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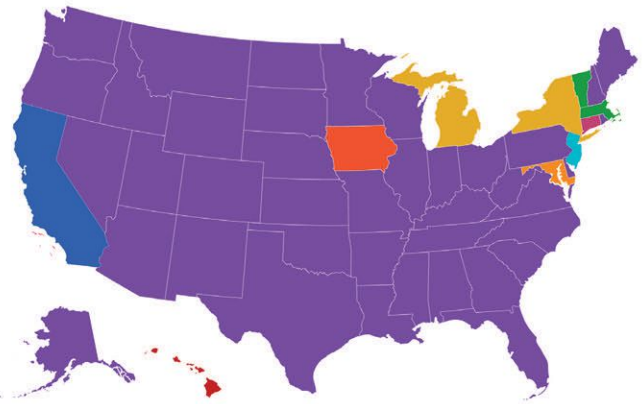
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Most Popular Cars Sold in 2023



Source: BumperMarketplace

F-150 leads used car sales

Which used vehicles are the most popular so far this year? Bumper Marketplace tracked the movement of the top cars, trucks and SUVs at more than 50,000 car dealerships across the country to determine the best-selling vehicles by state and nationwide in the first eight months of the year. Nine different vehicle models have claimed top spots for best-selling used car by state. But let's face it—it's an **F-150** world. The storied pickup truck came out on top in 39 states, according to Bumper Marketplace data.

Other used vehicles that claimed top sales in some states this year:

- **Chevrolet Equinox:** Top seller in Michigan and New York.
- **Toyota RAV4:** Most popular used vehicle in Massachusetts and Vermont.
- **Chevrolet Silverado 1500:** Top-selling used vehicle in Iowa.
- **Honda Civic:** Most popular used car in California.
- **Honda CR-V:** Top-selling used car in Connecticut.
- **Jeep Grand Cherokee:** Best-selling used car in New Jersey.
- **Toyota Camry:** Top seller in Maryland this year.
- **Toyota Tacoma:** Top pick for used

vehicle buyers in Hawaii.

The top-selling used cars nationally in 2023 are listed below (vehicle; sales year-to-date; August average price).

1. Ford F-150; 363,302; \$32,652
2. Chevrolet Silverado 1500; 271,961; \$32,308
3. Toyota Camry; 201,462; \$21,177
4. Dodge RAM 1500 Pickup; 187,411; \$34,519
5. Chevrolet Equinox; 186,710; \$18,917
6. Toyota RAV4; 178,442; \$25,995
7. Honda Accord; 175,647; \$20,248
8. Honda CR-V; 168,030; \$22,565
9. Honda Civic; 162,134; \$18,377
10. Ford Escape; 161,377; \$17,593 ■



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UAW strike ends

Job market cools in October

BY RICHARD GREENE

The United Auto Workers' strike ended at the start of November, eliminating a big question mark over the economy.

The final agreement was reached with General Motors after the union came to terms previously with Ford and Stellantis, bringing an end to the almost seven-week strike.

All three agreements included 25 percent general wage increases. The agreements also provided additional job protections and retirement benefits.

"Through the power of our picket lines and the credible threat of more strikes to come, we were able to wrench back so much of what these companies have stolen from us over the past few decades," said UAW Shawn Fain in a video posted on the social media platform X, formerly Twitter. "We won back billions in contract gains. We won back our dignity as autoworkers."

"The American public is not going to shed any tears over the Big Three having to share their record profits."

Fain called the strike a "bare-knuckle fight between the working class and corporate greed."

The strike had an impact on the employment numbers in October, with a 35,000 decline in manufacturing jobs.

The U.S. Bureau of Labor Statistics reported it "reflected a decline of 33,000 in motor vehicles and parts that was largely due to strike activity."

Overall the job market cooled in October, with employers adding 150,000 jobs.

The unemployment rate grew slightly to 3.9 percent from 3.8 percent in September.

The growth in jobs was approximately 100,000 off the monthly rate in the past year of

258,000, according to the BLS. In September, the economy added 336,000 jobs.

"In October, job gains occurred in health care, government and social assistance," the BLS reported.

Healthcare added 58,000 jobs. Government employment was up 51,000. Construction saw an increase of 23,000 jobs.

The labor participation rate in October was 62.7 percent.

The average hourly pay increased by 7 cents to \$34. Pay has increased by 4.1 percent in the past year.

The average workweek declined by 0.1 hours to 34.3 hours.

The new jobs report followed the Federal Reserve electing to keep interest rate hikes paused. Federal Reserve Chairman Jerome Powell noted the job market remains stable in spite of inflation at 3.4 percent and higher interest rates.

"Strong job creation has been accompanied by an increase in the supply of workers," Powell said. "The labor force participation rate has moved up since late last year, particularly for individuals aged 25 to 54 years, and immigration has rebounded to pre-pandemic levels. Nominal wage growth has shown some signs of easing, and job vacancies have declined so far this year. Although the jobs-to-workers gap has narrowed, labor demand still exceeds the supply of available workers."

It was the second straight meeting for the Fed to keep rates steady after aggressively raising rates 525 basis points since early 2022.

"The Committee decided to maintain the target range for the federal funds rate at 5.25 to 5.5 percent and to continue the process of significantly reducing our securities holdings,"

Powell said. "We are committed to achieving a stance of monetary policy that is sufficiently restrictive to bring inflation sustainably down to 2 percent over time, and to keeping policy restrictive until we are confident that inflation is on a path to that objective."

