

# THE WANADA BULLETIN

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

WANADA Bulletin # 47-15

HAPPY THANKSGIVING!!

November 25, 2015

## Headlines...

WANADA Annual Lunch with Laura Ingraham around the corner!

Kevin Reilly chosen as WANADA's 2016 Time Dealer

Jack Fitzgerald named Catholic Business Person of the Year

The Washington Auto Show visits its sister show in LA

Washington area sales up 7.5 percent in 3<sup>rd</sup> quarter

NADA forecasts 17.7 million new vehicle sales in 2016

Advice to VW dealers from a damages expert

Thought for Thanksgiving....

## WANADA Annual Lunch with Laura Ingraham around the corner! Dec. 8, Ritz Tysons



Laura Ingraham will provide political insight into world events and presidential politics.

With WANADA's Annual Meeting and Luncheon happening a week from next Tuesday, Dec. 8, the time to register is *now*, because it is an event not to be missed! The meeting marks an unparalleled chance to network with dealers, industry executives and government leaders. This year should be of special interest, as it will be the last Annual Meeting before the 2016 presidential election and keynote speaker Laura Ingraham will no doubt have a lot to say on the subject.

A longtime radio talk show host and TV news contributor, Ingraham is well known for her hard-hitting commentary on Washington politics from a conservative viewpoint. Her program *The Laura Ingraham Show* is ranked in radio's Top 5. She has been a guest host for *The O'Reilly Factor* on Fox News and a contributor on ABC's Sunday show, *This Week with George Stephanopoulos*.

Ingraham has several *New York Times* best sellers to her credit, including the recent *Of Thee I Zing* and earlier *The Obama Diaries*. Her first career was in law, as she was a UVA law school graduate, a Supreme Court law clerk and a white collar defense attorney in New

York.

The event will start with a reception at 11:30 a.m. and continue with lunch at 12:00 p.m., a WANADA Business Session at 12:30 p.m. and Ingraham's remarks at 1:00 p.m.

WANADA members and industry friends can register for the Annual Meeting by clicking [here](#). Table discounts are available for organization reservations. Questions may be directed to Kathy Teich in the WANADA office at [kt@wanada.org](mailto:kt@wanada.org) or (202) 237-7200. WANADA also wishes to express appreciation from its dealer membership to Kindred line members Corky Crovato, BG

Products and Services, and Gordon Smith of SunTrust Bank for their generous sponsorship of this year's Annual Lunch.

## Kevin Reilly chosen as WANADA's 2016 Time Dealer

WANADA is pleased to announce that Kevin Reilly, president of Alexandria Hyundai, will represent the Metropolitan Washington area as a 2016 Time Magazine Dealer of the Year. The dealers are put forth by auto dealer associations across the U.S. who are recognized at the NADA Convention, which this year is set for April 1, 2016 in Las Vegas. The Time Dealer of the Year program honors new-car dealers who exhibit exceptional performance as automotive retailers, industry change agents and community leaders. Reilly was nominated by WANADA President John O'Donnell.

"The Time Dealer of the Year Award nominees are stellar business people and pillars of their communities, who have each given generously to support important charitable causes," said Tim Russi, president of auto finance for Ally Financial, the exclusive sponsor for the fifth year running. "Ally is proud to honor these dealers and to recognize their commitment to making a difference."

Reilly started in the automobile business at age 13, washing Lincoln and Mercury cars at the dealership operated by his father. He sold Hyundais part-time while attending Georgetown University, later applying for an open Hyundai point in Alexandria in 2000 which he opened in 2001.

Having a law degree from the University of Virginia and an MBA from Duke University came in handy when Reilly started his career in the auto industry. He was instrumental in helping dealers nationwide get paid under the *Cash-for-Clunkers* program and trained other dealers on getting paid through the program. As part of that role, Reilly created a training document for government administrators to reference when reviewing claims.

Reilly was appointed by two Virginia governors to the Virginia Motor Vehicle Dealer Board, serving from 2005 to 2013, with his last two years serving as vice chairman. For his service to learning and educational initiatives in the auto industry, Reilly received the Northwood University Dealer Education Award in 2009.

Reilly joined the WANADA Board of Directors in 2007, subsequently joining The Washington Auto Show Committee where he served as chairman in 2014 and 2015. "We set an all-time attendance record in 2015, and Washington is now recognized as a tier one auto show on the global industry circuit," he said.

Reilly's charitable work is focused on the city of Alexandria, where he supports a variety of organizations, schools, churches and community activities. He is also committed to the Hyundai Hope on Wheels program, which helps fight pediatric cancer.

