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**A Look at COVID's Impact on the
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CONTENTS

- 6 Chairman’s Message
ROBERT SICKEL
- 8 President’s Message
JAMES B. APPLETON
- 10 NADA Director’s Message
RICHARD A. DESILVA, SR.
- 12 In Uncertain Times, You Have More Control Than You Realize
DANIEL BURRUS
- 18 Cash Flow Optimization in a Post Covid-19 World
CHRISTINE ANDREWS
- 20 5 Ways Mobility Will Look Different in a Post Coronavirus World
JOE GEORGE
- 22 Why Prioritizing Vehicle Safety, Hygiene and Protection Matters
DR. RIKIN PATEL
- 24 Accelerating Digital Sales
GABE GARRONI
- 26 A Look at COVID’s Impact on the New Vehicle Market Going Forward
JEFF FOLTZ
- 28 Maintaining the Basics: Preventing Complacency as We Head Into Flu Season
CHARLES RUSSO
- 32 Q&A With Ian Grace of automotiveMastermind

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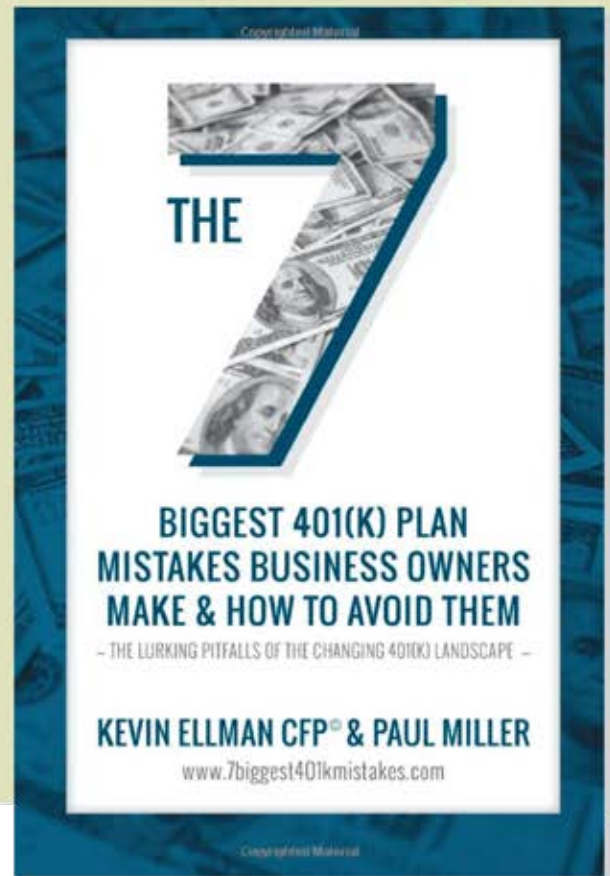
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Chairman's MESSAGE | BY ROBERT SICKEL

Dealers (and Manufacturers) Are Still Recovering From the COVID-19 Shutdown



Auto dealers here in New Jersey, following a sales drop of as much as 80% in the second half of March and early April, are recovering faster than many expected. 2020 was expected to see a dip in sales, and that will undoubtedly be the case, but it's encouraging to see the economic recovery that our industry has been able to produce.

Flareups of the COVID-19 virus have impacted sales in parts of the country, but thankfully New Jersey has been spared so far. But many of us are faced with another obstacle slowing our sales recovery — low vehicle inventory.

Analysts say inventory is at the lowest level in nearly nine years. Manufacturers are fighting to get auto plants back to full production after COVID-19 shut them down for an extended period early this year, resulting in new-vehicle shortages. Dealerships that previously received a steady supply of new vehicles are, in some cases, seeing new inventory deliveries drop by as much as 70%.

One potential silver lining is the increase in used vehicle sales on many new dealership lots, with

prices increasing as demand grows. This is positive news for many franchised dealerships because we net more profit on our used vehicle sales than we do on our new vehicle sales. But we ARE new car and truck dealerships and we need inventory to meet the needs and wants of our customers.

Manufacturers continue trying to get production fully restarted after 93% of all U.S. auto manufacturing was shutdown in late March and early April due to the pandemic, according to the Alliance for Automotive Innovation. And don't forget the ripple affect it has all the way down the line to parts suppliers. That supply chain takes time to get back up to speed. Manufacturers are taking many of the same precautions we are to prevent the spread of the virus, but all it takes is a handful of positive diagnoses to cause concern among the rest of the workforce. People start to call in sick, which slows down vehicle production and deliveries. If positive COVID cases start to spike, calls begin coming for another shutdown and we start the whole process over again.

NJ CAR Clean Can Help Dealer Showrooms Stay Open

There is no magic bullet to solve this problem, but dealers are doing all they can to protect their employees and customers from the virus, implementing a wide variety of cleaning protocols and safety measures and our trade association is giving us the tools to succeed as well.

NJ CAR has taken CDC, OSHA and other guidance and applied it to the dealership environment, putting together a **comprehensive set of essential guidelines called NJ CAR CLEAN**. I encourage you to join

your fellow dealers **RIGHT NOW** to help prevent another possible showroom shutdown by signing up for the free NJ CAR CLEAN training program and promotional effort. It is up to every single one of us, every day and with every customer interaction, to drive home the message that our businesses can be trusted to operate safely under these challenging circumstances.

Training our staff and implementing best practices are a great start, but it is just as important to publicize what we are doing. That's why NJ CAR has branded the NJ CAR Clean program and created materials that participating dealers can use to showcase the protocols they've put in place to keep employees and customers safe. Dealerships that complete the training will be certified and receive a starter kit of collateral materials to highlight their commitment to public health and safety.

An industrywide effort **NOW** could help prevent another shutdown in the future. Do your part by signing up for the free NJ CAR CLEAN training program. For more information, visit www.njcar.org/safety or call NJ CAR headquarters at 609.883.5056.

What Lies Ahead?

There will be time for a full debrief of what happened, how we responded and what can be done better when a similar situation arises in the future. There will surely be some permanent changes to the way we do business with our manufacturers **AND** with our customers when all is said and done. But if the auto retail industry has shown anything, when faced with previous challenges, is that it is resilient and can quickly adapt to serve customers where, when and how they want. **nj car**



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President's MESSAGE | BY JAMES B. APPLETON

New Jersey's Franchised Dealers Positioned to Lead the Electric Vehicle Revolution

Governor Phil Murphy signed legislation

(A4819/S2252) back in January, aimed at boosting the electric vehicle (EV) market in New Jersey. The bill provided \$300 million in electric vehicle incentives for consumers over the next decade, as well as investment in an expanded charging infrastructure.

There are more than 40 full electric and plug-in hybrid models currently available from the manufacturers represented by the neighborhood new car dealer-members of NJ CAR. According to industry news reports, these automakers will introduce another 60 EVs through 2022, giving consumers even more attractive models to choose from. This puts franchised dealers in the best position to lead the EV revolution that will be driven by government mandates and the growing investment by auto makers in EV product and battery electric technology.

First, let me tackle the mandates. New Jersey has been part of the California Low Emissions Vehicle (CaLEV) program for 15 years and faces aggressive mandates to sell an ever-increasing percentage of low and zero-emission vehicles (ZEVs). Last year, the mandate required 7% of all vehicles sold to be fully electric or plug-in hybrids, but they accounted for just 2-3% of the market. The mandates increase to 9.5% this year and continue climbing 2.5% every year until they hit 22% in 2025. That's a lot of EVs, and dealers want to sell each and every one of them. While consumer demand is increasing as more models are introduced and battery range increases, the current demand is far below what the mandates dictate.

I've often said, the government can force manufacturers to produce EVs, and manufacturers can dump them on dealership lots, but they aren't doing the environment any good if they collect dust and aren't put into operation. So how do you get more consumers to purchase EVs? The two biggest keys are incentives and education.