While the annual inflation rate was at 3.4 percent, the core index, minus food and energy prices, was at 3.7 percent in September. It is down significantly from the 9 percent in the summer of 2022.

"Inflation has moderated since the middle of last year, and readings over the summer were quite favorable," Powell said. "But a few months of good data are only the beginning of what it will take to build confidence that inflation is moving down sustainably toward our goal. The process of getting inflation sustainably down to 2 percent has a long way to go."

Used vehicle finance rates hit a high point for the year at the start of November.

The average weighted used rate hit 14.31 percent, according to the latest Cox Automotive Auto Market Report. Rates are up 186 basis points year over year.

Average new finance rates are also up, reaching 9.87 percent. They are just off their peak for the year of 9.95 percent in mid-October.

While rates are rising, the used market is seeing vehicle prices decline. Retail prices are down 1.8 percent in the past four weeks. Cox Automotive data shows wholesale prices are down 4.4 percent in the past month.

Used retail sales are up 5 percent year over year, in spite of the high rates and low inventory. Used inventory is 6 percent down from 2022. The days of supply remains 2 percent behind 2019. ■

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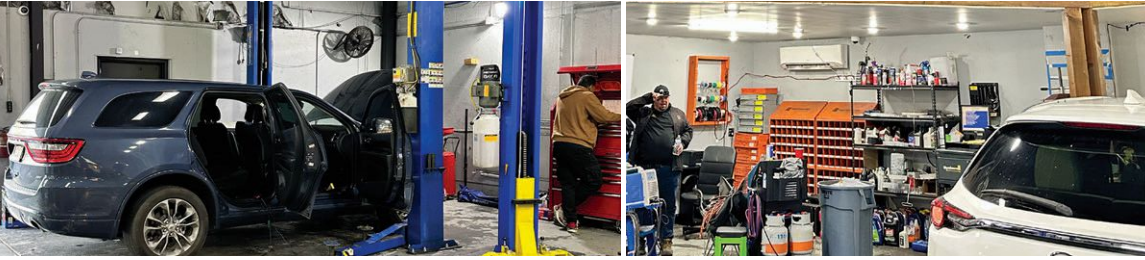
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SELLING CONFIDENCE TO CUSTOMERS
Carketa's 115-point inspection is part of Certified 360

Program offers full circle option to a CPO program

BY RICHARD GREENE

In the past year, certified pre-owned sales have been the strength of the used vehicle market. Entering the final month of 2023, CPO sales are on pace to top 2.7 million units. The 2.2 million CPO units sold through October is 8 percent ahead of 2022, according to data from Cox Automotive.

"Strength in sales this year has been driven by a few factors, one being a lower price for a similar late model vehicle compared to new prices," said Chris Frey, senior manager of Economic and Industry Insights at Cox Automotive. "While we've yet to get full confirmation, the expanded eligibility criteria that some OEMs put into the market, including a few for other-branded makes, likely led to more consumer options as well, including more affordable units with a bit more miles and age than typical off-lease, CPO inventory."

CPO sales are expected to remain strong heading into 2024.

"We are anticipating a similar level of CPO sales in the year ahead, but growth in the used market is expected to be somewhat slower than in 2023," Frey said. "Lingering high-interest rates, stubborn elevated used vehicle prices, and a continued shortage of supply look to keep a lid on CPO action through 2024."

Launched in January 2022, NIADA's Certified 360 aims to be more than just an option to enter the CPO market. In addition to working with the top administrators in the industry AUL, GWC Warranty, ProGuard and Southwest Dealer Services, Certified 360 offers a digital 115-point inspection through Carketa, the ability to buy parts to recon the vehicle through Technet and transport for vehicles through Acertus.

"Certified 360 is an entire program. It encapsulates everything, starting with the inspection," said Jeremy Beck, NIADA Vice President of Dealer Development. "Our program is designed to be a one-stop shop from acquisition to selling the car and taking care of it after."

CPO programs, including Certified 360, are designed to help dealers sell confidence to consumers, who are looking for confidence in their purchase. That's why NIADA worked with trusted

administrators AUL, GWC Warranty, ProGuard and Southwest Dealer Services to develop the program, which has three warranty options:

- **3 months or 3,000 miles for \$199**
- **6 months or 6,000 miles for \$299**
- **12 months or 12,000 miles for \$399**

"It gets dealers on par with the OEMs. CPO adds value to the vehicle," said GWC Warranty Senior Vice President James Virgoe as the program was launched.

ProGuard Warranty President Dominic Limongelli added that Certified 360 could be the added advantage to a dealer making the sell.

"Dealers need to find a way to drive customers to their lot to make that money back, and CPO can do that," Limongelli said. "Dealers who offer NIADA Certified vehicles show they are willing to go the extra mile to provide customers peace of mind with their purchase. It's important to stand out in today's competitive marketplace and this program does so while increasing dealer profitability. It's a win-win for everyone."

But not every car qualifies for the Certified 360 and dealers should only utilize the program for their top vehicles.

Michael Darrow, owner of Auto Finders Inc. in Durham, N.C., suggests using the CPO program for vehicles that are lower in age and higher in value.