Tapped for numerous honors for his good works, Reilly is proud to have received several community service awards, from the Hopkins House Heart of the Community Award to the Potomac West Business Association STAR Award. "The STAR Award was special to me because it exemplified what I've worked hard to do my entire career – find common ground and arrive at solutions that benefit all parties involved," he said.

WANADA wishes Kevin Reilly the very best on the well-deserved recognition.



Reilly is one of just 50  
Time dealers  
nationwide.

## Jack Fitzgerald named Catholic Business Person of the Year



Jack Fitzgerald, being presented with The *Catholic Business Person of the Year Award* by CBN Montgomery president Barbara Murphy Komer, CPA (left), flanked by Gala emcee, Sue Palka, meteorologist at Fox 5.

Kudos to longstanding WANADA dealer member and industry leader, Jack Fitzgerald for being honored last week by the Catholic Business Network of Montgomery County in recognition of his innumerable business accomplishments and a lifetime of leadership on a host of community and educational programs that have benefitted the needy and deserving across the years. Head of the eminently successful Fitzgerald Auto Malls, the multi-franchised, mega dealership, interstate organization which he founded years ago and grew exponentially later, Jack received one of CBN's highest honors being named *Catholic Business Person of the Year*.

Recognized before the extensive membership of CBM Montgomery at its 22<sup>nd</sup> Annual Gala on November 20, Jack was commended for his leadership of WANADA as its chairman in 2006-07; his longtime position on the board of AIADA; and his many public policy advocacies with MADA in Annapolis and NADA on Capitol Hill, where, in particular, he was recognized for successfully leading the effort to restore dealer rights in Congress in the unprecedented bankruptcy reorganizations of GM and Chrysler in 2009.

Fitzgerald Auto Malls' full throttle promotion of child passenger safety was spotlighted, too, the other evening, too, for the extraordinary high regard it has gained regionally, no less than nationally for the tens of thousands of child safety seat demonstrations the Fitz Malls dealer network has conducted over the years. In the career education realm, Fitzgerald executives have lead the Montgomery Students Automotive Trades Foundation in its award winning Mini-Dealership training of aspiring auto technicians, which later blossomed into WANADA's Auto Dealer Education Institute's Auto Technician Development Program at Montgomery College in Rockville and at Marshall Academy in Falls Church. CBN took special notice of Jack's leadership in career development given its principal charge to gain support for Catholic school education from its business membership, numbering about 250, spread over 48 professional and entrepreneurial categories. And it didn't hurt that Jack, a native Washingtonian, and his sister and partner at Fitz Malls, Dottie Fitzgerald, were both themselves products of DC Catholic schools, as Dottie pointed out in her introduction of Jack, herself being an earlier recipient of the award.

Any number of notable elected leaders took the time to praise Jack for his goodness and success as *Catholic Business Person of the Year*, including Gov. Larry Hogan (R-Md); Montgomery Co. Executive Ike Leggett (D-Md); Sen. Ben Cardin (D-Md); Sen. Barbara Mikulski (D-Md); Rep. John Delaney (D-Md); and Rep. Chris Van Hollen (D-Md).

Jack was also spotlighted on The Washington Post Business page, Nov. 15, in an article by Tom Heath, entitled "Fitzgerald Auto Mall's owner has formula for success: Hustle." [Click here](#) to read the full article.

## The Washington Auto Show visits its sister show in LA

As is its custom, staff and volunteer leadership from WANADA's Washington Auto Show make the rounds to the top tier auto shows in the U.S. and worldwide each year to interact with industry notables and OEM executives, which placed Washingtonians at media industry days for the auto show in Los Angeles last week. Along with Detroit and New York, LA is regarded as an important auto show on the global industry circuit as are the Paris, Frankfurt and Geneva auto shows in Europe.

A top tier auto show worldwide, Washington, which is OICA certified, awarded by the Paris-based, *Organisation Internationale des Constructeurs d'Automobiles* (International Organization of Motor Vehicle Manufacturers) that so recognizes major industry auto shows globally.

Joining WAS producer John O'Donnell was Auto Show Committee member, Daniel Jobe, WANADA officer John Bowis, WAS promotion director Barbara Pomerance and WAS manager Bob Yoffe.

"As is the case with many world trends, many in the auto industry start in California and come east which always makes LA an important stop on Washington's annual auto show tour," said O'Donnell.

The Los Angeles Auto Show is positioned to start the industry's auto show season in commencing each year in mid-November.



On site at the LA Auto Show: pictured first, John O'Donnell, WAS producer, with Peter Welch, president, NADA. Second photo, Barbara Pomerance, WAS promotions with John Bowis, Chevy Chase Cars.