Earlier this year, the New Jersey Board of Public Utilities (NJBPUI) launched the Charge Up New Jersey Program. This program provides consumers who purchase or lease eligible plug-in EVs after January 17, 2020, with an incentive of up to \$5,000. Combined with the New Jersey Sales Tax exemption, federal tax credit (up to \$7,500) and other potential manufacturer and/or dealer incentives, consumers can save upwards of \$15,000 on an EV. That savings make plug-in EVs a very attractive option for many consumers.



Education is also critical — both for dealership staff and their valued customers. Dealerships that sell EVs not only need to learn about their product; they need to be able to effectively communicate available incentives and details regarding vehicle charging to overcome consumers' two biggest obstacles to greater EV adoption — price and range anxiety.

NJ CAR has partnered with Plug In America to offer dealers the **PlugStar Electric Vehicle Training Program**, which bolsters factory and brand-specific EV training. The PlugStar program provides critical training that covers best practices for selling EVs and meeting the unique needs of an EV consumer. Some of the topics covered include: fundamentals of EVs as a product category, getting familiar with EV charging, publicly available EV incentives and more.

Participating dealers also get access to the PlugStar online tool, up-to-date EV incentive information, local ride and drive events, answers to customers' most frequently asked questions, a mobile-friendly web app, collateral and helpline support. **Dealers who complete the training are also featured on PlugStar.com as a PlugStar Certified Dealer and gain access to customer leads from program partners.**

I know EV inventory is hard to come by right now, but your lots and showrooms will see an increase in EVs, whether it's a month, six months or 12 months from now. I encourage you to email dealers@pluginamerica.org for more information and sign up for the PlugStar program.

Be proactive and prepare yourself NOW so New Jersey's franchised dealerships are ready to lead the anticipated growth in the Garden State's EV market in 2021 and beyond. **nj car**



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NADA Director's MESSAGE | BY RICHARD A. DESILVA, SR.

Now Is the Time to Open a Greater Dialogue With Our OEMs



Earlier this summer, NADA Chairman Rhett Ricart wrote a column about how the manufacturer-dealership relationship was critical, especially when faced with unprecedented challenges, such as the COVID-19 pandemic that hit the industry hard in March and April and will continue to have a lingering impact on the auto retailing industry well into the future.

I want to give Rhett my space in this issue of *New Jersey Auto Retailer* because I feel the message behind his column is important. Below is a slightly edited version of the column, *Our Manufacturers Need Us More Than Ever*, which was published back in June:

In my very first speech as your NADA Chairman in February, I talked about corruption, obstruction and disruption to the auto retail industry. With the coronavirus pandemic, our country got a big dose of disruption, and it's the kind of disruption that has trickled down to every person, industry and business. We are all facing challenges as we learn to operate in a new business environment, but with that comes the opportunity to adapt and take our industry into a new era. The COVID-19 pandemic has opened a greater dialogue between automakers and dealers, and we cannot miss this chance for the advancement of the industry that many of us have spent our lives building.

Like everyone else, our OEM partners are struggling to find the right formula to operate in this new normal and become profitable again. As retailers, we are learning how to enhance our digital retailing capabilities and to keep our employees and customers safe as we reopen our doors. Automakers likewise are re-starting vehicle manufacturing facilities with safety protocols and plexiglass partitions to protect thousands of their workers. While

our challenges vary, they all impact the broader industry that lives under one roof. Now is the time for us to unite our industry efforts.

The car-buying experience is changing, consumer expectations are evolving, and digital retailing has increased significantly. So automakers have their ears wide-open and are willing to listen to dealer input more than ever. Dealers need to seize this opportunity and strengthen their bonds with OEM partners. We know that we are the secret sauce for automakers to distribute and sell their products in the United States.

The 2021 NADA Show in New Orleans will be the most important NADA Show you ever attend. As dealers, we need to further educate ourselves on how to manage this disruption and learn best practices for business success in an ever-changing environment. Make meetings at the Show will be more critical than ever to discussing with our OEM partners how we navigate through this new environment and move forward as an industry. We need to demonstrate our focus, our readiness and our strength to the entire dealer body and the industry as a whole.

While many of you are laser-focused on the survival of your own businesses, it is prudent that you stay involved with NADA and your state and local associations. Stay involved by providing your ATAEs with guidance and on-the-ground insight that will help as they craft policies and legislation to address operations during coronavirus. Your involvement is as important as ever.

Don't forget, a united auto industry is a strong auto industry! **njcar**



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Ownership Has It's Rewards

In Uncertain Times, You Have More Control Than You Realize

BY DANIEL BURRUS



Traditionally, when an individual or organization fears change, it has something to do with digital technology disrupting their status quo. Will something autonomous replace my job? What if something is created that puts me completely out of business?

Aside from digital transformation, another wave of fear comes from new, fast-moving competition and the threat of loss of relevance and market share.

I have discussed, at length, these fears, how to see disruption and change before they strike, and, most importantly, how to identify and act on the opportunities they represent.

Few would have thought, in the early stages of 2020, our economy would be in a downturn, we would be instantly converted to remote work or, unfortunately for some, laid off, and we would be quarantined to our homes due to a global pandemic.

Real-World Dystopia

Whether you're in business or not, ever since the Great Recession about a decade ago, it seems the majority of individuals will not admit to their tendency to sleep with one eye open on the economy. This "hope for the best but expect the worst" attitude can be useful, but it can also be dangerous, both for your health and well-being, and for your entrepreneurial ability to see and act on the many new opportunities disruptive change presents.

Unfortunately, the COVID-19 pandemic has, to a great extent, suppressed our positive, innovative mentality as a species, and has sent many of us into a primordial tailspin of trying to get back to the way things were — the status quo. Due to fear, we are finding ourselves in a real-world dystopian society, where individuals buy in bulk unnecessarily, prepping for the end of the world.

The pandemic will end and we will recover to another new version of normal. What if we made the new post-pandemic normal much better than what we had before? Is that possible?

It sure is, if we get past fear and reacting to the next disruptive problem and become anticipatory, using the power of disruptive change to create a better tomorrow for all.

Keep in mind that while times are highly uncertain in an all-encompassing way, this global disruption on a massive scale is also creating new ways to have a positive, significant impact on the present and the future.

Going Remote, No Matter Who

A global pandemic, shutdown, and quarantine are very similar to digital disruption: They know no boundaries and will disrupt every industry there is. However, what this pandemic disruption is showing us is that many organizations are quickly shifting to reposition their workforce to new roles or remote roles by digitally banding together and working efficiently from a distance.

It is easy to consider going remote when you have a desk job or a career that is already rooted in flex-time industries. However, what about those that don't have it as easy?

Virtual reality and augmented reality (*VR and AR*) are two technologies that have started gaining traction in recent years, given the exponential changes of the Three Digital Accelerators of bandwidth, computing power, and processing power. Now more than ever, we can see industries — which ordinarily are unable to go remote because they were based on the need for a customer to be physically present — figure out ways to provide a remote customer experience.

An incredibly outside-the-box example can be found by way of museums, zoos, and even theme parks going remote. Monterey Bay Aquarium and Walt Disney World have gone remote using live-streaming video and a form of virtual reality applications like Google Street View, so guests having to cancel their vacation can still “walk through” Disney World with their families for something to do.

If Walt Disney World, an in-person entertainment giant with visceral experiences, can find a way to go remote, imagine the remote possibilities in several other industries around the world.

Innovation Is Needed More Than Ever

While our worlds may seem to be in a period of indefinite stasis, the world and peoples' needs don't stop. A Hard Trend most people take for granted is that there are more than 500 cycles that continue, such as the sun setting tonight and rising tomorrow, the stock market going down and going up, and the pandemic beginning and ending.