"[Consumers] looking vehicles 2019 or newer are more in tune with the certification," he said. "Focus on those cars hitting the sweet spot."

The greatest potential value to dealers of Certified 360 is the added benefits on top of the warranty, the Carketa inspection, auto parts discounts from Technet and the ability to get cars transported between states and helped with paperwork by Acertus. Though inventory has been on the rise in recent months, the additional features of the program will assist dealers in their search to fill lots and bring the vehicles to consumers they want.

"It's a full-circle process," Beck said.

For information about the NIADA 360 Program and to connect with an administrator, visit niada.com/certified-360. ■

Getting a full inspection of your potential CPO vehicle has never been easier thanks to the official software provider of the NIADA Certified 360 program, Carketa.

Carketa is the dealership Decision Intelligence System that helps automotive dealers quickly turn inventory to maximize their profits.

Through Carketa, independent dealers can earn higher margins on their used inventory by putting vehicles through a vetted, 115-point CPO inspection process. These inspections help dealers demand a higher asking price and provide the opportunity for more back-end warranty sales.

"When acquiring a vehicle, every dealership needs to answer the question, 'What is the current state of my vehicle and what needs to be done?' Whether you call it a walk-around or an inspection, the objective is the same," said Brady Thurgood, co-founder of Carketa. "Carketa helps dealerships answer this question faster and better with an intuitive and familiar inspection design with added benefits including photo uploading, comments, and urgency flags."

With the inspection, dealers are able to pass their confidence in the performance of a vehicle on to their customers.

"We signed up for the [Certified] 360 program because the inspection is more detailed for the customer, and we can sell it for a better amount," said Guillermo Leon, head of customer service at Bahia Auto Sales in Chula Vista, Calif. "If there was a dealer who was sitting next to me right now, I'd tell him to do it."

Co-founder Jason Berry is a successful independent dealer at Action Auto in Utah. Berry understands the needs of the dealer and as a result has helped in the formation of an easy-to-use and painless software for his colleagues in the industry to manage inventory. Founded in 2018, Carketa was built by dealers looking for better reconditioning and inspection software to improve their dealership.

"The Carketa platform is easy to use, and we have two people here at the dealership who use it on a regular basis to put about 30 vehicles through the CPO inspection and to sell warranties on the vehicles, too," Leon said.

A short training, combined with Carketa's easy-to-use platform, will help you sell CPO vehicles at a premium.



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niada.com/certified-360



Maintaining Your Lending Relationships

What lenders expect from borrowers

BY DAVID BROTHERTON

Capital acquisition for buy-here, pay-here dealers tends to be a story of swinging between the extremes of feast and famine.

When Wall Street is flush with cash in a good economy, there seems to be no shortage of lenders willing to finance dealers in our industry. Economics seems to be a study and quantification of the principle “what goes up, must come down.” Economic conditions in 2023 and going into 2024 have already influenced many lenders to abandon our space.

It is a common misconception that lenders only want to lend to people who don't need it. However, lenders are in the business of making money, and they want to ensure that they will be repaid. The lenders that we deal with often raise their operating capital to coincide with other lenders. Unfortunately, the criteria that drives this borrowing trend is built on a foundation of sand. If a borrower does not meet certain criteria, the lender may hesitate to approve the loan. Lenders justify their underwriting and operational policies, just like we do.

This does not mean that lenders only want to lend to people who don't need it. Lenders are in the business of making

money, and they want to lend to as many qualified borrowers as possible.

Finding a new lender in a tight market isn't impossible. However, it does require that you bring solid, predictable operational performance, a well-thought-out business plan and clean, easily understood standard financial statements to the table.

In today's market, it is far easier for a dealer to maintain a solid relationship with an existing lender than it is to try and forge a new one. This article highlights what lenders expect and why. It also underlines the 'red flags' that trigger a negative response from them.

Audited Financial Statements

Generally Accepted Accounting Principles (GAAP) are the set of standards that exist to provide uniformity, comparability and transparency of financial documents. Without these standards and practices, businesses could publish their reports differently, creating discrepancies, confusion and potential opportunities for fraud.

In recent years, more lenders are requiring a full set of audited financial statements be completed annually. While financial statements may be expensive and time consuming, we have not one to blame

but ourselves. Unfortunately, some dealers in our industry have ruined it for everyone else and given us and often well-deserved reputation of inaccurate financials. Dealers often focus on cash flow and run their businesses with a focus on minimizing tax liability. Lenders understand this, but GAAP statements aren't your tax returns, and they require different methods in reporting and consolidating operations.

In particular, there is a need to establish an appropriate loss reserve based on static pool analysis as opposed to the discount-based systems used to defer tax liability with the related finance company (RFC) mechanic. Discounts for tax purposes are based on the resale value of the notes which is driven primarily by collateralization, as opposed to the value of the notes to you and your lender – which are most accurately reflected by static pool analysis.

Ultimately any lender wants to see that you have the industry expertise and accounting know-how to properly consolidate your various tax entities into a standard, organized set of financial statements that allow period-over-period comparisons and tie out with your operating reports/statements from your DMS.