## Washington area sales up 7.5 percent in 3<sup>rd</sup> quarter

Washington area vehicle sales rose 7.5 % in the third quarter, eclipsing the 4.7 % YTD 2015 improvement curve for the first nine months over 2014. WANADA's Area Report for September 30 YTD 2015 is based on R.L. Polk new-vehicle registration data for the 12 major localities comprising the metro Washington market. The YTD increase is neck-and-neck with U.S. sales, which increased 5 % through September, according to *Automotive News*.

Area sales for the third quarter totaled 90,511 in metro Washington, with the most sales in August (32,139), followed by July (30,232), then September (28,947). Year-to-date sales reached 247,234, easily positioning the metro area to surpass 300,000 new vehicle sales for 2015.



Imports (non-Detroit Three) made up a majority of regional sales, at 69 percent, with passenger trucks creeping up as a percent of total Washington area new-vehicle sales to 52 percent year-to-date through September. Truck sales jumped 36 percent in the third quarter, as car sales dropped 6.7 percent. That reverses a longstanding trend. In the second quarter, truck sales stood at 50 percent, but historically, Washington area consumers have bought more cars than trucks. Truck sales have continued to increase nationally as the price of gas keeps falling.

For the complete copy of The WANADA Area Report on third quarter Washington area new vehicle sales, click [here](#) to log in to the members only section of the WANADA website. Note that the final column in the tables for the first and second quarter of 2015 has been adjusted to reflect updated information.

## NADA forecasts 17.7 million new-vehicle sales in 2016

Moderate wage growth, falling gasoline prices and continued low interest rates on auto loans will drive new vehicle sales higher in 2016, said NADA Chief Economist Steven Szakaly. He forecasts sales next year of 17.7 million, a 2.3 percent increase from this year's forecast of 17.3 million. That would mark *the seventh straight year of increasing U.S. auto sales*.

Szakaly cautioned that without heavy automaker incentives, new vehicle sales will likely peak next year. "In the long run, new-vehicle sales cannot be sustained above 17 million units because of rising interest rates, increasing regulatory compliance costs and wage and income pressure," he said. He predicts sales will fall to 17.2 million in 2017. Szakaly expects wages to grow only about 2 percent in the next 12 months and interest rates to rise by 50 to 75 basis points by the end of 2016.

For 2015, NADA has raised its sales forecast of new vehicles to 17.3 million. "At this point, the auto industry remains healthy and continues to grow on improving conditions for households," said Szakaly. "The formation of new households is rising, which is resulting in increasing auto sales and strengthening the overall economic recovery."

## Advice to VW dealers from a damages expert

Here are four (4) recommendations to Volkswagen dealers at this early stage of dealing with the fallout from the emissions scandal, from Patrick L. Anderson, an auto franchise damages expert at Anderson Economic Group:

1. *Do not jump to conclusions about the scope of the scandal, the remedy for the affected parties, or the way that dealers will be treated.* The evidence that VW violated U.S. law appears incontrovertible at this point. But a few key facts remain unknown, such as these:

- Will more vehicles be found noncompliant? Already, the EPA has expanded the list of affected vehicles to additional diesel-engine models of VW, Audi and Porsche. More may follow, and their compliance may be disputed.
- What will be VW owners' reaction to VW's noncompliance? Public reaction has been swift, negative and harsh. VW's response will affect the way future buyers perceive the company's products and dealer network.
- What will be the mechanical fix proposed by VW, and how will it affect vehicle performance? A substantial share of owners may refuse to have a "fix" installed if they perceive that it would improve emissions but reduce the vehicle's performance.

The answers to these questions will affect VW dealers as well as owners.

2. *Start keeping records on any “stop sale” vehicles: related floor plan, storage and other costs; and any reimbursement from VW.*

3. *Be prepared to identify any changes in value of new- or used-car inventory or service revenue that appear to have been caused by the VW emissions scandal. It is possible that dealers may ultimately be compensated for loss in inventory value, and if so, it will be important to be able to demonstrate that loss.*

4. *Represent the brand and the products your local customers want, consistent with laws and franchise agreements. This imperative will mean different decisions to different dealers. Dealers must take action to ensure they serve their customers and stay in business. For some dealers, that will mean moving quickly to reduce diesel vehicle inventory and focus on other vehicles; for others, their customers may just want the diesel problem fixed.*

Thanks to Patrick L. Anderson of the Anderson Economic Group for this information. A longer version of this article originally appeared in the NADC Defender and is used here with permission. © 2015 Anderson Economic Group LLC.

### **Thought for Thanksgiving...**

As we express our gratitude, we must never forget that the highest appreciation is not to utter words, but to live by them.

--John F. Kennedy