I want us all to become positive disruptors, creating the disruptions that need to happen in order to make the world a better place for all.

Being a disruptor during times like these might sound contrary to what people want. However, when you're a positive disruptor, you choose significance over success, focusing much less on you and what you have done, and more on what you can do for others in a significant way.

When you look for ways to elevate your significance in times like these, you can find new ways to change your community, your state, your nation, and, if you think big enough, even the world for the better. I can't think of a more needed time than right now. Ask yourself: What can you and your organization do now that would have a significant impact on others?

Stop looking at this economic and social slowdown as a time to wallow in the disruption of your status quo. It is also a free pass to innovate as much as you can! An identifiable Hard Trend based on the science of cycles is that the pandemic will end and the market and economy will bounce back. So in the meantime, focus on the positive difference you can make and what you can disrupt in a positive way — what you can do now to make a difference by helping others. The needs are massive and so are the opportunities to make a significant difference!

Looking for Opportunity in Helping Others

This pandemic has inadvertently leveled the playing field; therefore, no one is safe from disruption, and this global disruption

Stop looking at this economic and social slowdown as a time to wallow in the disruption of your status quo. It is also a free pass to innovate as much as you can! An identifiable Hard Trend based on the science of cycles is that the pandemic will end and the market and economy will bounce back. So in the meantime, focus on the positive difference you can make and what you can disrupt in a positive way — what you can do now to make a difference by helping others. The needs are massive and so are the opportunities to make a significant difference!

is happening a lot faster than digital disruption. We're all in the same boat, so one major way to innovate is to find ways to help your customers through this in ways you haven't thought of before. You're thinking too small if you are thinking of offering them a discount on your product or service. It's better to look at their desperate needs now and ways that help them stay afloat, which in turn might help you stay afloat.

This concept isn't solely constrained to business and customer relationships. This touches on the topic of thinking about your employees who rely on you. You may be in business as a unified organization, but an employee now working remotely with kids at home and having to now think in terms of profits and losses in their personal life has unmet needs as well that you need to think about and act on. As you work to keep the doors open, what are you doing to take care of your own?

Let's return to the entertainment industry with an example of the National Basketball Association shutting down during this crisis. While it is no secret that owners, players, and team affiliates will be financially okay during this situation, the workers at the snack bars, restaurants, and merchandise stores will feel a major financial impact, if they can survive at all. However, many teams have stepped up and donated portions

UNCERTAIN TIMES | *continued from page 13*

of their salaries to cover the losses the service employees will feel while out of work, which in turn incentivizes them to continue to work for the stadiums and gives them a sense of belonging to the organization.

That has already created a positive change throughout the rest of the NBA, as other teams follow suit and help their fellow man and woman when in need. This positive disruption is spreading to other sports faster than any virus!

Anticipation Will Get You Through This

Hard times will pass, but the Hard Trend in times of complete uncertainty is that a new day will dawn with new opportunities to make a significant difference unfolding with it. There will be a tomorrow, so what are you doing to anticipate, innovate, and seize the opportunity it brings with it? Are you using this pandemic to be a positive disruptor, or will COVID-19 close your business' doors for good? It doesn't have to.

As a good friend of mine has said, "It's not what happens to you. It's what you do about it." The way I see it, COVID-19 isn't our biggest problem, it's what we are doing, or not doing about it. One of my principles is this: Take your biggest problem and skip it. The real problem for your business isn't the virus, it's how you are reacting to it. Don't panic. Focus on defining the real problem both you and your customers are having and use the certainties found in Hard Trends to reveal a solution.

There will be a future after the pandemic. If you are anticipatory, pre-solving predictable problems before you have them and becoming a positive disruptor creating the transformations that need to happen, you will find the future is bright. **njcar**



Daniel Burrus is considered one of the world's leading futurist speakers on global trends and disruptive innovation. The New York Times has referred to him as one of the top three business gurus in highest demand as a speaker.

Identifying Hard Trends

A well-worn cliché says there are only two things you can be certain about: death and taxes. With apologies to those who agree with that statement, there are many, many more examples of out-and-out certainties. Was Sunday followed by Monday last week? Absolutely. Will that be the case next week? You can count on it.

A more timely and, in some ways, comforting example involves the ever-changing situation we find ourselves in today with COVID-19. This pandemic has seemingly pressed pause on time, stifling businesses in many ways and rattling humankind as we're told that each day is fluid, and we're not sure what the next day will bring. Monday will still follow Sunday, but will it be business as usual? Right now, the answer is no.

But if Hard Trends or future certainties are as easy to identify as I maintain, what is the Hard Trend in all of this? It's as obvious as my days-of-the-week anecdote above: This virus will end, and that is a fact that will happen. Because of this, you better believe that, aside from the length of the coronavirus's impact, there are still Hard Trends in every industry, plus plenty of opportunity in the disruption that is this global pandemic.

In order to be able to identify Hard Trends during these unprecedented times, we must diagnose the very concept of Hard Trends and how they can lead to significant game-changing opportunities for you and your organization.

What's a Hard Trend?

A Hard Trend is a future certainty, in that it is something we know is going to occur whether we want it to or not. Opposite of Hard Trends are Soft Trends, which are future possibilities that may or may not take place. In the case of Soft Trends, these can be changed to your, and your organization's, benefit.

To further explore my Hard Trend Methodology and how it can help you be more anticipatory during times like we currently face, I have grouped Hard Trends into three primary categories for identification purposes.

- **Demographics.** This can be age, race, gender, or any other defining characteristic of a group. During this pandemic, an example is an older generation like the Baby Boomers. The fact that they are more susceptible to COVID-19 is a definite Hard Trend.
- **Government Regulations and Oversight.** For this category, a broad question immediately comes

to mind: As a general rule, will there be more or less government regulation in the future? If we've learned anything from the coronavirus pandemic, it is that there will definitely be more. As new innovations emerge amid the lockdown, new governmental regulations will evolve in response to them. This is true, regardless of the industry or organization, making this a Hard Trend.

- **Technology.** From the ever-increasing accessibility of 3D printing to holographic telepresence, technology is inevitably going to become more functional, more sophisticated and more widespread. In addition to how we have learned to use already-existing technology during the pandemic, this makes technology in any capacity a Hard Trend; we will always be finding a newer, better way to accomplish a task or create something.

Why Hard Trends Matter

Knowing that something is a future certainty means so much more in times like these. It's central to your organization's planning and subsequent execution of innovation, even during an economic shutdown.

In terms of government regulation, coupled with the ever-changing spectrum of this pandemic and subsequent lockdown, being aware of the Hard Trend of growing government regulation allows you to become more anticipatory with those additional guidelines foremost in your mind, allowing you as an organization to continue to progress and grow.

Leveraging Hard Trends to your advantage is how you can also pre-solve problems before they exist. Case in point: When the United States government mandated a stay-at-home order, closing the physical operations of many nonessential businesses, many threw up their hands in frustration, while others decided to adapt and overcome, taking advantage of opportunities to continue to operate during a shutdown — and profited accordingly.

What you can expect is that Hard Trends — identified and acted upon — can offer enormous opportunities for those organizations with the mindset of always keeping their eyes open to the future.

Is your organization identifying and acting on the visible Hard Trend certainties in your industry during COVID-19? Better yet, are you learning how to be an anticipatory leader in all of this?