Industry Practices

Any dealer will be compared to how the bank reviews it's own portfolio. Don't expect a lender to adapt to your way of thinking. If the bank looks at things a certain way, you should too. Banks care about the same things that we do:

- Payment history, delinquency, and charge-off are analyzed across all dealers in their portfolio.
- Banks pay particular attention to how you identify and account for troubled loans.
- Your underwriting practices are expected to make sense and, even more importantly, to be followed.
- Consumer protection and compliance monitoring are just as important as your ability to raise cash to repay your obligations in today's litigious environment.

Lenders need to feel comfortable with how you manage your business. They understand it's your business, but place restrictions on how you use, account for, and repay your obligations. Not a surprise when you consider the millions of dollars your business may borrow. Lenders like to see predictability and rely on things like having report access to your DMS, so they can maintain trend analysis independent of your reporting. Ultimately, you are still selling your lenders on why they should lend money to you so you can lend it to consumers that they would never lend to.

Lenders Have Been Burned

Unfortunately, our industry's reputation for sloppy accounting is very often justified. The leading cause for this is that your local CPA who was fine when you sold 10 cars per month with no RFC and a very limited set of

accounts payable is completely out of their depth when accounting for multiple entities and reinsurance programs.

There are few things more expensive than a cheap accountant and yours should be able to stay on top of your lender's reporting requirements. In other words, your financial statements should reconcile and not be a "work in progress."

Other areas of concern for lenders:

- Restocking inventory at unreasonably high values to hide high charge-off.
- Poorly purchased and/or reconditioned inventory.
- Little to no attention paid to consumer protection and compliance.
- Overly aggressive collection/repossession tactics.

How units are restocked/recycled is important to your lender. The ability to use this mechanism to hide charge off is well understood, and this is why the typical lending agreement specifies the standards for valuations. Trust that your bank will watch your wholesale loss as well.

Junk cars are a tremendous concern for your lender. Not only does this make the attached retail installment contract poorly collateralized, but it quickly erodes confidence in your business practices. Lenders believe that good vehicles that are properly reconditioned within standard age and mileage expectations are the way to go.

Consumer protection and compliance aren't things to be avoided. Your lenders expect you to have a functioning compliance framework in place. The days of paying lip-service to this concept are in the past. Policies for how and when you interact with your customers are critical and your lenders don't want you to be editing or rewriting your way out of your problems.

Final Thoughts

Lenders generally prefer ownership to be actively involved in the day-to-day operation of their dealerships. Absentee ownership is always a concern for your lender. Also, your lenders much prefer ownership that is not only engaged in their operations but in the industry as well. State and national association membership is considered to be a big-plus.

Capital availability and cost are big concerns in our industry and even bigger since used-car values have gone up so much and so have interest rates. Above all things, remember that your lenders are paying more for their money as well and that they often have to respond to their own lenders. The problems that many large retail and BHPH operations have had in 2023 have made Wall Street and large national lenders skittish. For you to break through this, you will need to show how you consistently bring your "A" game every day.

Maximized borrowing means you can't afford mistakes and operating without a margin for error has proven to be a problem for the large lenders who have had to exit our marketplace this year.

Your lender wants to be a capital provider – not an equity partner – for your business. Advance rates will continue to be managed to minimize your lender's exposure and will be determined by your track record with that lender. Don't borrow more than you need, have a plan and projection in place for repaying it and don't live on the edge of your credit line. Maximized borrowing means you can't afford mistakes and operating without a margin for error has proven to be a problem for the large lenders who have had to exit our marketplace this year. ■

David Brotherton is a 20 Group Senior Moderator for NIADA.

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Navigating Collection Challenges

The Collection Manager's Vital Role in the Buy Here, Pay Here / Lease Here, Pay Here Independent Auto Industry

In the BHPH/LPH independent auto industry, collection managers are crucial for the financial health of the business. They don't just focus on getting overdue payments. These managers also play a vital role in communicating well, providing excellent customer service and making sure

the business follows the rules laid out in the Fair Debt Collection Practices Act. Collection managers take the lead when modeling how an excellent collection person should perform. Employees can learn how to professionally deal with customers who are having cash flow issues.

Showing empathy is crucial. Understanding how to handle each customer's unique challenges is also crucial. In the BHPH industry, dealing with customers who can't or won't pay is a monumental task. Collection managers teach by example the importance of

Good communication skills are very important to handle these situations well. Collection managers should stress the importance of listening actively, making sure customers feel heard and understood.



active listening to insure customers feel heard and understood. By acknowledging the customer's unique circumstances, collection associates can build a relationship that fosters cooperation in finding solutions.

Customer service in the BHPH business is about more than just getting payments. It means helping customers find solutions to their money problems. This might involve working on a payment plan or offering temporary relief for mechanical issues. The main idea is to approach each customer interaction with a focus on what's best and gets the customer back on track.

A big part of a collection manager's job is to make sure everyone follows the rules in the Fair Debt Collection Practices Act (FDCPA). Breaking these rules can lead to legal issues and harm the business. It is critical that these managers stay updated on the rules and guide collection associates to follow them. Collection managers must stress the importance of explaining repayment terms clearly. Regular checkups by the collection manager can help find areas that need improvement and make sure everyone is following the rules.

Developing solid plans to solve conflicts and negotiate with customers is another important responsibility of collection managers. This means understanding the customer's money situation, suggesting

realistic solutions, and making the customer feel like they are in a relationship, not an enemy. Well thought approaches that think about each customer's situation can make it much more likely to find a solution that works for everyone.

