

Iowa Automobile Dealers Association ACTION UPDATE

IADA Calendar

April 16–17, 2015

Spring Board & Annual Meeting
West Des Moines

April 22–23, 2015

Iowa Employment Conference
Altoona

May 11, 2015

AIADA Annual International Auto
Industry Summit
Washington, DC

Iowa Automobile Dealers Association

Chairman

Dave Edwards
Edwards Chevrolet Cadillac

Vice Chairman

Jeff Weber
Anderson-Weber Toyota
Scion Lincoln

President

Bruce Anderson

Secretary

Brad Deery
Deery Brothers of
West Burlington

Treasurer

George Grask
Cedar Rapids Truck Center

Immediate Past Chairman

Jeff Finch
Wes Finch Auto Plaza

The *Action Update* newsletter is published every other week by the Iowa Automobile Dealers Association. To add people to our distribution list or share suggestions for future articles, contact Brittany Bungert at 515.440.7620.

DOT to Issue Spot Delivery Guidance

The Department of Transportation is preparing to issue guidance to county treasurers regarding spot deliveries. The DOT has reached out to IADA and we are working cooperatively with them on this guidance.

The incident that prompted the DOT's interest in spot deliveries is a deal that began 7 months ago that the parties are now trying to unwind. It shouldn't surprise anyone that there are a host of issues with that transaction, but you may not be aware of the risks involved even with a properly conducted spot delivery.

Spot deliveries are fraught with potential issues. IADA recommends not doing spot deliveries, but some dealers may be willing to accept the risk involved. The [IADA Spot Delivery form](#), which should be used on every spot delivery, is self-executing. That means that either the dealer must contact the customer to let them know their credit was approved within three days or the contract is void. (And if the contract is void, the vehicle trade is now void so you better not have sold their old car.)

Imagine this scenario: A customer comes in on Saturday and wants to purchase a new vehicle. The lending source comes back and says that everything looks good except they need three paystubs. The customer has those at work, but can't get them until Monday. The dealer decides to do a spot delivery, contingent on getting the three paystubs on Monday. If the customer drives the vehicle between Saturday and Monday (which they may do, but without a temp tag or a d-plate), one month of the annual registration fee will be due—even if the deal falls through. And, if the deal falls through, the Iowa attorney general's office has stated that it is of the opinion that the vehicle is now used (because it has been used for a purpose other than a test drive) and it would be consumer fraud to sell the vehicle as new. So not only has your deal fallen through, but that new vehicle now must be sold as used.

When conducting a spot delivery, you must also make sure that the truth-in-lending disclosures are accurate. A legally constructed spot delivery will either result in the original transaction proceeding with all the appropriate disclosures or it will be void but there may be a new deal. You cannot retroactively change the rate and still comply with the Truth in Lending Act, so if the interest rate changes you must create a new contract signed on the new date.

IADA Board of Directors Election Underway

The nominating committee has met and selected the following candidates to run for the open seats on the board of directors and for positions as officers. Ballots were sent by our audit firm, Brooks Lodden P.C., to those eligible to vote. Officers will be elected at the annual meeting.

District Three Director

Matt Brown, Bob Brown Buick GMC
(Ankeny)
Scott Politte, Stivers Ford Lincoln (Waukee)

District Four Director

Rick Collins, Rick Collins Toyota Scion
(Sioux City)
John Gookin, Gookin Ford Sales (Story City)

Director At Large (Two Open Seats)

Tom Carey, Ramsey Mazda Subaru
(Urbandale)
Michael T. Clemons, Clemons Inc.
(Marshalltown)
Scott Deter, Deter Motor Co. (Atlantic)
Paul White, George White Chevrolet (Ames)

Officers

Chairman: Jeff Weber, Anderson Weber
Toyota Scion Lincoln (Dubuque)
Vice Chairman: Brad Deery, Deery Brothers
of West Burlington (West Burlington)
Secretary: Jim O'Halloran, O'Halloran
International (Altoona)
Treasurer: Jeff Finch, Wes Finch Auto Plaza
(Grinnell)

The Anderson Report: Take Your On Hold Radio Off the Air

By IADA President Bruce Anderson

I heard a really good auto dealer ad last week. It was memorable and compelling because it was funny and so unique. Even though I prefer print advertising for dealer ads, I liked this radio ad because it was clever without being cute, and I did not detect a single regulatory compliance issue with it. There was one problem though: I heard it while I was on hold during a telephone call to a different dealership.

