

Montana Automobile **Dealers Association**

FEBRUARY 2019 NEWS BULLETIN

PRESIDENT'S MESSAGE:

The Legislature is Now in Session

February is all about the love, and we love when the Legislators come to town! As you know, the 66th Montana Legislature has begun, and we are actively representing the MTADA with many issues, including a new bill. We are almost half way through the session and things are starting to heat up!

On Tuesday, February 26th, we introduced HB 617 to the House Business and Labor Committee. We had 5 dealers travel across the freezing tundra to testify on our behalf. These dealers included; Bill Dee, Don Kaltschmidt, Jim Stanger, Eric Henricksen, Robbie Smith and John Waller. Each dealer had about 2-3 minutes to talk about a small piece of why our bill is so important. Our bill passed the Committee 19-0! There will be two more readings of the bill in the House, and then it will move on to the Senate.

There are 5 areas that this bill addresses:

■ Data Protection: recognizes that dealers collect information from their customers and store that information in electronic data management systems and regulate the manner in which third parties can access and use the information

- Cancellation Obligations: clarifies the manufacturer's obligation to a dealer whose franchise agreement is cancelled
- Dealer Successor: adds MTADA President retirement of the dealer to the circumstances where a manufacturer is required to honor the designation of a family member as successor dealer
- Adding an Additional Dealership: revises the procedures allowing a manufacturer to add an additional franchise in a community where it has an existing dealer
- Warranty Reimbursement: creates a method to establish the reimbursement rate paid to dealers for warranty parts and labor required by the manufacturer's vehicle warranty and vehicle recalls issued by the manufacturer or the U.S. Government

The MTADA will focus its time and energy on many issues that will be heard this Session. As always, we will continue our role at the legislature serving the new car dealers of Montana.

> You can see the language of our bill at: https://leg.mt.gov/bills/2019/billpdf/HB0617.

James Johnson is the Dealer Principle at High Plans Motors, Inc. in Wolf Point, Montana





DIRECTOR'S MESSAGE:

Even With USMCA Exemptions, 232 Tariffs Remain Biggest Threat to Vehicle Prices, Jobs, Consumers

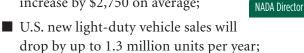
Even after taking into account the mitigating effects of the new United States Mexico Canada Agreement (USMCA), tariffs on autos and auto parts under Section 232 of the Trade Expansion Act of 1962 would still be extremely detrimental to consumers and the U.S. economy, and cause significant vehicle prices increases and job losses, according to new research by the Center for Automotive Research (CAR).

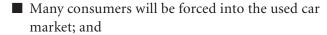
In July 2018, CAR found that across-the-board tariffs on autos and auto parts would lead to substantial increases in the price of all new vehicles sold in the U.S. – along with significant decreases in both annual new-car sales and auto industry jobs. CAR's new analysis provides 10 scenarios based on different combinations of U.S. trade policies and deals including: Section 232 autos and auto parts tariffs; the USMCA; current (as of Jan. 21, 2019) Section 301 tariffs on Chinese imports; and current Section 232 steel and aluminum tariffs.

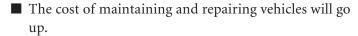
If the USMCA is implemented in its current form, other tariffs continue unmodified, and the Section 232 auto and auto parts tariffs are imposed – even with exemptions for

Canada, Mexico and South Korea – CAR estimates that:

- As many as 366,900 U.S. jobs will be lost including as many as 77,000 franchised dealership jobs;
- U.S. light-duty vehicle prices will increase by \$2,750 on average;







In fact, CAR found that broad-based Section 232 autos and auto parts tariffs would still be responsible for more than 90 percent of the total economic harm caused by implementation of the collective trade policies currently being pursued.

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Don Kaltschmidt

Manage Costs by Maximizing Your Tax Savings.



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Jeff McNeilly 800-654-8489, ext. 2492 jeff.mcneilly@americanfidelity.com



SB-25306-0312



Dealers received \$362,079.30 in Dividends!

Great News!

