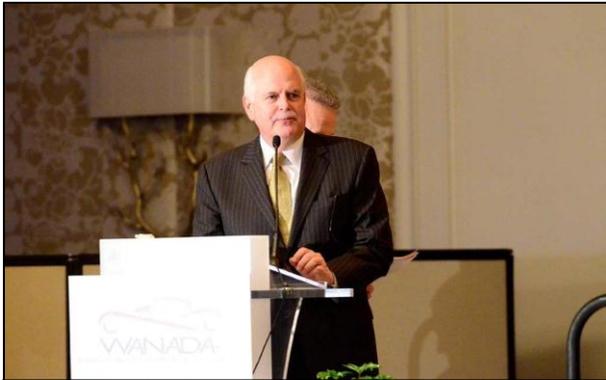
Looking at the regional issues that WANADA dealt with this year, Korengold mentioned Tesla's effort to set up direct sales in Virginia, starting with a storefront in Tysons Corner mall. He thanked the Commonwealth of Virginia and VADA for working out "an arrangement that doesn't compromise state law or the franchise system."

On the state front, correspondingly, he reported that both Maryland and Virginia this year approved major transportation plans aimed at easing the area's major traffic congestion. Going

forward WANADA is working with MADA on a bill that would establish a motor vehicle dealer board in Maryland, similar to the one that has operated successfully in Virginia.

The Washington Auto Show continues to be a grand success, with *record attendance* in 2013 and a coveted industry certification by the International Organization of Motor Vehicle Manufacturers (OICA) as one of the major events of its kind in the industry. A potential threat to the Auto Show arose earlier this year when the City agency charged with booking future dates in the Washington Convention Center determined it should be able to sell future dates already booked for the Auto Show to other convention-style events.

In response, WANADA has commissioned research documenting the show's substantial economic benefit to DC through hotel and restaurant bookings and convention center services and taxes. City Councilman David Catania, who attended the Annual Luncheon, is one of a number of D.C. leaders who appreciates the importance of a tier one auto show in the City and is working with WANADA and the booking agency to keep the Auto Show secure in its dates for years to come.



NADA President Peter Welch speaking to mutual dealer members at WANADA Luncheon.



WANADA CEO Gerry Murphy thanks the assn. leadership and staff for caricature of himself, presented at Annual Lunch.

WANADA Members set the association's 2014 Board of Directors

Chairman Danny Korengold and his fellow officers continue on Executive Committee

A number of WANADA dealer members were elected and/or re-elected by WANADA's dealer and Kindred line members to the 18 member Board of Directors which governs the WANADA trade association. Besides Danny Korengold, Ourisman of Virginia, who was elected to another three year term to continue to serve as chairman of the Board, six others were elected to three year terms: Lou Cohen, BMW of Rockville; Chip Doetsch, Apple Ford, Columbia; Frank McCarthy, Sheehy of Springfield; Harry Martens, Martens Cars, DC; Dick Patterson, RRR Automotive; and Geoff Pohanka, Pohanka Automotive, Capital Heights. Additionally, Robert Fogarty, Jr., Sport Honda, was appointed to fill an unexpired term.

As its first *official act*, the 2014 WANADA Board *re-elected* the existing Executive Committee to another one year term. Besides Chairman Korengold, the Executive Committee consists of Dick Patterson, vice chairman, RRR Automotive; Charles Stringfellow, secretary, Brown Automotive; John Bowis, treasurer, Chevy Chase Acura; Chip Lindsay, immediate-past

chairman, Lindsay Automotive; Ralph Mastantuono, Insurance Committee chairman, Mercedes Benz of Alexandria; Kevin Reilly, Auto Show chairman, Alexandria Hyundai; and Gerard Murphy, president and chief of staff.

Tamara Darvish of DARCARS represents dealers in Metropolitan Washington on the NADA Board, and is an *honorary* member of the WANADA Board.

Going off the Board, and thanked by Chairman Korengold in front of the membership for their service to the dealer community, were: Ben Ourisman, Ourisman Hyundai/Mazda, Laurel; and Rory Schick, Manassas Chrysler Jeep & Ram.

In addition to the trade association, the WANADA *organization* consists of WANADA Business Services; the Automobile Dealer Education Institute (ADEI), and the Washington Area Dealers Community Support Foundation. Among other things, the WANADA association produces the Washington Auto Show and Business Services oversees the WANADA Insurance Agency and two Employee Benefits Trusts.