I cringe when I hear the radio while I'm hold. I cringe in part because there is simply no legal way to rebroadcast a radio transmission as your on hold music without paying a licensing fee—probably to at least two entities. (There are technically legal ways to play a radio in a business establishment which are based on the size of the store and number and placement of speakers—more fully explained on the [IADA website](#).)

It gets worse. Or at least I think it gets worse—as if breaking the law while playing your competition's catchy new ad isn't bad enough! What I think is even worse is the cheapening effect that it can have on a dealer's professional image—and that of the automotive retailing industry. I'm not kidding. While all dealers have issues from time to time with their manufacturers, they are the public face of the brand. Using radio as the background music for the phone system undermines the professional image that dealers have created through enormous investments in their facilities, staff, and service.

Having music play over the telephone just is not the whizz-bang technological marvel that it used to be. Not only that, but dealerships that play the radio on hold are probably irritating a significant portion of listeners by their choice of music. Why do that to someone who is probably not thrilled about being on hold anyway? A recent [Public Policy Polling survey](#) found significant unfavorable ratings for any kind of music a local radio station would play: country – 23% unfavorable, pop – 26% unfavorable, R&B – 27% unfavorable, rock – 26% unfavorable. You can read the whole survey if you love music or statistics, but my take-away was that regardless of which channel you pick, one in four callers isn't going to like it.

Dealers often tell me that they aren't concerned about the on hold feature of their phone systems because their customers do not spend any time on hold. They are simply incorrect. No one calls Iowa automobile dealerships more than I do. I get put on hold a lot. I'll bet I've been on hold at your store. I realize it's sometimes necessary, and I don't mind as long as you don't make me listen to the radio.

I am done with my rant, and my monthly column is about to turn into a little bit of a sales pitch. Feel free to go unplug the radio from your phone system while I finish up here. IADA has an on hold solution called Works24. It's affordable. It's simple to use. It's fully compliant with copyright and license laws. And it's very polished and professional. Give IADA a call at 800.869.1900 and ask to be put on hold to hear how it sounds. Then take a look at the [Works24 website](#) and give my friend [Chad Haskell](#) a call at 800.460.9876 to talk about how well it will work in your dealership.

There is simply no legal way to rebroadcast a radio transmission as your on hold music without paying a licensing fee...

Dealer News

CityView Names IADA Members 'Best of Des Moines'

Congratulations to the IADA members who recently were named to [CityView's annual "Best of Des Moines" list](#).

Best Car Dealer (Domestic)

Winner

Stivers Ford Lincoln (Waukee)

Runners-Up

Bob Brown Chevrolet (Urbandale), **Karl Chevrolet** (Ankeny)

Best Car Dealer (Foreign)

Winner

Willis Auto Campus (Clive)

Runner-Up

Hummel's Nissan (Urbandale)

Best Motorcycle Shop

Winner

Struthers Brothers (Des Moines)

Runner-Up

Big Barn Harley-Davidson (Des Moines)

Best Towing Service

Runner-Up

Hanifen Towing (Des Moines)

Best Place to Buy an Off-Road Vehicle

Winner

Struthers Brothers

Best Automotive Salesperson

Winner

Tim Gilman of **Billion Buick GMC** (Clive)

Runner-Up

Jeff Nelmark of **Stivers Ford Lincoln**

Chevrolet Recognizes Certified Pre-Owned Sales Leaders

Congratulations to **Karl Chevrolet** (Ankeny) and **Bob Brown Chevrolet** (Urbandale) on being recognized as certified pre-owned sales leaders by Chevrolet. Karl Chevrolet was the top performer nationwide and Bob Brown Chevrolet placed fourth in the north central region.

If you have dealership news to share, let [Brittany Bungert](#) know. [Send her an email](#) or call 515.440.7620.



Commentary: Another NADA Convention for the Ages

By NADA Chairman Bill Fox

If there's any industry that's rooted in resilience and progress, it's the retail-auto industry.

