Anderson Report: There's No Need to Brag

BY IADA PRESIDENT BRUCE ANDERSON

Any time that I am tempted to brag, I imagine my Grandpa Dewey’s low gravelly voice saying something that he said often, “People who can brag, don’t.” I am telling myself that his advice doesn’t apply to situations where I brag about IADA instead of myself. Grandpa Dewey was a farmer and a railroad bridge builder. He was a proud member of both the Farmers Co-op and the Brotherhood of Maintenance of Way Employees. He understood the value and importance of those organizations to his livelihood and to doing his job well.

IADA membership dues statements for next year were mailed out last week. Sending those out always makes me stop and consider the strength, the value, and the purpose of the Iowa Automobile Dealers Association. In many important ways, IADA’s strength, value, and purpose are really not all that different from the farmers’ cooperative and the labor union that my grandfather belonged to.

So here’s the bragging part. The organization that Iowa’s automobile dealers have built over the past 101 years is nothing short of miraculous. It is not just the combined strength of the nearly 400 franchised motor vehicle dealerships that I am bragging about. While that is admittedly huge, IADA as a whole is significantly greater than the sum of its parts. Please don’t get me wrong—the individual parts, each dealership and each employee who works at each dealership—is important and valued. But the combined strength of all of us together is where the real power and purpose of IADA is demonstrated.

Whether it is advocating for a rule change or improved process in titling and registration, negotiating group pricing with endorsed vendors and IADA Printing & Promotions suppliers, developing and presenting training and guidance resources, or in countless other ways, the fact that all dealers are in this together makes IADA an organization that you can be proud of and brag about.

It may sound a bit trite but I love nothing more than telling a legislator or bureaucrat that IADA speaks on behalf of every franchised dealership in the state, the 16,390 employees who work in them, and the 3,155,070 Iowans they keep on the road. My point is that the enormous goodwill, credibility, and strength that each dealer and dealership employees bring to our common cause is amplified and concentrated when joined together through the unified voice and structure of IADA.

Grandpa Dewey was right. Not only is it unbecoming to brag but when it comes to IADA, I don’t have to. The value, strength, and purpose of both IADA and the motor vehicle franchise business model are obvious to anyone who is paying attention. And because of your membership and support, policymakers, automobile manufacturers, and automotive suppliers and vendors are paying attention. Thank you for your membership. Please let me know what IADA can do to make it even more valuable to you.

Bruce Anderson can be contacted at banderson@iada.com or 515.440.7630.

Regulatory Refresh: Deposits

Retaining a customer’s deposit if they refuse to take delivery of a vehicle is the source of numerous questions and complaints at the Consumer Protection Division of the Iowa Department of Justice and The Better Business Bureau. IADA’s copyrighted Motor Vehicle Purchase Agreement (CPO6) has a provision at paragraph three on the second page that says this:

YOUR FAILURE OR REFUSAL TO ACCEPT DELIVERY.

If you refuse or fail to accept delivery of the purchased vehicle, we may keep your cash deposit as liquidated damages. If you had a trade-in, we may sell the trade-in and keep any part of the selling price which we need to reimburse us for losses which we incurred because you did not take delivery.

It is not quite as simple as “if the customer refuses to accept delivery, the dealer gets to keep the deposit.” Whether the forfeited deposit provision of any vehicle purchase agreement can be enforced will always depend on whether the amount of the deposit is reasonable. The Iowa Supreme Court has established a two-factor test to decide whether a liquidated damages provision is enforceable. Iowa law only allows liquidated damages if they do not constitute a penalty. Liquidated damages must be set at an amount that is reasonable in light of: 1) the anticipated or actual loss caused by the breach; and 2) the difficulty of proof of loss.

That means that in order to impose a non-refundable deposit, the amount has to be reasonable and tied to the actual loss or damage that the dealership can expect to incur if the customer backs out of the transaction. In determining that amount, dealers should consider the cost of actual expenses such as additional floor plan interest, advertising expense, fair market value depreciation, and insurance.