New WANADA Board at the Annual Meeting, Nov. 25, 2013

(from left):

Melanie Funkhouser, Fair Oaks Chrysler Dodge Jeep; John O'Donnell, WANADA executive vice president; Chip Lindsay IPC, Lindsay Cadillac; Chip Doetsch, Apple Ford/Lincoln; John Bowis, treasurer, Chevy Chase Acura; Kevin Reilly, Auto Show chairman, Alexandria Hyundai; Charles Stringfellow, secretary, Brown Automotive; Harold Redden, ADEI chairman, Fitzgerald Lakeforest Hyundai/Subaru; Danny Korengold, chairman, Ourisman of Virginia; Tony Santy (Kindred-Line), Chesapeake Petroleum & Supply; Dick Patterson, vice chairman, RRR Automotive; Geoff Pohanka, Pohanka Automotive; Gerard Murphy, WANADA president & chief of staff.

Board members *not pictured* are Lou Cohen, BMW of Rockville; Jamie Darvish, DARCARS; Robert Fogarty, Jr., Sport Honda; Harry Martens, Martens Cars; Ralph Mastantuono, Insurance Committee chairman, Mercedes Benz of Alexandria; Frank McCarthy, Sheehy of Springfield; and Alex Perdakis, Koons Ford of Silver Spring.

Photo Collage – WANADA Annual Meeting and Lunch, Nov. 25



The pre-luncheon reception gave WANADA dealers and other car business community supporters the opportunity to network and enjoy one another's company



Washington Auto Show organizers with industry stakeholder assn. reps. (from left): Gloria Bergquist, Alliance of Automobile Manufacturers; George Doetsch, Apple Ford; Peter Welch, NADA; Damon Lester, National Association of Minority Automobile Dealers; Cody Lusk, American International Automobile Dealers Association; Kevin Reilly, Auto Show chairman, Alexandria Hyundai; and Gerard Murphy, WANADA.



DC City Council member David Catania talks with WANADA Executive Vice President John O'Donnell. A seasoned leader on the Council, Catania has formed an exploratory committee to become the next D.C. mayor.



From the left, John Bowis, Chevy Chase Cars, and Allen Jones, counsel to WANADA, with Annual Lunch keynoter Charles Krauthammer

WANADA compiling key dealer staff compensation survey

Earlier this week, Dec. 5, all WANADA dealer members were sent a letter covering a dealer compensation survey that is being compiled on key dealership staff positions based on 2013 data. The survey was described as "straightforward and easy" for the dealer HR or business manager to complete, with the incentive for the person completing the form to be entered in a drawing for one of three (3) \$250 Best Buy gift cards.

As with dealer compensation surveys WANADA has conducted in the past, WANADA dealers are assured of *unequivocal confidentiality* of the information submitted. And like before, WANADA dealerships providing information will receive a complimentary copy of the final report, expected to be published in January, 2014. Those **not** participating can purchase the compensation report for \$1,000.

This personnel information, when it is compiled into a Washington area dealer compensation report, will be *invaluable*. Accordingly, all dealer members are invited and urged to participate! To obtain a copy of the survey form, [click here](#).

For more information, contact Xavier Hodge in the WANADA office at (202) 237-7200, or xh@wanada.org

Other industry news

Mitsubishi, Toyota most likely to lose purchase intenders

Mitsubishi and Toyota are the brands most vulnerable to losing purchase intenders to other brands during the shopping process, according to a new study by CNW Marketing. Mercedes and Mini are least likely, other than high-end specialty brands such as Porsche and Ferrari. The survey is based on consumers' use of mobile, number of vehicles on their shopping lists and strength of brands at different points in the shopping process.

Brands become easier pickings if they don't have a strong marketing presence midway through consumers' shopping process, the study found. At that point, consumers now put more than five vehicles on their shopping lists, from which they will choose which models to keep. That's up from 4.3 models and brands a few years ago.

"If a marketing message ignores a brand's strengths in comparison with other strong competitors, the likelihood of losing a potential customer grows," says CNW President Art Spinella.

Toyota research vehicle aims to reduce driver distraction

Toyota has created a Driver Awareness Research Vehicle (DAR-V) that works to reduce driver distraction before the car is even started.

"Cars have become an interaction of multiple screens," says Chuck Gulash, director of Toyota's Collaborative Safety Research Center. "We now have multiple gauge clusters, large information screens and heads-up displays all feeding us information and competing for our attention."

The DAR-V was developed in partnership with Microsoft Research. Using Microsoft technologies such as Kinect, the interactive systems integrated into the design of the vehicle display personalized information on the side window when the driver approaches the car.



The Toyota Driver Awareness Research Vehicle was developed with Microsoft Research.

Using a combination of gesture control, voice and the key fob, drivers can navigate information such as updates on traffic and the weather, the day's appointments and route details that might include a gas station if the vehicle is low on fuel.

Thought for the Week...

If there are dreams about a beautiful South Africa, there are also roads that lead to those dreams. Two of these roads could be named Goodness and Forgiveness.

Nelson Mandela
1918 - 2013