The Montana Auto Dealers Association Member Dealers enrolled in the MTADA Workers Compensation Program with the **Montana State Fund** and **PayneWest Insurance** received **\$362,079.30** in General Dividends for Policy Year 2016 which was paid to the Dealers in October 2018.

This great outcome is attributed to the continuous safety efforts of the member dealers along with PayneWest Insurance, the Montana State Fund and the Montana Auto Dealers Association. The group has seen significant results in driving down rates with the implementation of the PayneWest safety program nine years ago. The commitment of the dealers that have utilized the tools and made safety a priority is the reason this has been such a success. This has led to improved safety culture in your dealerships and countless savings in other areas of your business. Most importantly, it has provided a safer working environment and aided in sending many more of your employees and friends home safe.

Program Advantages with PayneWest Insurance, Montana State Fund and MTADA:

- Competitive Workers Compensation Rates with a Dual Dividend potential
- Dealership Risk Management Services to assist in controlling your total cost of risk
- OSHA assistance on questions and citations
- The Program provides funding and support to the Association which can assist in areas such as the current Legislative Session!

If you are not currently a member of the MTADA Workers Compensation Program we will be reaching out to you in the near future. If you have any questions or need assistance in the meantime, our contact information is below.

Our team at PayneWest, the Montana State Fund and the Montana Auto Dealers Association want to sincerely thank you for your business and congratulate you on your success. Keep up the great work and please let us know if you need any assistance or have any questions.



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CHAIRMAN'S MESSAGE:

NADA Launches Initiative to Promote Auto Tech Careers

America's auto dealerships are facing a crisis in the shortage of experienced automotive service technicians, and the National Automobile Dealers Association is doing something about it. I'm proud to announce that this year the NADA Foundation is the first in the industry to officially launch a workforce initiative with the goal of promoting the value of dealership jobs, especially service technicians, in the retail auto and commercial truck industry.

Dealerships nationwide provide more than 1.2 million jobs in sales, management and service. Service departments are especially critical now, when thousands of cars and trucks are still in need of repairs following recalls and scheduled maintenance and warranty.

The U.S. Bureau of Labor Statistics estimates that 750,000 auto techs are currently employed in the auto industry; new-car dealerships alone employ around 317,000 service techs. And an estimated 250,000 diesel technicians work in the trucking industry.



Our industry needs close to 76,000 more technicians per year through 2026 to fill anticipated job openings. A lack of dealership workers means that thousands



of well-paying local jobs remain unfilled, and we will have difficulty getting the necessary people – with the necessary skill sets – to service vehicles on the road. Ultimately, this can harm the financial health of our Main Street stores, and harm our ability to provide our customers with the best service possible. The future of the auto business rests in the employees who work with us day-in and day-out, so NADA has made this a top priority.

We have developed the NADA Foundation's workforce initiative over the past two years, after we identified a great need to harmonize efforts of automakers, training centers and dealerships, especially when it comes to recruiting technicians. We learned there was very little brand-neutral information on training centers, and it is incredibly difficult for a prospective technician to find clear information on how to gain training and certification. This challenge also poses a hindrance to many women who may be seeking a job in the tech world.

Ultimately, we realized that one of our first jobs was to unite the industry – dealerships, OEMs and allied industry – behind one effort to effectively tackle this crisis. We know that as many as half of the seats in OEM training programs – like Ford's Asset program or Toyota's T-10 program – go unfilled each year. These programs are direct feeders into dealerships, and one of our goals is to fill those programs to capacity.

During my incoming remarks last Saturday at NADA Show 2019 in San Francisco, I proudly introduced this great initiative to our members. Our efforts include a new NADA Foundation website—NADAFoundation. org—with the first map of all ASE-certified training facilities nationwide. The website also features videos with real technicians talking about their work and lifestyles, and digital and social media content—all focused on the

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Montana Automobile Dealers Association



MTADA General Counsel

LEGAL UPDATE

One for the Good Guys

It's been a slow January in the car guy's legal biz, but I did run across a great human-interest story that illustrates what great people you car guys are. The story appeared as follows in the Dallas Morning News on January 19, by Dave Lieber.