Training for collection associates should include how to negotiate and keep calm during tense situations. Steering the conversation to a solution that helps both sides is crucial. By giving collection associates the skills to handle tough talks, collection managers can make sure associates and customers have a good experience.

In the ever-changing environment of the BHPH/LPH independent auto industry, collection managers serve as the frontline ambassadors for the business. Their ability to effectively communicate, provide exceptional customer service, and safeguard compliance with the FDCPA directly impacts the company's success. By placing employee training in communication skills, customer service, compliance, and negotiation strategies, collection managers can elevate the performance of their team, build positive customer relationships, and contribute to the overall financial health of the business to develop a happy customer. ■

Bill Elizondo is a Senior 20 Group Moderator for NIADA.



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Strategies for Using TikTok

Platform helps connect to younger audience

In today's competitive market, car dealerships search for effective ways to capture attention. Many dealerships focus on advertising through Facebook and staying active on Instagram, while often neglecting the potential of TikTok. However, TikTok's unique appeal and wide reach make it an advantageous platform they should consider utilizing.

What makes TikTok different?

TikTok offers a multitude of advantages for car dealerships looking to enhance their marketing strategies and connect with a broader audience. Its vast and diverse user base allows dealerships to reach potential customers across various age groups, particularly the lucrative 18- to 44-year-old demographic. Importantly, this includes Gen Z, the young drivers often in the market for their first car, making them a key audience for dealerships. Furthermore, this platform's emphasis on authentic, creative content enables dealerships to showcase their brand personality and offerings in a more relatable and engaging manner, moving beyond traditional advertising. TikTok's unique algorithm also favors content that resonates with users, increasing the chances of virality and widespread visibility.

Additionally, the interactive nature of TikTok, with features like challenges and trending sounds, fosters a sense of community and engagement, encouraging potential customers to interact directly with the dealership. This direct engagement builds brand loyalty and provides valuable insights into customer preferences and behaviors. By leveraging TikTok, dealerships can effectively blend entertainment with marketing, creating a dynamic presence that appeals to modern consumers and stands out in a competitive digital landscape.

Feature of the Week

Weekly showcasing car videos is one TikTok strategy in which dealerships can highlight a unique feature of a different car each week. This approach engages viewers and showcases the distinctive qualities of various car models in a visually appealing way.

Model Comparisons

In this approach, dealerships could initiate a series on TikTok to engage viewers by contrasting two car models, focusing on their unique features and suitability for different lifestyles. This format offers a concise yet informative way to guide potential buyers in understanding which model best fits their needs.



Educational Content

Educational content on TikTok can be a powerful tool for car dealerships, combining practical advice with subtle product promotion. Dealerships can tap into the #LifeHack trend by showcasing automotive tips and tricks. Expanding on this, dealerships can also delve into car care tips, exploring key vehicle maintenance practices concisely and practically. Videos could effectively demonstrate refilling essential fluids in specific makes and models, focusing on engine oil, coolant, and brake fluid. Another engaging video might show how to replace wiper blades on a car, emphasizing the importance of regular checks, especially before the rainy season. This content is informative and crucial for enhancing vehicle performance and ensuring safety, offering real value to the audience while showcasing the dealership's expertise.

TikTok Challenges

TikTok challenges are a cornerstone of the platform's culture, often driving viral content and user engagement. These challenges typically involve users creating videos around a specific theme, song, or activity, encouraging widespread participation and creativity. As such, they are a powerful tool for brands to connect with audiences in a fun and relevant way.

Participating in these challenges for car dealerships offers an opportunity to showcase their products and services while engaging with the community. For example, dealerships can adopt the popular #TikTokMadeMeBuyIt trend. In this context, they could feature salespeople in a series titled "#TikTokMadeMeBuyThisCar." Each video in the series would have dealership staff showcasing the unique and trendy features of different cars, combining their expertise with a personable approach. This strategy highlights the vehicles and aligns the dealership's offerings with current social media trends,

TikTok offers car dealerships a unique opportunity to engage with a wider audience through creative and interactive content. From showcasing specific car features and model comparisons to offering car care tips and participating in TikTok challenges, dealerships can leverage this platform to enhance their visibility and connect with potential customers in a dynamic, authentic way.

effectively engaging consumer interests in a relatable and entertaining format.

TikTok offers car dealerships a unique opportunity to engage with a wider audience through creative and interactive content. From showcasing specific car features and model comparisons to offering car care tips and participating in TikTok challenges, dealerships can leverage this platform to enhance their visibility and connect with potential customers in a dynamic, authentic way. Embracing TikTok's vibrant culture allows dealerships to highlight their offerings and build a community, fostering brand loyalty in the rapidly evolving digital landscape. ■

Sean Toussi is the founder and CEO of Glo3D.com.