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Cash Flow Optimization in a Post COVID-19 World

BY CHRISTINE ANDREWS



In the short time coronavirus has impacted the global economy, cash has become the coveted asset in troubled times. Dealers should continue to develop plans for cash conservation as part of their overall business risk and continuity plan. If you are a typical dealer, you probably check your cash balance daily. Robust cash management buys valuable breathing space. Dealers must take a hard look and find ways to operate lean, save cash, and make cash last longer. Consider these ideas to maximize cash flow during the COVID-19 outbreak and beyond:

- A dealership should review expenses and look for areas where you can save money. As you continue to monitor and strategize, stay focused on identifying additional ways to reduce your cost structure and breakeven point. Take a hard look at which bills need to be paid (*and when*) and which ones can be deferred, reduced or paid in installments.
- For example, advertising is essential when operating your dealership, but it needs strategic management. If you haven't done so already, consider reducing the cost of traditional advertising and utilize social media platforms, such as Facebook, Twitter and Instagram. Encourage employees to share posts on their profiles to enhance social media exposure. Always remember to be careful and adhere to state and federal advertising regulations when creating nontraditional social media advertisements.
- Another savings option to consider is replacing traditional desktop computers with laptops. Laptops typically use less energy. This could reduce your monthly energy bill and, at the same time, provide seating flexibility to assist with social distancing concerns.
- Reach out to OEMs and floor plan lenders and see if they will suspend curtailment payments on aged inventory. Some floor plan lenders are deferring interest payments. Consider taking advantage of the ability to defer this large liability.
- Some dealerships may be in an equity position with their inventory and can maximize the utilization of cash by floor planning all new vehicles and allowable used vehicles.
- Apply for an increase of the reimbursement rate for parts or labor paid under warranty. In many states, manufacturers are required to reimburse a dealership for warranty repairs, average labor and parts rate charged to retail customers. Many service departments have the time to print repair orders and make this submission without too much disruption during peak hours. In many cases, the dealership has limited operating hours, and the repair orders can be programmed to print when the service department is closed.
- Wholesale only those aged used vehicles that will not be retailed. The price of used vehicles dropped dramatically when COVID-19 shutdowns began; however, the prices for used vehicles have recently jumped sharply. Because

When your employees are engaged in their work, it can directly impact the bottom line. Department heads should be empowered to support and encourage employees during these stressful times. Employees may be feeling the stress under new working conditions, altered home lifestyles, and other adjustments. Is your dealership providing information to your employees timely and effectively? It is helpful for most employees to cope with change when they feel they are included in the loop.

inventory is difficult to acquire at an affordable price, many dealerships are branching outside of their normal shopping radius. Consider exploring different purchasing options.

- Work with lenders and ask for forbearance or payment plans for outstanding loan balances.
- Discuss options with your manufacturer to loosen restrictions on parts and core returns.
- Increase your cash position by reviewing receivables. Work to minimize balances in Contracts In Transit, Accounts Receivable, Incentive Receivables, Finance and Insurance Receivables, and Warranty Claim Receivables. These balances should be reviewed regularly to expedite collection. This may be an ideal time to reevaluate dealership lending practices.
- Reduce personnel expenses by hiring smart and maintaining talent.

When your employees are engaged in their work, it can directly impact the bottom line. Department heads should be empowered to support and encourage employees during these stressful times. Employees may be feeling the stress under new working conditions, altered home lifestyles, and other adjustments. Is your dealership providing information to your employees timely and effectively? It is helpful for most employees to cope with change when they feel they are included in the loop. Ensuring your employees have leadership contact is more important than ever and a crucial tool in stressful times. Leaders should be widely visible and accessible.

In addition to supporting employees, managers should continue to meet regularly to discuss the current state of the dealership. Each department manager should maintain a close pulse on the profitability of their department. In addition to fiduciary responsibility, the department managers must be aligned and able to answer questions that relate to COVID-19 and today's business environment. Employees will likely have questions and, if exposed to conflicting answers, may become anxious.

The COVID-19 pandemic has placed department managers in critical positions. It is up to these leaders to cultivate a positive post-pandemic work environment where employees will thrive.

As employees settle into the new normal, they may develop a false sense of security as it relates to the transmission of COVID-19. Many folks have short memories. Leaders must monitor the behavior of employees and confirm all individuals adhere to CDC guidelines and the restrictions placed on social distancing, mask-wearing and hand-washing. Without proper oversight, both customers and employees may become uncomfortable. Leaders in the dealership must actively engage in compliance to avoid unnecessary consequences.

Hire smart! Experience is important but isn't everything. Experience comes with additional costs. More and more companies now hire fresh college grads and train them. It may become more cost-effective than hiring an experienced individual when filling some positions. For critical work scenarios, you may have no other option but to consider an experienced hire. When considering fresh talent, not only do you gain a monetary advantage, but you may also benefit from having an enthusiastic employee who is up-to-date on the latest technology, openminded and eager to learn.

The Bottom Line: There will be tough times ahead for dealers across the county. The steps you take now will better position your dealership as this global threat stabilizes. While it's hard to predict what the future will bring, dealers who plan strategically and take action now will have a better chance of reducing financial setbacks. **njcar**

Christine Andrews is a consultant at WithumSmith+Brown, PC. Her responsibilities include evaluating and critiquing safeguards and expense controls in dealerships and establishing internal controls that lead to more secure methods for safeguarding dealership assets. She can be reached at candrews@withum.com.

5 Ways Mobility Will Look Different in a Post Coronavirus World

BY JOE GEORGE

COVID-19 has delivered a gut punch to the

automotive industry, the likes of which we haven't seen before, including mobility. And while there's universal agreement the future is still fleets and ACES (*Autonomous and Aerial, Connected, Electric and Shared*), the path will be different from what we projected even six months or a year ago. Here are the ways I believe mobility will change — or stay the same — in the next 12 to 18 months.

Ride-hailing and car-sharing isn't making a big comeback any time soon

When's the last time you got into a Lyft or an Uber? If you're like me and most of America, it's been months. Our April research indicated 31% of consumers planned to wait at least four months — or until a vaccine is available — before getting in a Lyft or Uber, with another 19% unsure. With cases ticking up again, I imagine current research would have similar findings.

People are returning to work, which means business will start to pick up slightly for ride-hailing companies. To meet changing consumer expectations, they'll have to continue adjusting policies and procedures. I also expect to see more and deeper ride-hailing/public transit partnerships as that will likely help both parties reach commuters at scale.

Even when virus fears subside, Lyft and Uber will continue to feel the impacts of many companies adopting generous, new work-from-home policies and of the tourism market having a long road to recovery.

High volume of delivered goods will continue growing

With more people working from home and nervous about the coronavirus, restaurant takeout, grocery deliveries and Amazon deliveries are soaring.

"2020 is setting up to be an e-commerce inflection year as the combination of shelter-in-place, lower spend on experiences (*dining out, bars, travel, etc.*) and [*government*] stimulus have driven dollars online," according to analysts at Morgan Stanley.

What does all this mean for mobility? We're going to continue to see declining personal vehicle use and increasing fleet vehicle use, whether those fleet vehicles are personally or commercially owned. And those fleet vehicles, as they incur more miles and wear and tear inside and out, are going to need to be serviced more frequently.

Consumers will continue to demand sanitization and convenience

Many of us are dousing our hands, phones and/or credit cards with sanitizer at least once a day. The idea of having a vendor in



our homes or cars creates anxiety and uncertainty. This anxiety will be engrained in our subconscious for years to come, in a similar way to experts projecting less handshaking and hugging for the foreseeable future. Not surprisingly, via our 2020 Cox Automotive COVID-19 Consumer & Impact Study, we found 83% of U.S. consumers polled say it's extremely/very important for the dealership to disinfect vehicle surfaces after a service or test drive.