Over the past several years, America's new-car dealers have survived many challenges and have a lot to be proud of today.

Last year, the nation's franchised auto dealers sold 16.4 million new cars and light trucks and generated more than \$13 billion in taxes.

Dealers prove their worth every day, and car buyers benefit from the automotive franchise network because it is the best and most efficient method of bringing new vehicles to the driving public.

This year, NADA's forecast calls for sales of more than 16.9 million new vehicles.

I commend all dealers for their dedication and hard work, which marked the successes of last year. Last month, NADA hosted a successful convention and exposition in the great city of San Francisco.

And, in case you missed it, I asked my fellow dealers a pivotal question: When was the best time to be a car dealer?

The thousands of dealers and dealership employees in attendance at the convention already knew the answer to that question.

Today is the best time to be a car dealer.

That was evident by 26 dealer-manufacturer franchise meetings; 66 educational workshops offered; a sold out expo floor with 570 companies showcasing the latest and greatest products; and numerous networking events.

We're already gearing up for the 2016 NADA convention in Las Vegas, which runs Thursday, March 31, to Sunday, April 3.

But today also comes with challenges. Between government guidance that threatens the consumer benefits of dealer-assisted financing and misinformation about the franchise system, we will continue to experience serious challenges to our businesses.

When it comes to solutions, NADA is working hard to be a catalyst for progress and positive change. We will continue to show the policymakers and the public that, through competition, the dealer franchise system benefits consumers, manufacturers and local communities alike.

We will continue to show that dealers are advocates for their customers, whether they need service for warranty or recalls or assistance with financing. And we will continue to guide franchised dealers through a host of issues—from the security of dealer and customer data to dealing with future regulatory challenges and tax burdens.

No matter the obstacles ahead, NADA is the first line of defense for new-car dealers and a strong voice for dealers in Washington, DC.

So let's make this year another year for being the best time to be a car dealer.

Fox is a multi-franchise dealer in Auburn and Phoenix, N.Y. NADA represents more than 16,200 new-car and -truck dealerships with both domestic and international franchises.

Notes from the Statehouse: First Funnel Hits Friday

The first funnel of the legislative session, when Senate bills must be out of Senate committees and House bills out of House committees, is Friday, March 6. A lot of legislation—some good, some bad—will die this week.

Gas Tax Signed Into Law

One item of the IADA legislative agenda was signed into law last week. The gas tax increase went into effect March 1. Although there were attempts to muddy the waters with talk of raising the 5% fee on new registration, those ideas gained little traction and the gas tax swiftly passed through both chambers and was signed by Governor Branstad. IADA was supportive of funding Iowa's road use tax fund through a gas tax increase.

Bills Creating Red Tape for Dealers Introduced

Two study bills that would create many headaches for dealers have been introduced in the Senate. The first, [SSB 1232](#) would, in part, require dealers to collect the fee on new registration and the fee for listed security interests at the time of the sale. It would not, however, require dealers to collect the annual registration fee. The second bill, [SSB 1233](#) creates a host of additional problems, including:

- Requiring an odometer statement for vehicles less than 24 model years old, setting Iowa apart from the federal requirement of 10 model years.
- Mandating that dealer advertising include the dealership's name, address, and landline telephone, and permitting a cell phone number to be included.

The legislation was intended to address serious problems like odometer fraud and curbstoning but has the unintended potential to disrupt the used car market and criminalize legitimate advertising practices.

Recreational Vehicle Franchise Bill Introduced

Recreational vehicles would get their own franchise law under a bill introduced in the House Transportation Committee. [The bill](#) would strip many protections of the motor vehicle franchise act from motorized RVs and put them with towables in a new section. IADA has registered in opposition to the bill, but we will be working with stakeholders to protect the interests of IADA members.

License Plate Frame Bill Passes Senate

A bill that would change the controversial license plate frame law has passed through the Senate. [Senate File 206](#) changes the law from requiring "full view of all numerals and letters" to requiring full view of the validation sticker, plate number, and the name of the state issuing the plate—but not the county name. The bill has been referred to the House Transportation Committee.