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—Alex, Chicago, IL

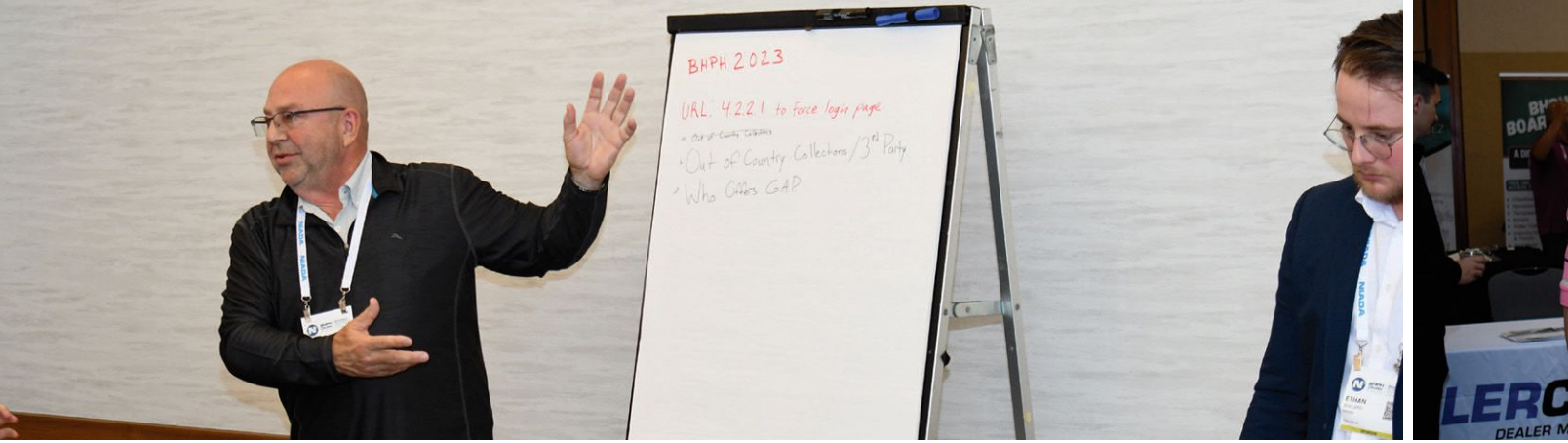
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—Karen, Dallas, TX

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LEARNING FROM EACH OTHER

BY RICHARD GREENE

After spending three hours together, exchanging ideas and best practices in their roundtables, dealers reached a consensus — they needed even more time together.

During the closing session of the BHPH Dealer Forum, Eddie Hale of Neighborhood Auto in Decatur, Texas, expressed the gratitude of dealers for the opportunity to learn from their peers during the previous day's roundtables.

"We had a lot of excellent ideas, but the format itself was the best idea, a mini 20 Group, as some called it," Hale said.

"When you look at it and say, 'I'm going to be in there for three hours?' When we left some of the people said it's hard to get all this in within three hours."

Hale served as one of the veteran dealer moderators during the roundtables. Dan Francis of Andrews Auto Sales in Evansville, Ind., Ben Libby of Highway Motors in Chico, Calif., Mark Jones of MCMC Auto in Fort Worth, Texas, Luke Godwin of Godwin Motors in Columbia, S.C., and Chad Randash of Randash Auto Center in Billings, Mont., also led roundtables. Dealers were matched up with other dealers of similar size and configuration for the peer learning sessions.

"We had a great group with a lot of discussion," said Randash, during Wednesday's closing session as dealers recounted their best tips and practices learned from the roundtables.

Godwin added the insight from so many veteran dealers in his group was invaluable.

"We had five dealers with more than 35 years of experience," Godwin said.

Advertising cost, inventory sourcing, referral payments and closing offices on the weekends were among the many topics discussed during the six roundtables.

Dan Grosvenor of 5 Star Auto in St. Charles, Mo., enjoyed the opportunity to collaborate with several new dealers.

"It was like visiting someone else's 20 Group. You get to hear from everyone and see what they are doing," Grosvenor said. "There's a 100 different ways to do this business."



"It was like visiting someone else's 20 Group. You get to hear from everyone and see what they are doing. There's a 100 different ways to do this business."

DAN GROSVENOR OF 5 STAR AUTO IN ST. CHARLES, MO.



Lecoeur Charles of Mission Auto Sales in Miami, Fla., said the discussions will help his dealership get the proper processes in place to improve.

"You always enjoy being around different dealers and talking," Charles said.

Among the many discussions, dealers spent time talking about different referral programs that have been successful with customers. Some were offering \$100 to \$500 for those leads that led to sales.

One group discussed the benefits of closing on weekends for attracting and retaining employees.

With the current tight inventory and high wholesale prices, dealers spent significant time talking about where they are finding vehicles. Some dealers were finding success with private sales from social media.

For the final session of the Dealer Forum, each moderator had at least one dealer from their group present a top idea. Jeff Watson of 4 Seasons Auto in St. George, Utah, shared his pay structure for techs. Gordon Tormohlen of Tormohlen's Good People Auto in Freeport, Ill., told the crowd about his workout plan with customers. Francis described maintenance reminder alerts sent to customers. Billie Northern explained how Auto Express of Hamilton, Ohio, offers a life coach for employees. Tommy Brandis of Advantage Auto Sales in Quakertown, Penn., reminded dealers they are in the relationship business.

Mark Anderson of Anderson and Sons in Newton, Ill., went into detail about how his dealership has been able to build relationships with its vehicle giveaway to needy families at Christmas time. Anderson said last year, the dealership received 7,500 nominations that turned into leads, while also helping two families. The dealership did a countdown to the giveaway and showed the moment they surprised a family on Facebook Live.

"It's like the Publishers Clearing House," Anderson said.

"It really puts us in a better light with the community."

Dealers also had the opportunity to get their competitive juices flowing, competing in fowling, a combination of bowling and football.