Beyond dealerships, automobile, bus, train and air fleet owners/operators and ride-share providers also recognize the need to disinfect (*not just clean*) their vehicles and cabins regularly, especially now. RideKleen and its PureProtect solution is positioned well to lead in the market. RideKleen-performed services and product solutions use an EPA-registered approved antimicrobial product that kills up to 99.9% of germs, bacteria, mold, mildew and emerging viruses. Moreover, PureProtect inhibits the growth of harmful germs, mold and mildew for up to 30 days post-treatment — keeping vehicles protected for an extended period of time.

In addition to disinfecting vehicles, dealerships who implement "touchless interactions," such as valet pickup and drop-off programs, drive sales and service revenue while safely meeting customers' needs.

By owning a fleet of subscription vehicles, dealers can take advantage of the low cost of commercial borrowing and “lend this low cost of capital” to consumers that are likely to take care of the vehicle but don’t qualify for favorable financing rates.

Consumers will continue to appreciate the safety aspects of at-home service pickup and delivery or retail delivery but will come to really appreciate the convenience. Dealers who cancel these services when the pandemic subsides will be shooting themselves in the foot. According to Cox Automotive’s COVID-19 U.S. Consumer and Automotive Dealer Sentiment research, five out of 10 vehicle owners prefer to use service pickup and delivery the next time they need to service their vehicle at the dealership. The same internal research revealed that, despite high consumer demand and preference, many dealers plan to discontinue offerings like digital retailing and service pickup and delivery once things get back to “normal.” Dealers who elect to continue offering these solutions post COVID-19 will develop a clear competitive advantage over others, with seven out of 10 vehicle owners likely to choose one dealership over another based on the availability of service pickup and delivery.

Credit challenges will drive an increase in vehicle subscriptions over traditional buying or leasing — especially in the subprime market

A subprime auto loan is a type of financing for a car purchase that’s offered to people with low credit scores or limited credit histories. Over the last few years, new car prices have risen higher and higher, making it harder for some consumers to afford new cars.

To counter this trend, the industry has responded by extending the average loan duration and subsidizing the financing costs. And now COVID has caused additional financial strain across America. Despite efforts such as stimulus packages, lots of responsible people have experienced unexpected financial hardships.

I expect credit challenges to drive consumers to the subscription model, which also provides more flexibility (*i.e., month-to-month payments vs. long-term commitment*). This hunch is validated by our research, which indicates half the shoppers now say they are interested in single-vehicle subscription. Why would subscription work for some consumers who struggle to get reasonable interest rates with traditional ownership? Traditional credit underwriting focuses on predicting the likelihood of a consumer to make years of payments in a row. Subscription, which in most cases is a month to month commitment, doesn’t require a multi-year underwriting decision. Instead, it relies more on the likelihood of the consumer taking care of a vehicle and returning it in good shape.

Many of us know people that have historically been responsible but have recently taken hits to their financial situation. These individuals may not score well on traditional credit models, but

these consumers are likely to drive safely and take good care of their vehicles.

By owning a fleet of subscription vehicles, dealers can take advantage of a low cost of commercial borrowing and “lend this low cost of capital” to consumers that are likely to take care of the vehicle but don’t qualify for favorable financing rates.

Electric growth will hit the brakes, but not stop

No, it doesn’t take a rocket scientist to surmise that electric vehicles (*E.V.s*) aren’t a pressing priority for automakers, or that consumers are pushing out vehicle purchases amid economic uncertainty (*approximately one in three shoppers is currently delaying purchase*).

How long an E.V. stall-out will last is the big question mark. The reality is that the future is/will be electric, as carmakers must work toward meeting strict emissions targets. Many manufacturers have spent billions of dollars in research on E.V. technology, which has been underway for years.

Although the vast majority of Americans agree that if we all drove electric vehicles, we could reduce oil consumption and pollution, only a third would consider buying one anytime soon. And it’s largely due to the fact that the industry is still early in when it comes to educating and delivering proof about the real or perceived consumer pain points of cost, access to charging and battery health. Don’t forget that historically low gas prices make combustible engines more attractive than E.V.s to many consumers.

I encourage everyone reading this to keep an eye on the E.V. market and be open-minded when it comes to purchasing your next vehicle and encourage your friends and family to do the same. Kelley Blue Book tells us the average 5-Year Cost-to-Operate savings is significant for some E.V.s versus their gas-powered counterparts — 58% overall, with 60% in fuel savings and 25% in service cost savings over five years — so E.V. costs less.

If you’re worried about charging, as many consumers are, keep in mind that 80% of charging takes place at home or work — if you have that luxury. As it relates to batteries, it’s reasonable to be concerned about battery health. After all, 51% of an electric vehicle’s value is tied to the E.V. powertrain versus the powertrain of an internal combustible engine being 18%. It’s also promising to know that most E.V.s come with 100,000-mile warranties and that battery enhancement gets introduced every year to improve range, safety and cost. **njcar**

Joe George is President of Cox Automotive Mobility.



Why Prioritizing Vehicle Safety, Hygiene and Protection Matters

BY DR. RIKIN PATEL

COVID-19 has changed our world, and that certainly

includes the auto industry. One impact is the emphasis now being placed on vehicle hygiene. With no end in sight to the current pandemic, we need to embrace an industrywide commitment to consumer and team member safety.

With car shoppers on high alert about the potential of contracting coronavirus, there's never been a better time to prioritize vehicle sanitization and disinfection. And, while temporary cleaning solutions may offer a quick fix, identifying and implementing a long-term answer to sustainable vehicle hygiene will become essential to eliminating fear, winning customer trust and providing peace of mind to everyone, every time they get in a vehicle.

Transporting People and, Unfortunately, Germs, Too

Vehicles have always been vectors for germs. On average, there are more than 700 different strains of bacteria living in the interior of a car. In fact, according to a study conducted by Car Rentals LLC., the typical car interior is 2,144 times dirtier than your average smartphone, which is widely known to be crawling with bacteria. Steering wheels were also found to be four times dirtier than a public toilet seat. While most bacteria in the car are harmless, some of the strains found in the interior of the car can be dangerous.

While it's vital to select sanitization and disinfection products that kill germs, bacteria and viruses, it's equally important to use products that have been tried and tested in the automotive industry. Don't settle for just any off-the-shelf options, even if they offer immediate cost-savings.

Product Evaluation Process:

- **Clean** — Sanitizing versus disinfecting ... what's the difference, and do people care? Cleaning is NOT Disinfecting. Identify and use products on the EPA approved list.
- **Eco-conscious** — What are the long-term effects of these in-vehicle cleaning products on the environment?
- **Vehicle and People Friendly** — What's the chemical make-up of these disinfectants? Will it harm the materials in the car — hard and soft surfaces — and the people they are designed to protect? After all, many disinfectants are pesticides and can be hazardous to your health.
- **Protection Longevity** — Does it provide both surface and air protection, and for how long? Will it continue to kill on contact? Don't be fooled, as no products can make this claim.

What Consumers Want

The good news? The majority of consumers value a "clean" vehicle and are willing to pay a little extra in some cases. According to the 2020 Cox Automotive COVID-19 Consumer & Impact Study, 83% of consumers say it's extremely or very important to disinfect vehicle surfaces after a test drive, and 68% of consumers say it's extremely or very important to disinfect the air in the vehicle after a test drive. Moreover, more than two-thirds of vehicle owners say they will pay \$20 or more for vehicle sanitization.

Like many other new product offerings, education will play a significant role in the widespread acceptance of enhanced vehicle sanitization services. This communication is not only critical to building confidence and making consumers feel comfortable again, and it offers dealers an opportunity to show leadership with a differentiated service offering.

Explaining how you're treating vehicles at every turn and touchpoint, and the strict procedures you're following is essential. Why are you performing them? What products are you using? Where are you applying these solutions? What process are you using to apply them?

Exploring What Works For You

Various solutions are now being introduced across the industry, but it's important to select the option that best serves the needs of your customers and dealership.