"When my wife and I picked up Christal Scott at her Dallas restaurant at the end of her waitress shift (her planned ride canceled because of bad weather), she was bitter about humanity. With good reason. She'd been without a car since July because of her duel with 1 and 2 Automotive [a used car shop] in northwest Dallas. Her car was snatched back by 1 and 2 in what she called an illegal repossession. She lost her \$5,100 cash down payment, too.

She sued the used car dealer in small claims court, and stood up to co-owner David A. Kost Jr., whom I call the King of Car Repossessions. The day of that trial, Kost told me many of the 200 cars he sells each month come back to him. It was quite a courtroom scene. No lawyers. Just the single mom, 43, still wearing her all-black work uniform and platinum blond hair tied back in a ponytail, going toe-to-toe

with Kost, 39, shaved head, goatee, untucked shirt, jeans and boots with a silver chain around his neck.

"I was a mess that day," she recalls. "I didn't know what to ask him. It was really scary." She won. A jury awarded her \$2,000. She hoped to use the money for a down payment on another car, but, as of Thursday, Kost has not paid.

We were driving to a car dealership in Plano, but Christal didn't know exactly why. She'd find out soon. A surprise of a lifetime. For the moment, the Irving woman was sour on life. "Everything you do nowadays is a ripoff," she said. "You can't trust anybody at all. Not businesses. Not anybody.

Nobody is honest. Everybody is so greedy."

She's worked at the same restaurant for 11 years. She has no family other than her disabled son. She's streetsmart and savvy. She's also brave. By herself, she took on what The Watchdog calls one of the worst used car dealerships in Dallas. The pattern, shown through my reporting, is that 1 and 2 Automotive customers often find their desired cars on Craigslist. But when they arrive at 1 and 2 at the corner of Reeder and Joe Field roads, they're told sorry, that car sold 20 minutes ago.

A salesman points the buyer to a more expensive car and asks to see cash to make sure the customer is serious. The cash is dropped in an office safe. Salesman says he can't get it out. You just bought a car. Kost, who owns 1 and 2 with his father, David A. Kost Sr. (hence 1and2), told me customers can get the money back in a check, but it takes two weeks.

If you come back to the dealership to complain, staff puts you in what Kost calls "the manager's room." I call it "the scream room." Makes you want to buy a car,

A surprise at Ewing Buick-GMC - we arrived at Ewing Buick-GMC on Dallas Parkway in Plano. General

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Unfortunately, your DMS platform, with its rigid processes and lack of third-party integration options, doesn't encourage differentiation. Backed by Cox Automotive, Dealertrack DMS is the highest rated system for ease of use. And, with an open platform, minimal integration fees, and no long-term contracts, Dealertrack is the DMS partner that lets you choose what's best for your business.

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Dealertrack DMS #

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Montana Automobile Dealers Association

105th Annual Family Convention

AUGUST 9-11, 2019 Hilton Garden Inn | Kalispell, Montana



Montana Automobile Dealers Association



Chairman's Message CONTINUED FROM PAGE 4

goal of promoting the important work of dealership jobs and their value to local communities. We've also created a brochure that any dealership or state association can make their own by adding their logo.

NADA will also reach out to key audiences such as high school guidance counselors, community college administrators and military separation officers. Our fundraising has already gained traction among dealers and OEMs, with sponsors including Porsche, Toyota, PACCAR and the National Auto Auction Association. If you would like to donate to this cause, text the word "donate" to 202.831.8054.

I believe in this industry and I believe in the passion we have to make it better. After all, we are all one NADA. I'm optimistic that these efforts will narrow the work gap at our dealerships and help more people take advantage of the well-paying careers that dealerships offer.

Charlie Gilchrist is president of Gilchrist Automotive in the greater Dallas-Fort Worth.