Attendees left Indianapolis ready to race back to their dealerships to implement the changes they discussions with colleagues during the Dealer Forum.

"We could not be more excited about the overall energy and how well this format was received by dealers," said NIADA CEO Jeff Martin. "It's unlike any education BHPH dealers can find anywhere else. We started the event sharing key industry analytics with attendees and then simply let the dealers go talk business. This peer learning is very popular."

Make plans to join dealers in New Orleans next fall for another chance to collaborate and learn from peers at the 2024 Dealer Forum. ■





Encouraging words from the top in the field

Chu, Wright, Griffin provide advice for dealers heading into 2024

Tricolor and Ganas Ya's Daniel Chu left dealers with advice for finding success in today's buy-here, pay-here market during the all-star panel at the BHPH Dealer Forum in Indianapolis.

Chu, who has served as the chairman and CEO of Tricolor Holdings since its founding in 2008, told dealers they must make decisions consistent with their culture.

"If I were to communicate one important message to all of you, it would be that we're at a point in time where you have to figure out how to be different," Chu said. "You have to figure out how to differentiate your strategy if you want to be successful. If being different means, 'Hey, we're going to treat our customers better than anybody else.' Then maybe you better figure out how to get really close to that customer and maybe you can't do that in a centralized collections environment. Your decisions that you make, I think have to be consistent with your culture."

Chu along with Byrider's Jim Wright and CarHop's Don Griffin, three of the larger

firms in the BHPH industry with more than 100 rooftops, shared their views on the current market. All three acknowledged the challenges of 2023, with elevated prices of vehicles, high interest rates and the increased cost of capital.

"It's a hard business and I think the lenders to industry are seeing that, too," Griffin said.

"We've been in business 27 to 28 years and the backside of a recession has always been the best time of the industry. You know that's coming, and I think there's certainly opportunity for a brighter side."

Wright said Byrider concentrated on cost-cutting measures this past year, including cutting down on office space.

"We've spent an inordinate amount of time over the last 18 months going back to our people and asking them, 'Hey, what are you seeing? What are you hearing? What are your needs?'" Wright explained. "I think that's helped us progress this year and got their buy-in on some of these cost-cutting measures."

Chu said this year has forced like-minded entrepreneurs to be more resourceful.

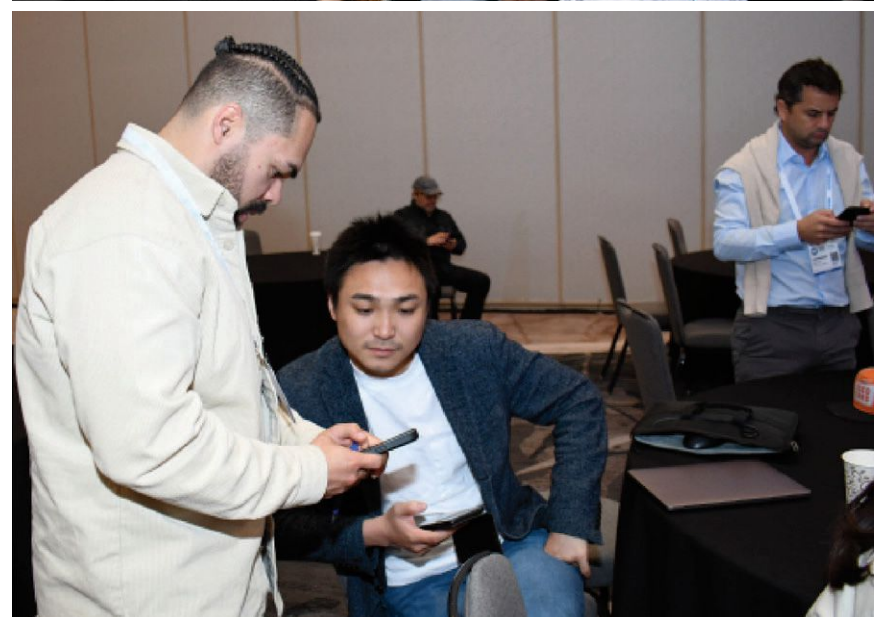
"It's been a year that has enabled companies like us to kind of dig deep and take a mindset that we're going to figure out a strategy to be successful," Chu said. "It's going to be a strategy that we believe we can execute to get through the short-term impediments, but at the same time take the longest view in the room. It's a strategy that we believe will allow us to be sustainably successful over time."

"I think there's truth in the idea that with every problem or with every setback, there's opportunity. It's just a matter of having the right mindset to capture that."

The trio acknowledged the closure of U.S. Auto Sales and American Car Center and the role of private equity in the BHPH space.

"To the extent you have private equity capital in your business, you just want to be able to be in a position hopefully where you can kind of manage it and it doesn't really run you," Chu said.

Griffin added, "You can't run a business when you're overleveraged." ■





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Currently our 19th generation wired tracking device



4th cellular transition within the telematics industry



Over 4+ million devices sold

Omne Trium Perfectum

Three policies for your dealership to look at

BY TOM KLINE

And today, a message in Latin about “threes.”

Omne trium perfectum conveys “everything that comes in threes is perfect.”

In other words, pay attention when things come in threes.

As humans, we recognize things and process information through pattern recognition. So, “three” is an important number when we are learning. The Rule of Three resolves around the idea that ideas given in three are both memorable and interesting to the reader.