Committed to keeping vehicles and people as safe and healthy as possible, Cox Automotive Mobility introduced a vehicle hygiene product solution and service, PureProtect by RideKleen, providing vehicle disinfection and air cleanse protection.

PureProtect by RideKleen kits feature an eco-conscious cleaner that sanitizes, disinfects and protects the entire vehicle, including the interior cabin, A/C ventilation system, trunk and cargo areas. This EPA-registered and approved antimicrobial cleaner is approved for use on hard and soft surfaces and kills up to 99.9% of germs, bacteria, mold, mildew and emerging viruses.

Accepting the Inevitable


Just like 9/11 made the travel industry rethink its security procedures, COVID-19 will lead to new disinfection processes focused on the overall well-being of vehicles and consumers. And, while many people scoffed at these increased and, at times, inconvenient security measures, they soon became widely accepted.

Various solutions are now being introduced across the industry, but it's important to select the option that best serves the needs of your customers and dealership.

Only time will tell how long the COVID-19 pandemic will last, but the "new normal" of vehicle hygiene is here and it's here to stay. **nj car**



Dr. Rikin Patel is Chief Operating Officer at RideKleen.



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Accelerating Digital Sales

BY GABE GARRONI, SENIOR VICE PRESIDENT OF SALES, ALLY INSURANCE

Nationwide, dealers are moving to digital auto sales — ready or not.

It's a big change from a traditional dealership structure that encourages departments to operate in silos, sometimes causing coworkers to compete with each other instead of the store across the street. As dealers work to simplify operations in today's environment, it's smart to take a closer look at how digital resources can seamlessly link different steps of the sales process through a single point.

Dealers who do it right could be well-positioned to succeed in the long term. To successfully update your dealership's approach, be sure to keep the following top of mind.

Make a strong virtual impression

You wouldn't let the cars in your showroom be unwashed or parked haphazardly. Make sure your website reflects the same clean, organized look a customer would expect from a physical dealership.

Start by conducting an online audit to get a sense of how your dealership is displayed virtually. A quick Google search will provide a good idea how customers are viewing your products and services. Verify that search results are accurate and up to date. Are your hours of operation and staff photos current? Do you have promotions listed on a "specials" tab? This is a good time to update it with service and F&I specials.

Integrate F&I and sales

Traditionally, F&I was a specialized department. But, as car shopping moves online, savvy dealers are aligning F&I with the remote sale and digital process.

Income from F&I as a share of profit has been steadily rising as more dealers realize its potential. Data from NADA shows that the income from F&I departments accounted for 25.5% of total profits on sales in 2018, up from 24.9% in 2017. You may not be able to physically walk your customer over to the F&I or service departments, so it's important for every salesperson to be comfortable explaining the benefits of financing and protection products. Just like online vehicle inventory, F&I products

should be promoted on your website for customers to research and compare.

Stay connected while socially distant

According to JD Power, more than 40% of Americans are reporting their financial situation has been at least somewhat hurt by the COVID-19 crisis. Customers aren't feeling good, mentally or financially, which means it's more important than ever to maintain the personal touch via virtual communications.

Personalize communications so shoppers know they're interacting with a human and not a computer. Thank them for choosing your dealership and compliment their choice of vehicle. Respond to their specific questions promptly and offer opportunities to "test" the vehicle through different mediums. Find out whether your customer prefers email, phone, text or video chat conversations. These are just a few ways to make customers more comfortable with an unfamiliar process.

Making your customer feel at ease in your digital environment should remain one of your top priorities and requires some creativity. Take this time to focus on your people and make meaningful shifts that will help ensure your dealership is positioned for success in any situation. **nj car**

It's a big change from a traditional dealership structure that encourages departments to operate in silos, sometimes causing coworkers to compete with each other instead of the store across the street. As dealers work to simplify operations in today's environment, it's smart to take a closer look at how digital resources can seamlessly link different steps of the sales process through a single point.



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A Look at COVID's Impact on the New Vehicle Market Going Forward

BY JEFF FOLTZ

The New Jersey new vehicle market got off to a good start in the first two months of this year, and then the bottom fell out when the COVID-19 crisis took hold in March. New vehicle registrations in the state declined 32.3% during the first six months of 2020, versus a year earlier, and tumbled by 53.1% in the Second Quarter alone. But all of that is now in the rear-view mirror. At this point, attention is squarely focused on what lies ahead.

According to Auto Outlook's most recent forecast, new retail light-vehicle registrations in the state are predicted to fall by 15% in the second half of 2020 versus a year earlier. The decline is not welcome news, but it is a marked improvement from the 32.3% fall in the first half of 2020. New vehicle registrations for all of 2020 are expected to approach 400,000 units, down from 519,846 in 2019. The outlook is better for 2021. New registrations in the state are projected to approach 450,000 units next year, an increase of about 13% from 2020.

There is a lot of uncertainty attached to these projections. Right now, the forecast estimation process is about as complicated as it gets. Here are the basic steps: gather evidence from experts on the likely course of a never-before-seen virus, figure out the implications for business operations, sort out the consequences for employment and economic growth, and finally, pinpoint the volume of new vehicle sales. It's a fuzzy chain, and the uncertainty grows with each link. But since the pandemic hit in mid-March, enough clues have emerged to explain where the market has been, and more importantly, pinpoint what lies ahead.

Here are four general phases that are likely to characterize the pattern of new vehicle sales throughout the COVID crisis, starting with when the crisis hit in early March, and stretching into later phases of the recovery, that could extend for more than two years.

The first phase began when the state felt the full brunt of the pandemic in March — businesses closed, dealership operations were curtailed, and new vehicle sales collapsed. The second phase took place when re-openings occurred. New vehicle sales got a short term boost from the release of some pent up demand (*partially resulting from lease turn-ins that were postponed*),

resilient household incomes (*supported by unemployment compensation benefits and stimulus checks*), and the advancement of online/remote sales.

In the third phase, sales softened as initial pent-up demand was released, new vehicle inventories were tight, restrictions on business operations were lifted slowly (*or in some cases, reversed*), stimulus programs were dialed back, and consumer sentiment was impacted by concerns related to how long the pandemic could last and consequences for employment and income. This is where the market is now.