Director's Message

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"This analysis confirms that broad Section 232 tariffs on autos and auto parts still present the biggest trade-policy threat to consumers and the U.S. economy," said NADA President and CEO Peter Welch. "NADA understands and appreciates the Administration's attempts to level the trade playing field and eliminate unfair trade practices, but expansive Section 232 auto tariffs are the wrong tool for the job because they will lead to dramatic price increases, depressed vehicle sales and job losses."

Welch, who testified on the topic last July before the Department of Commerce, again encouraged the Administration to avoid imposing broad-based tariffs on autos and auto parts.

"We should continue to work together to address genuine trade concerns, but without hurting American consumers and small businesses in the process," Welch added.



DEALERS CORNER

Setting Performance Goals for Employees Drives Dealership Success

The difference between dreaming of lofty goals and achieving them is action and planning.

Most people don't achieve their goals. Why? We were told to dream big when we were children, but we were never taught how to set goals and execute them to achieve those big dreams. Hard to believe, right?

Additionally, not only do those who set goals have success, but they are more likely to have employees who are engaged with work.

A recent Gallup study showed a wide variance between the level of engagement among employees based on their answer to a simple question: Do you strongly agree or strongly disagree that your manager helps you set performance goals and holds you accountable for your performance?

Results showed employees who answered the question with 'strongly disagree' were only 8% engaged. Those who answered with 'strongly agree' were 69% engaged.

No one can achieve their most challenging goals without help. We all need support and assistance from our managers, peers and our team of employees to ensure our success. That's why it's not only important to learn how to set goals for yourself, but to achieve them you should assist your employees in doing the same.

Let's back up to dreaming about potential success. It's fun, and a great place to start when identifying goals for yourself and employees. Goal achievers know how to take their dreams to the next level. They set goals, communicate goals and hold themselves and others accountable for achieving those goals.

Here are my seven steps to achieving your goals:

Step 1: Dream your greatest vision of success in your current role and write it down.

Step 2: Develop three to five goals that will be required to help you achieve this vision.

Step 3: Make sure your goals are:

- Specific (use verbs such as increase to, grow, complete, develop and implement, etc.) For example: Grow new car sales by 20% focusing on an area of greatest market share opportunity;
- Quantifiable and Measurable (use numbers and percentages);

- Realistic but challenging to achieve; and
- Timebound and have a clear date and time to meet a deadline. (Do not use "as soon as possible" or "to be determined." Use real dates and times.)

Step 4: Identify all tasks required to achieve the goals and write them down.

Step 5: Communicate your goals to your manager, peers and to your team.

Step 6: Develop related goals for your individual team members that will support your success for reaching your own goals. Set daily, weekly or monthly goals for individual team members so they are manageable.

Step 7: Track and communicate progress towards success. This is an important step, so be sure to track progress in multiple ways: visually, kinesthetically and verbally. This might sound like overkill, however, this is the best way to ensure you are reaching all stakeholders in ways they will become engaged and stay engaged to achieving their goals successfully.

What do I mean by visually, kinesthetically and verbally?

Visually – Use charts, reports, timetables, graphs, symbols, calendars and handouts to track your progress. Put these tracking tools on a whiteboard, corkboard or poster for all

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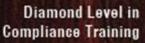


Regulators Target Aftermarket Product Selling

Attention: F&I Managers, Dealers, and GMs

Aftermarket products have always been viewed negatively in the eyes of the CFPB. They have also received recent attention with the reinterpretation of the Military Lending Act, Santander's consent order, and service member complaints. In this Compliance Now! webinar, we will provide you with the most recent updates as well as answer questions relating to aftermarket products.





- CFPB, Aftermarket Products, and the MLA Angle
- Santander's Consent Order and GAP
- FTC and Bi-Weekly Payment Products
- State Attorney Generals and Aftermarket Products
- NADA's Take on Aftermarket Products



Register Online:

www.AFASinc.com/Event/ComplianceWebinar

March 6, 2019 Wednesday, 10:00 am CST

Registration deadline is March 5, 2019

Complimentary webinar will last approximately 30 minutes







IT Security Tip: This New Docusign Scam Will Sail Past Your Security

Many of us use Docusign as a secure, convenient method to digitally sign documents. Leave it to the bad guys to come up with a way to exploit it. Here's the scoop on a Docusign exploit that will sail right past your spam/malware filters and your email security. How does it do this? By using Docusign in the same way it is used for legitimate purposes.