For more information read Refund of Deposits in the IADA Legal Library. Contact IADA President Bruce Anderson with questions. He can be reached at banderson@iada.com or 515.440.7630.
DEALER NEWS

Cedar Valley 'Best of the Best' Announced

The Waterloo Cedar Falls Courier recently announced the 2020 Best of the Best for the Cedar Valley region. The following dealerships were recognized:

**Bill Colwell Ford** (Hudson)
- **Winner:** Auto Dealership, Automotive Salesperson (Ernie Doeden), Oil Change Service
- **Runner Up:** Automotive Salesperson (Jordan Myers, Braden Rogers), Brake Service

**Dan Deery Toyota** (Cedar Falls)
- **Winner:** Auto Service
- **Runner Up:** Auto Dealership, Oil Change Service

**Deery Brothers Collision Center** (Cedar Falls)
- **Winner:** Autobody Repair

**Rydell Chevrolet** (Waterloo)
- **Winner:** Autobody Repair, Brake Service
- **Runner Up:** Auto Dealership, Auto Service, Oil Change Service, Transmissions

**Silver Eagle Harley-Davidson/Yamaha** (Waterloo)
- **Winner:** ATV, Motorcycle

**Thompson Truck & Trailer Employee Named Region All Star**

Erica Bellach, marketing manager at Thompson Truck & Trailer (Cedar Rapids), was recently named a 2020 All Star in the Iowa City Cedar Rapids Region. Bellach was recognized as an All Star in the Transportation Sector.

**Dealers, IADA Sign CEO Commitment to Racial Equity in Des Moines**

The Greater Des Moines Partnership has asked top level leaders of companies and organizations throughout the Des Moines metro area to consider signing on to a CEO Commitment to Racial Equity in Des Moines. The commitment includes ensuring diverse representation in businesses and embracing inclusive recruitment and career development practices.

The following auto industry executives have signed the commitment:
- Jim O'Halloran of O'Halloran International
- Rich Willis of Willis Automotive
- Bruce Anderson of Iowa Automobile Dealers Association

**In Memoriam; Dwayne Grotewold**

Dwayne Grotewold, who was dealer principal of the former Grotewold Chevytown (Le Mars) passed away on September 24, 2020.

Employees Must Have Time to Vote

If employees do not have three consecutive hours in which to vote outside of their scheduled work hours, you must allow them to take time to vote. Under Iowa law, it is a misdemeanor for an employer to deny an employee this privilege, provided the employee requests this absence in writing prior to the date of the election. The employer will designate when the employee can go vote.

Polls will be open in Iowa from 7 a.m. to 9 p.m. on November 3. Early voting is also possible through your county auditor’s office.

SBA Begins Processing PPP Forgiveness Applications

At the beginning of October, the Small Business Administration (SBA) began approving forgiveness applications for Paycheck Protection Program (PPP) loans.

The SBA and Treasury Department recently released a simplified loan forgiveness application for PPP loans of $50,000 or less. Instructions and the forgiveness application can be found on the SBA’s website.

For comprehensive, dealer-specific guidance on the PPP, visit NADA’s Coronavirus Hub.

Learn How to Prepare for a Sales Tax Audit

Join IADA for a member-only talk about sales tax on Thursday, October 22 from 9:30 to 10:30 a.m. Led by IADA’s Bruce Anderson and Jessi White, the webinar will cover sales tax issues relating to:

- Service contracts
- Vehicle protection plans
- Accessories
- Shop supplies
- Out-of-state sales

Register to attend.

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Maximize Review Opportunities

Many dealerships struggle with the best way to handle online reviews. Positive posts? No problem. But negative reviews can also create an opportunity for a positive result, if you handle them correctly.

Jamie Oldershaw, vice president of reputation strategy at Cars Inc. and general manager of DealerRater, shared tips for maximizing customer reviews with IADA.