First, Automotive News reported Sept. 11, 2023, on a lawsuit appeal, filed by a service advisor (who was fired for insubordination) was denied by a Connecticut court. (She lost.) The service advisor alleged gender and pregnancy discrimination when she was fired by Hoffman Honda for insubordination and creating a hostile work environment. (She was the one creating the hostile work environment.)

Both customers and colleagues said that the service advisor had demonstrated a “poor attitude and rudeness.” In the court filing the dealership cited six written warnings and a three-day suspension for “substandard work, conduct, attitude and carelessness.”

The judge dismissed the case without a trial.

The dealership’s attorney said, “By keeping accurate, thorough records, dealers can protect themselves from legal disputes and ensure compliance with legal standards.”

Keeping accurate records is key to avoiding problems. This is “top shelf” risk mitigation in practice.

Secondly, according to the U.S. Equal Opportunity Employment Commission (EEOC) press release Sept. 15, 2023, a Baltimore-area car dealership violated federal law by demoting and later discharging an employee because of her disabilities.

The EEOC filed a lawsuit against Len

Stoler Lexus in Towson, Md. According to the lawsuit, Len Stoler Lexus employed a service advisor who sustained a traumatic brain injury and a coma after surviving a serious motorcycle accident which affected her ability to speak, walk and engage in other activities of daily life. After intensive rehabilitation, the employee was ready to return to work in her previous position as a service advisor, but the dealership demoted her to a lower paying cashier position at a different location because of her disabilities.

The employee later requested to park close to the dealership as a reasonable accommodation, which the dealership denied. The dealership eventually fired the employee based on her disability the EEOC charged.

If the allegation is accurate, this dealership violated the American with Disabilities Act, which prohibits discrimination on the basis of a disability. It requires the employer to make a reasonable



Employees should understand how their comments may have an effect on their employer and consider their words carefully before posting anything on social media.

accommodation for the employee when they return to work at a similar pay structure as before.

The press release indicates that the EEOC attempted to reach a settlement before filing the suit through its conciliation process with the dealership. No settlement was reached and the EEOC proceeded with its suit.

There must have been other facts and circumstances involved for a lack of settlement by the dealership.

Having familiarity with the employment laws will help keep you out of trouble. If you aren't aware of these laws, ask a lawyer or consultant before you make employment decisions. Also, does your dealership have Employment Practices Liability (EPL) insurance as a part of your risk management program? If so, if this was your dealership, you could have turned over this problem to your insurance company.

Third, Automotive News reported Sept. 21, 2023, that a Detroit area Ford dealership fired

an employee after posting a hateful UAW comment on Facebook.

Suburban Ford of Ferndale, Mich., owned by Lithia, posted an apology on its Facebook page for hateful comments made by a former parts department employee.

A handful of people left negative reviews on the dealership's Facebook page, voicing their displeasure with the former employee's comments. In addition, several older Facebook posts by the dealership were filled with commenters voicing their frustration.

Employees should understand how their comments may have an effect on their employer and consider their words carefully before posting anything on social media. Dealerships are businesses, which cater to everyone in the community irrespective of anyone person's views. Having a clearly stated social media policy may prevent problems from occurring in the first place.

A recent assertion by the National Labor Relations Board states that any restrictive social media policies may violate the NLRB's regulations. Consider and craft your social media policy carefully in thinking about how to prevent problems voiced by your employees. Consider politics and world affairs when you are drafting your policy.

Well, there's three. A triplet or trifecta or triad or trinity (depending on the importance you give this article!)

Take a look at your company policies and your guidebook and consider these items when crafting your company policies. Maybe it's time to look at your employee policies as well as your EPL insurance and coverage limits.

This is definitely a case where an ounce of prevention will be worth a pound of cure. I hope you triangulate the triplex of stories here to make your dealership's triumph threefold. ■



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NIADA

Who is NIADA

NIADA is a dealer driven nonprofit association representing over **13,500 Independent Automobile Dealer Members** throughout the nation. For more than **75 years**, NIADA has worked to **advance, educate and promote** the independent used car dealer association. Along with its many education and compliance programs, NIADA lobbies for the industry in Washington, D.C., and at the state level.

Economic Impact

The used auto industry, one of the country's largest economic engines, is made up of many small businesses and dedicated employees, providing quality vehicles at affordable prices to a wide demographic of consumers across the country.

27,007
used
vehicle
dealers



171,799
jobs



\$2.47
billion
in wages

There are 27,007 used vehicle dealers in the United States, providing 171,799 jobs for employees, according to the U.S. Bureau of Labor Statistics, 2023 First Quarter Census. The first quarter total of wages was \$2.47 billion.



2022

12.653 M
used
vehicles
sold

In 2022, independent auto dealers sold 12.653 million used vehicles.



2023

7.6 M
million
vehicles
sold

THROUGH JULY 2023, independent dealers have sold 7.6 million vehicles.



12.5 years
average
age of
vehicles

The average age of vehicles on the road today is 12.5 years, according to S&P Global Mobility research.

The average age has

INCREASED FROM 11.5

years in 2015.



\$1,567
average
reconditioning
cost

To get a used vehicle ready to sell to a consumer, an independent dealership spends on average \$1,567 in repair costs to ensure the vehicle is safe for the consumer.

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