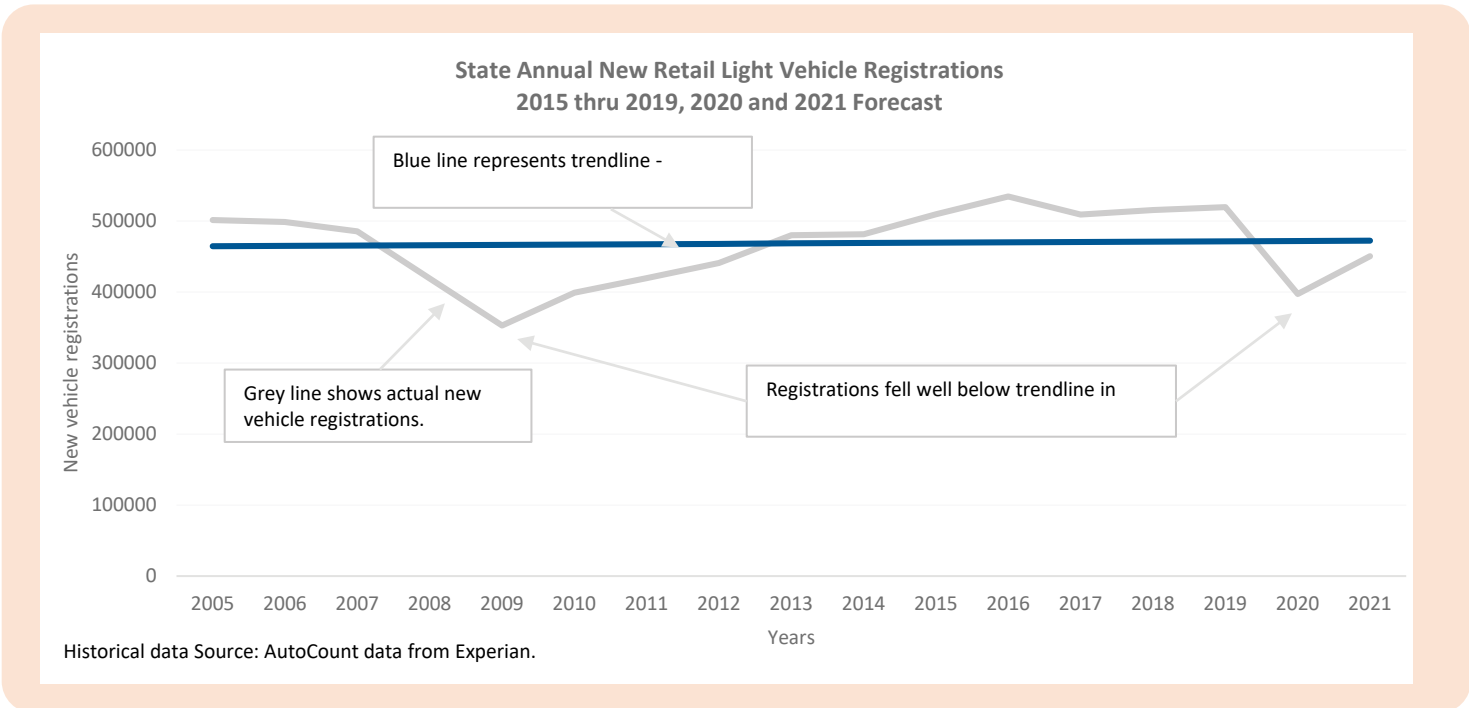
The fourth phase will likely occur over an extended period, perhaps lasting for more than two years. The overall sales trend is gradually upward, but the market will be subject to periods of ups and downs due to possible surges in the virus and any business shutdowns. The economic shock has been significant, and it will likely take years for a full rebound. Employment in the state was 13% lower in June of this year than it was a year earlier, and the unemployment rate exceeded 15% in the second quarter. Business operations have been severely interrupted, and barring a dramatic advancement in the release of vaccines or treatments for the virus, the return to full employment will not happen quickly.

So the recovery will likely be gradual and subject to ups and downs, but as mentioned above, the overall trend should be positive. Here are the three primary factors that will provide support to the market for the foreseeable future.

Vehicle affordability is improving. The Federal Reserve has practically guaranteed that interest rates will be near zero for at least two years. In addition, the manufacturers have the ability to open the incentives spigot when needed.

Pent up demand is rising. Sales are likely to be 20% below anticipated pre-crisis levels in 2020. Vehicles wear out, leases expire, and the technology gap between new vehicles and the average 10-year-old car on the road widens. The accompanying graph shows the actual new retail light-vehicle registrations in New Jersey between 2005 and 2019, and Auto Outlook's forecast for 2020 and 2021. The graph also shows the long term trendline,

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Actual	501508	498864	485757	419268	352920	399001	419420	440965	480098	481231	509452	534644	508996	515728	519846	397500	450500
Trend	464577	465066	465555	466044	466533	501508	467511	468000	468489	468978	469467	469956	470445	470934	471423	471912	472401

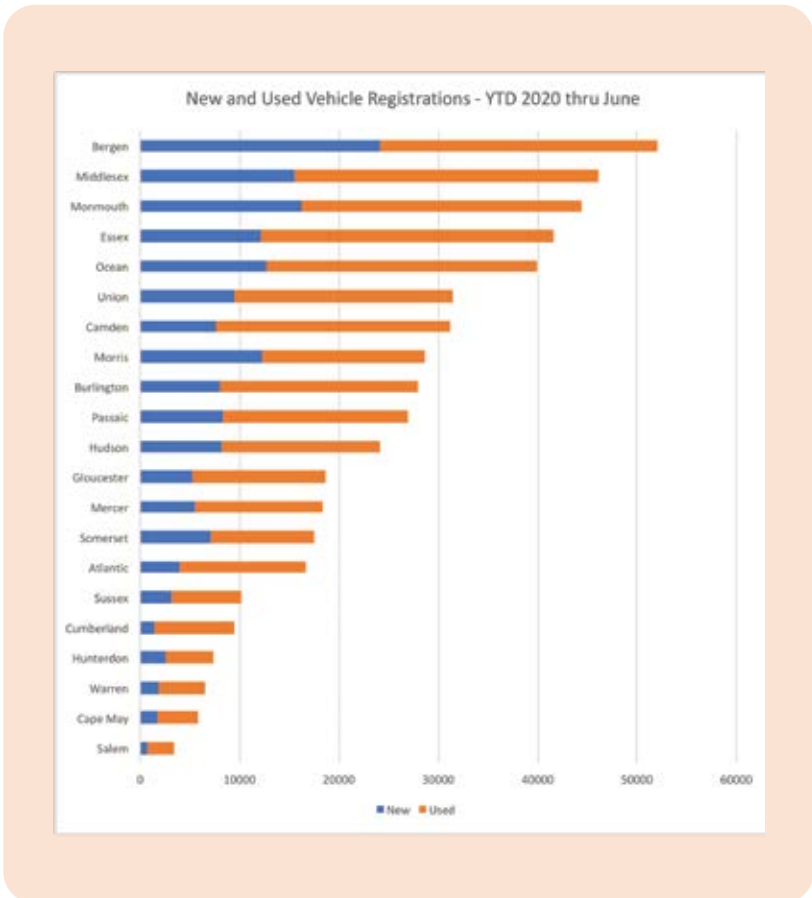


which is primarily a function of the driving-age population. Actual registrations typically move above and below the baseline due to changing economic conditions. Of course, in 2020, the shift below baseline occurred due to the pandemic. **Auto Outlook estimates that approximately 63,000 new vehicle purchases are likely to be postponed in the state by the end of 2021, but they will eventually occur.**

Sales will get a boost by changes in behavior caused by the virus. People are reluctant to board a plane, get on a train or take a shared ride. Using your own vehicle is the best safe haven from the risks inherent in other modes of transportation. When the threat from the virus wanes, some will return to planes, trains, and shared rides, but the advantages of having your own vehicle will remain. Vehicle ownership provides freedom, independence, and a sense of personal control. These benefits are garnering more attention right now, and should still impact consumer behavior, even when COVID-19 fades.

Wrap up: The chances of a fast recovery seem slim, but there is more “upside potential” for the outlook than downside. The likelihood that the economic slump will significantly worsen is low. The introduction of a vaccine or highly effective treatment for the virus would significantly increase the slope of the upward trend and decrease the frequency of the stops and starts. **njcar**

Jeff Foltz is President of Auto Outlook, Inc., an independent automotive market research firm. He can be reached at autooutlook@me.com.



Maintaining the Basics: Preventing Complacency as We Head Into Flu Season

BY CHARLES RUSSO



COVID continues to impact how we live and work, and it does not look like this will change anytime soon. The significant changes to everyday behavior to keep our families, friends, and colleagues healthy and safe, can be confusing and downright frustrating. However, dealers and employees must continue to practice some basics to prevent the spread and a potential second wave that some medical experts are saying may happen as we head into flu season. Everyone can help by adhering to the basics. Enforcement in this area will help prevent a “second wave” and will be key in avoiding future shutdown orders.