**Ask for reviews.** "You'll be surprised how many would be thrilled to review your dealership if you just ask," Oldershaw said. "So many dealers never ask, and it doesn't cost a thing."

**Avoid incentives.** "One tactic to avoid is offering incentives such as free oil changes, gift cards, etc. for a review. Doing so will likely violate the review guidelines on key platforms and can create a distrust for future customers," Oldershaw said. "People are looking for genuine experiences to guide their decisions on which dealership to visit, and reviews, done right, can improve your dealership's reputation and increase sales."

**Don't ignore the negatives.** Respond to all reviews, but especially the negative ones. "According to Bright Local's 2019 Local Consumer Review Survey, 98% of consumers read responses to reviews and 71% won't shop at a business that isn't responding to customers," Oldershaw said. "No business is perfect and negative reviews happen. But with the right response technique, dealerships have the opportunity to not only make it right with the customer but also help make prospective shoppers comfortable that the business takes good care of its customers."

**Remember the three As.** Oldershaw recommended dealerships employ the three As—acknowledge, apologize, and act—when handling negative reviews.

"Acknowledge that there was a customer service issue. Don't get defensive and try to blame the customer," Oldershaw said. "Apologize for the mistake. Saying sorry isn't easy, but it doesn't cost a thing and the business should take responsibility. Act—take action on how you're going to make it right. Offer to speak with them privately or encourage them to bring the vehicle back in to have the issue fixed at no charge."

**Diversify platforms.** "Don't put all your eggs in one basket when it comes to review collection," Oldershaw said. "Search your dealership's name to see which review platforms show up on page one of search results and focus your effort on those sites."

**Check your reputation.** "The best advice I can give when it comes to reviews is: Search your dealership's name. Find out what people are saying about you and on what platforms," Oldershaw said.

**Stay current.** "Reviews from two years ago mean nothing to a current potential customer," said Oldershaw. "Make sure you're always asking for reviews to keep your online content fresh. Assuming that you have enough reviews posted is a big mistake."

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Foundation Board Establishes 2021 Scholarship, Grant Guidelines

The Iowa Automobile Dealers Foundation for Education board of directors met virtually to set guidelines for the 2021 scholarship and grant programs.

In 2021, the foundation will award up to 25 scholarships of $2,500 to students pursuing automotive industry careers and up to $60,000 in grants to community college automotive programs.

As part of the board meeting, community college instructors reported to the board about how the pandemic is impacting automotive education. Various safety measures have been put in place, including wearing masks or face shields, maintaining six feet of distance between people, and sanitizing work areas. Some schools remain entirely in person with mitigation measures in place while other programs have moved to a mix of in person and virtual classes. The pandemic's impact on enrollment varied from college to college, with some seeing a decline and others at capacity.

For information about how you can get involved with the foundation, contact Executive Vice President Mary Cason at mcason@iada.com.

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IAD Foundation Presents Scholarship

Hawkeye Community College student Tyler Tweed received a $2,500 scholarship from the Iowa Automobile Dealers Foundation for Education. Tweed, who recently graduated from the auto tech program, was recommended by Dan Deery Toyota (Cedar Falls).

Applications for the 2021 scholarships will be available on IADA.com in December.
September New Vehicle Registrations Down 28.7%

Iowans registered 10,249 new vehicles in September, down 28.7% from the 14,375 new vehicles registered in September 2019. So far this year, Iowans have registered 88,104 new vehicles a decrease of 10.4% from the 93,331 registered at the same point in 2019. Only one make, Genesis, posted an increase in registrations from 2019, moving from four new vehicles registered in September 2019 to six new vehicles registered in 2020. Every other manufacturer decreased registrations.

IADA obtains new vehicle registration reports from Reg-Trak Inc. For more information on how you can order your own customized reports, contact Scott Quimby at 877.335.2525.