For example, in an email offering working capital funding, the email recipient sees a legitimate looking email requesting that, if interested, they should just click on the yellow "Review Document" link and fill out the loan application. If clicked, the recipient sees a legitimate

looking application form. The form requests the contact information and social security number for all owners. It also requests that you attach the three most recent bank statements. It then requires a digital signature; remember, this is an authentic Docusign document.



Erin Dickey
IT Services Director
DIS Technologies

If someone was to fall for this kind of scheme, the consequences could obviously be severe. We wanted you to be aware of this scam that is making the rounds so that you'll be on alert when it hits your inbox.



Would you like to know more about IT security strategies? Download our free report, "The 7 Most Critical IT Security Protections Every Business Must Have in Place Now to Protect Themselves from Cybercrime, Data Breaches and Hacker Attacks". To get instant access, go to: http://www.dismt.com/cybersecuritytips

Legal Update

CONTINUED FROM PAGE 5

manager Jeff Gaden was waiting with a smile — and a surprise. Four anonymous donors, after reading about Christal's plight, stepped forward with more than \$12,000 in contributions. It's a bit overwhelming. Gaden happily said that he would sell her a 2012 Honda Accord (one of the best cars ever made), black to match her waitress uniform, with 65,000 miles.

"Are you serious?" Christal asked, fighting back tears. Gaden sold it at wholesale, so Christal has no payments. The Buick GM told her why. "We appreciate you standing up in court." Auto dealers, he said, "try to keep a good name. That's important to us for someone like you to stand up."

Asked what lesson she wants to share, she agreed. "The lesson is to stand up and fight," she said. She sat in the driver's seat. "I'm ready to drive. It's been so long....no more Uber or Lyft." "You told me people were kind of rough and mean. And that you couldn't trust anybody," I reminded her. "Yeah." "You still think that way now?" She answered quickly. "Nope."



ADS of Montana is the State's leading provider of F&I training and products.

We specialize in our State of the Art training concept through our Team One approach.

We represent the best product lines available in the US! We are a MONTANA company and headquartered in Bozeman, no need for a company employee to fly in and see your store.

We work with over 75% of non public New Car dealers in the State.

www.adsfi.com



Montana Automobile Dealers Association



Dealer's Corner Continued From Page 8

your stakeholders to see every day. This is a great tool for engaging your employees who learn visually.

Kinesthetically – When creating your visual tracking tools, allow space for you and your stakeholders to manually fill in the tasks achieved. This will engage employees who require hands-on involvement and reminders to keep them engaged.

Verbally – Sharing your goals verbally with all stakeholders in regular meetings will engage employees and stakeholders who are verbal learners.

When I worked for a large dealer group with 22 stores, my vision and goals were as follows:

Vision: To be known as the store that hires and trains the most employees who become successful and are promoted to work at our other dealerships.

Goal 1: Hire five individuals each quarter of the calendar year who fit our company's culture and vision.

Goal 2: Train and develop new hire employees with a comprehensive customer service, product, technology, communication and teamwork-oriented training program

during their first 90 days of employment.

Goal 3: Develop a skills assessment checklist to benchmark the progress of the new hires weekly over their first 90 days of employment.

Goal 4: Implement a weekly process of skills assessment for the new hires by rotating the responsibility of assessments throughout the management team and high potential department employees.

You now have the recipe for success to elevate your dealership's performance through staff training and development.

It's never too late to set goals!

As a former general manager and president of a dealership group and a Ford Motor Co. district manager, Munson brings a wealth of experience to the NADA Academy. As an instructor, she leads NADA's Professional Series, which offers training programs exclusively for future dealership managers in sales, office, service, and parts.

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Montana Automobile Dealers Association



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