Hawkeye Financial to Hold F&I Menu Objection Handling Training

Hawkeye Financial Services will be hosting a training session for F&I Menu Objection Handling Tuesday, April 14 and Wednesday, April 15. The training will last from 8:30 a.m. to 5 p.m. Each attendee must provide a check for \$189, which will be refunded after the completion of the class. The registration deadline is March 20.

[Download the registration form and sign up today!](#)

Employment Conference to Feature IADA Session

Dealers and human resource managers can take part in Iowa's largest employment issues conference April 22–23 at Prairie Meadows in Altoona.

For the third year, IADA is co-sponsoring the conference. In addition to the general HR and labor issue sessions offered during the two-day event, there will be a special IADA dealer-only session. "Hey, Where Did My Exemption Go? HR Headaches for Auto Dealers," will be held on Wednesday, April 22 from 1 p.m. to 2:15 p.m.

Sessions include "Pay Discrimination—Hidden Traps in Compensation Systems," "Workplace Drug Testing," "Managing Social Media in the Workplace," and "Workplace Conflict Resolution." (See a complete list of sessions at the [Iowa Employment Conference website](#).)

Registration is \$235 per person. For more information and to register visit [IowaEmploymentConference.com](#).

Upcoming Webinars

March 12 at 12 p.m.

[Effective Recall Handling: Fulfill Responsibilities without Killing Service Profits](#)

Dealers' obligation to perform recall repairs efficiently and honorably doesn't have to overload an otherwise profitable service business. Learn how some dealers are managing recall programs while preventing profit erosion and bad habits.

March 19 at 12 p.m.

[Dealership Controllers: How to Financially Triage and Cure Poor Performance in Key Departments](#)

The role of a controller goes beyond counting beans. Routine financial analysis can reveal hidden operational problems. Rob Campbell and Christine Andrews will focus on financial triage for sales, service, parts, and the business office.

Nominations Open for Leading Women, 40 Under 40, Best Dealerships to Work For

The deadlines for three Automotive News honors are quickly approaching. Know a dealership or person who deserves the recognition? Nominate them today!

Best Dealerships to Work For

Register by March 27, 2015

Last year two Iowa dealerships were recognized as part of the Best Dealerships to Work For program. Learn more and register to participate at [BestDealershipsToWorkFor.com](#).

40 Under 40 Retail

Deadline: April 3, 2015

Automotive News is looking for the best and the brightest people under the age of 40 who are working at dealerships. Dealership employees from all departments are eligible, but they must be under 40 on July 13 and have a significant business achievement. Learn more or submit a nomination on the [Automotive News website](#).

Leading Women in North American Auto Industry

Deadline: March 6, 2015

Since 2000, Automotive News has recognized women in the auto industry every five years. The publication is looking for 100 top female executives in all facets of the automotive industry—including dealerships—to honor in a special section and at a gala in November. To learn more and submit a nomination visit [AutoNews.com/LeadingWomen](#).

Regulatory Refresh: Iowa Smokefree Air Act

Is your dealership in compliance with the Iowa Smokefree Air Act? If not, your dealer license could be suspended or revoked.

The law includes a complete ban on indoor smoking in Iowa workplaces and requires that "no smoking" signs be posted in all doors and company motor vehicles. These signs must be specific and detailed, and they must "clearly and conspicuously" inform people that they are entering a non-smoking area. The law extends to vehicles owned, leased, or provided by an employer (inventory is not included).

The "no smoking" signs required by Iowa law must contain the following elements:

1. The words "No Smoking" or the international "no smoking" symbol
2. The Smokefree Air Act Helpline 1-888-944-2247
3. The official website [www.IowaSmokefreeAir.gov](#)

If your dealership fails to comply with the signage regulations, you could incur a civil fine of \$100 for a first offense, \$200 for a second offense within a year, and up to \$500 for the third and subsequent offense within a year. In addition, violations of the Smokefree Air Act may result in the suspension or revocation of any permit or license issued to the person for the premises on which the violation occurred, including your dealer license.

IADA Printing & Promotions stocks both [door](#) and [vehicle](#) stickers that are fully compliant with Iowa law. Call Holly James or Jessi White at 800.869.1966 to order decals for your dealership.