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Sponsored Content: Finding Revenue During a Crisis Through Retail Warranty Reimbursement

BY JOE JANKOWSKI, MANAGING PARTNER OF ARMATUS DEALER UPLIFT

Editor's Note: Armatus Dealer Uplift is IADA’s preferred provider for retail warranty reimbursement submissions.

The world is in crisis, and no one has escaped the financial and economic effects of the COVID-19 pandemic. Everyone in the retail automotive industry understands the true impact that this virus is having on dealerships and just how crucial it is for stores to find additional revenue now more than ever.

Even as many are forced to furlough or lay off employees and juggle payments to keep a skeleton crew running, there is a solution that requires no up front investment and barely any work on your part: a retail warranty reimbursement submission.

Some dealerships might be reluctant to undertake this, citing concerns such as the fact that they’re focused on finding revenue immediately and can’t wait to do it. But unfortunately, there may not be a direct answer to that besides government-funded loans and stimulus grants. However, once the economy reopens and society begins to slowly return to normalcy, it will be too good to be true—that’s certainly understandable. But the reality is that sometimes dealers’ reaction to retail warranties is that it seems too good to be true—there’s no way around that. But unfortunately, there may not be a direct answer to that besides government-funded loans and stimulus grants. However, once the economy reopens and society begins to slowly return to normalcy, it will be too good to be true—that’s certainly understandable.

Revenue Now: A Profit Plan for the Near Future

We understand that money is needed now—there’s no way around that. But unfortunately, there may not be a direct answer to that besides government-funded loans and stimulus grants. However, once the economy reopens and society begins to slowly return to normalcy, it will be too good to be true—that’s certainly understandable. But the reality is that sometimes dealers’ reaction to retail warranties is that it seems too good to be true—there’s no way around that. But unfortunately, there may not be a direct answer to that besides government-funded loans and stimulus grants. However, once the economy reopens and society begins to slowly return to normalcy, it will be too good to be true—that’s certainly understandable.

No Time: Let Others Do the Work for You

One of the most common objections to performing a retail warranty submission during a crisis, is not having enough time, and this is especially true now. Dealerships are scrambling to keep paychecks coming and maintaining any semblance of normalcy during the crisis, so where would they have time to prepare and submit a complex retail warranty submission? That’s exactly where a true professional services firm comes in.

A dealer’s participation should be limited to providing minimal access to the DMS and signing a pre-written letter; the vendor should do the rest. Dealers should be wary of vendors asking them to perform services, such as pulling potentially thousands of repair orders, in order to assist in preparing the submission. There are some true nightmare stories, where dealers have been forced to perform the work multiple times, based on lost shipments between the dealer and vendor, or even the vendor and manufacturer; in some cases approvals were delayed for months. There should be limited distractions or side projects handed to your skeleton crew. With the proper vendor, all you’ve done is added a few no-upfront-cost team members to your arsenal.

A quality vendor saves you time, sure. But another great reason to have a competent third-party prepare and submit your retail warranty reimbursement is because of how well versed they are on every state’s law and the manufacturers’ requirements. Factory auditors jump at the chance to rebut or deny submissions, and drag out the reimbursement process because manufacturers don’t want to pay you more than their standard rate—a common fact of the trade. A top-flight firm knows how to follow submission guidelines to a T and make sure your reimbursement comes as quickly as possible and gives factory auditors no leg to stand on. Although no one can forecast or audit all manufacturer tactics to reduce or deny a dealer’s submission, it makes sense to leverage industry insider knowledge to assure the best possible result.

Getting Started

Sometimes dealers’ reaction to retail warranty reimbursements is that it seems too good to be true—that’s certainly understandable. But the reality is that retaining the right vendor who can guide you through the experience, including what behavior to expect from your manufacturer, can make the process as painless as possible. If you take the time to consider all of the nuances involved, you’ll realize this is not the time to take this on yourself—it’s not always a walk in the park.

Now, in times of crisis, it has never been more important for dealerships to see the light at the end of the tunnel. The veil of uncertainty will lift sometime in the future—is your dealership ready with the revenue it needs to get a running head start?