Maintaining Social Distance (at least 6 feet apart)

Social distancing is something that we have been advised to practice since the start of the pandemic. As businesses began to open and shelter in place orders were lifted, maintaining social distancing became more challenging. Dealers can help employees and customers adhere to social distance guidelines in a few ways. Some businesses have assigned a point person to greet customers at the door. This is an employee that will help customers with what to expect when visiting your dealership. During uncertain times customers and people, in general, are

understandably scared, and this leads to apprehension about what they should or should not be doing. A little understanding and helpful communication will go a long way to help the customers that have the most concern.

Washing Hands (Frequently) Correctly

From the start, we have been advised by medical professionals to wash our hands frequently. A visit to the CDC website (<https://www.cdc.gov/handwashing/when-how-handwashing.html>) provides the best guidance along with other great tips on when and how to wash hands. Everyone should follow these simple steps every time:

- Wet your hands with clean, running water, turn off the tap, and apply soap.
- Lather your hands by rubbing them together with the soap. Lather the backs of your hands, between your fingers, and under your nails.
- Scrub your hands for at least 20 seconds. Need a timer? Hum the “Happy birthday” song from beginning to end twice.
- Rinse your hands well under clean, running water.
- Dry your hands using a clean towel or air dry them.



Wash your hands before putting the mask on and, once the mask is on, do not touch it at all. If you must adjust the mask, wash your hands, remove the mask, adjust, and then wash your hands again. Face masks should be worn over the mouth and nose. Face masks are ineffective when covering the mouth only, hanging from one ear, and when worn around your neck.

Practice cough and sneeze etiquette

Whenever possible, make sure everyone is practicing cough and sneeze etiquette. Cough and sneeze into a tissue, discard the tissue and then wash hands. If you do not have a tissue, the next best place is to cough or sneeze into the elbow area. If you are outside, move away from people when coughing and sneezing.

Ask employees to conduct a Health and Safety check before coming to work

Employees should check themselves daily before coming to work. Look for the following symptoms: fever or chills, cough, shortness of breath or difficulty breathing, fatigue, muscle or body aches, headache, new loss of taste or smell, sore throat, congestion or runny nose, nausea or vomiting, and diarrhea. Employees can go to the CDC website (<https://www.cdc.gov/coronavirus/2019-ncov/symptoms-testing/symptoms.html>) for additional information and for a Corona Virus self-checker.

There are a couple of other things employees can do to help. Conduct a health and safety check of those you live with. Remember, if they have symptoms, you may have been exposed to COVID. Notify others, including your employer, if you have been exposed to someone with COVID or that may be presenting symptoms of COVID. Test for COVID if symptomatic or if caring for someone with COVID. Employees should not report to work if they possibly have COVID.

Using Face Masks Properly

Wearing face masks all day can be uncomfortable and, for some, can present a health risk. Make sure employees are healthy enough to wear a face mask. If an employee is unable to wear a face mask, some other accommodation may be needed. For

employees that can wear them, there is a proper way to put on and take off a facemask.

Again, handwashing is necessary. Wash your hands before putting the mask on and, once the mask is on, do not touch it at all. If you must adjust the mask, wash your hands, remove the mask, adjust, and then wash your hands again. Face masks should be worn over the mouth and nose. Face masks are ineffective when covering the mouth only, hanging from one ear, and when worn around your neck. See and follow all CDC recommendations regarding the use, disposal and care of face masks. Additional information can be found at: [//www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/how-to-wear-cloth-face-coverings.html](https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/how-to-wear-cloth-face-coverings.html)

Disposable Gloves

Disposable gloves should not be used in place of washing hands regularly throughout the day. Gloves should only be worn when there is a chance of high exposure, such as handling high touch items where there is a good chance the virus is present and that could spread the virus onto the gloves. Disposable gloves should be used by employees who are responsible for cleaning and disinfecting the facilities. If you have touched a surface that may have a virus on it with disposable gloves, those gloves may now have the virus on them. It is important to be mindful when using disposable gloves. That means not touching your face, eyes, nose or mouth with the gloves. Remove the gloves properly by not touching the outside of the gloves. Dispose of the gloves and then wash your hands. See and follow all CDC recommendations regarding the use of disposable gloves. Additional information can be found at: <https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/gloves.html> **nj car**

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Q&A With Ian Grace of automotiveMastermind



What are your thoughts about the auto industry and COVID-19?

I've been in the industry for the lion's share of my career. No one has seen anything like COVID-19 before. It has been an unforeseeably trying time and has changed us in a way that I think is forever. Many of us expected to see a move away from traditional brick and mortar stores towards more digital engagement on what we thought was a horizon of 12 or 15 years. This pandemic and the absence of a vaccine has forced us to leap forward three or four years into that future as we wait for a vaccine to feel truly safe. The model going forward, at least-for the near future, is going to be on the internet and digitally-based. People will be talking by phone, not walking the lot in person as often as they were doing before. We will have to be more transparent as we won't always be able to meet in person. The winners will be the dealers who are willing to be flexible and adapt to the new environment, which includes meeting the demands of new consumer behaviors.

If you were a car dealer today, what would you do?

I would be doubling down on all the proactive forms of communication that I can use. Automotive technologies can empower sales staff to:

- Make informed calls to customers.
- Send direct mail pieces that are microtargeted based on consumer needs.
- Market through personalized email.
- Make social media posts.
- Use digital retargeting. For example, if you sent direct mail to the people on a list, utilize the same list to market digitally on social media.
- Enhance the dealership's website.

I would put my time and resources toward any form of proactive communication I could to my customers, so I am not waiting for them to come to the lot. While consumers are hungry to buy cars, they may not be too excited about physically walking

Now that dealerships are open, the next question is whether they have enough inventory because inventory has been delayed. With that said, now is a good time for dealers to focus on their pre-owned inventory and move what they can from that lot. Also, we don't know right now whether there will be a second wave of the pandemic.



through the door. That means creating my own traffic and reaching out to existing and potential customers and not waiting for the phone to ring or door to swing.

What are your thoughts about recovery? How long will it take and what will it look like?

That's a tough one. A lot of what we are seeing will be based on dealership inventory, individual state policies, and consumer confidence and response. Now that dealerships are open, the next question is whether they have enough inventory because inventory has been delayed. With that said, now is a good time for dealers to focus on their pre-owned inventory and move what they can from that lot. Also, we don't know right now whether there will be a second wave of the pandemic. I recommend that dealers put together two sets of plans, one for the next 30-90 days and a second for the next 90-180 days.

Dealer plans should concentrate on the following:

- The individual state policies toward auto dealers
- Inventory availability
- Consumer confidence and response
- Contingencies should there be a second wave of COVID-19 in the fall or winter

If you could give the dealers any good news, what would it be?

I talk to dealerships and dealer relations managers around the country every day. Stores that are willing to adapt, and have adapted, are not only doing well and surviving, they are also thriving. When someone can out-sell year over year, that is very encouraging to hear. Despite everything that is going

on, I am hearing about real successes on a micro level throughout the country. As I mentioned before, consumers are ready to buy cars again — you just need to meet their new demands of convenience and personalized experiences before the competition does.

Would you condense your experience in advising dealers into three pieces of advice?

My work for automotiveMastermind has taught me the following:

1. Proactivity is king. Don't wait for your customers to come to you or the lot. Reach out to them.
2. Embrace digital transparency on your website.
3. Be willing to accept the fact that things are changing and be ready to adapt to those changes.

Do you have any parting thoughts?

Things are potentially forever changed in our marketplace, but that doesn't necessarily need to be a bad thing. Evolution can be a good thing. It provides opportunities. If you embrace those opportunities, you will find success. **nj car**



Ian Grace has nearly 20 years of experience in the automotive industry. He joined automotiveMastermind as a Dealer Relations Manager in 2017. In his current role as Senior Manager, Partner Performance, he and his team are responsible for optimizing partner performance and retention.

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electric program

Sprague Page 23

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