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Issue 4 | 2021



**Dealers Raise
\$500,000 For The
Valerie Fund**

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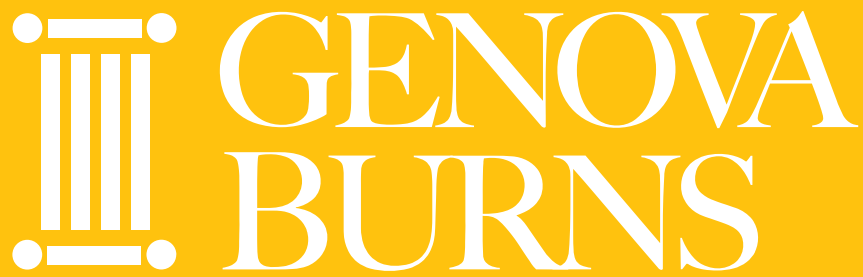
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Chairman's MESSAGE | BY Michael P. DiFeo

Dealers Must Support Customers Throughout the EV Purchase Process (And Beyond)



WHEN GIVEN A CHOICE, CONSUMERS WANT COMPETITION FOR SALES.

NADA PRESIDENT AND CEO MIKE STANTON

recently authored an article detailing why it is so critical for any dealership that offers (or will soon offer) battery electric vehicles (EVs) to prove themselves an indispensable part of their customers' EV experience. They need to assist their customer during the decision-making process, the purchase process and throughout the life of the vehicle.

Tesla has been saying, for years, that they chose the direct sales model because franchised dealerships were not interested or not able to sell EVs. We currently offer more than 40 models with a plug, and that number may grow to 140 in the next few years, with models being introduced in virtually every vehicle category and at every price point. Tesla's soundbite no longer rings true. While EVs seem to make headlines almost every day, the fact is dealerships still offer more than 200 different makes and models of gas-powered cars and trucks, which represent the overwhelming majority of vehicles sold in New Jersey and across the U.S.

EVs currently account for just three to four percent of all New Jersey EV sales, but that number will continue to grow as the state and the country moves toward a more electrified transportation future. EV sales are expected to jump as more EV models are introduced in the most popular vehicle categories, including compact and midsize SUVs, full-size pickups and more.

Once the influx of new EV models starts hitting dealership showrooms and lots, dealers will have a critical role to play in getting mass-market car buyers to feel comfortable and confident about buying their first EV.

Escalent, a human behavior and analytics advisory firm, recently completed a study that asked more than 20,000 EV

shoppers and early adopters to provide detailed feedback on a variety of EV-related issues, including:

1. How they wanted to learn about EVs
2. How they wanted to experience EVs
3. How they wanted to purchase an EV
4. How they wanted to service their EVs
5. What kind of vehicles and features they want before making the switch to an EV

When presented with a de-branded version of the direct sales model as an option, 20% of the respondents preferred the direct sales model, 23% were neutral, and **57% of respondents chose the current franchise dealership model.**

Even Tesla owners who participated in the survey weren't entirely on board, with barely half choosing the direct sales model as their preferred option for purchasing an EV.

While more of the vehicle research and purchase process has moved online for virtually ALL brands, the Escalent study also found a strong preference from EV buyers for an in-person experience, including vehicle education, test driving, charging options, completing the transaction, and getting the vehicle serviced.

As many of us have been saying for several years, the direct sales model is not the right approach for consumers. When given a choice, consumers want competition for sales. They want ready access to warranty, recall and general maintenance service. And EV buyers want dealerships to be an integral part of their EV purchase experience.

Dealers are all-in on EVs and offer the best (*and most proven*) way to ensure widespread EV adoption in the years ahead. **nj car**



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President's MESSAGE | BY JAMES B. APPLETON

What Do the 2021 Election Results Mean for New Jersey Auto Retailers?



THE NOVEMBER 2021 ELECTION IN NEW JERSEY

had considerably more drama than we typically experience in the Garden State. Not only did Governor Phil Murphy win reelection in a much tighter race than expected, but Senate President Steve Sweeney, one of the most powerful legislators in the State, suffered a major upset when he was defeated by a Republican newcomer.

Most incumbent legislators will return to the Legislature for the 220th legislative session, which will begin on January 11, 2022, but Republicans were able to eat into the Democratic majorities, gaining three seats in the Senate and eight seats in the Assembly. This is more turnover than we typically see in statewide elections.

In the new session, the Assembly will continue to be led by Assembly Speaker Craig Coughlin. The speaker is well-known to the dealership community and NJ CAR is confident he knows and respects dealerships as job creators and the economic engine on Main Street. With Senator Sweeney's election loss, the Senate will have new leadership when Democrat Senator Nick Scutari takes the reins on January 11.

The defeat of Senate President Sweeney presents a big question mark (*and potential risk*) for our industry. NJ CAR enjoyed a strong relationship with Senator Sweeney and dealers were able to rely

NEIGHBORHOOD NEW CAR DEALERS CAN VIEW THE ELECTION RESULTS AS A "WIN" FOR COMMON SENSE GOVERNMENT.

upon him to throw the brakes on legislation that could hurt Main Street businesses. The loss of that legislative experience and his level-headed presence in the Senate cannot be overstated. Time will tell how Senator Scutari approaches his leadership role. But NJ CAR is confident we will be able to build a strong relationship with the new Senate leadership team and ensure they are educated about the issues that are most important to New Jersey's neighborhood new car and truck dealerships.

Neighborhood new car dealers can view the election results as a "win" for common sense government. Despite the message of moderation delivered by November's election results, it is not at all clear the Murphy Administration is prepared to change course. Indeed, all signs, so far, are that the Governor plans to double-down on his progressive agenda. This is something the Coalition and its dealer members are likely to continue to struggle with throughout the Governor's second term.

Regardless of how things play out with the Governor, NJ CAR will continue to build upon the positive relationships developed over the years in both the Senate and Assembly. The upcoming legislative session is expected to be a busy one for our industry. Emboldened by a second term, the Murphy Administration and Democratic-led Legislature will need to be reminded that NJ CAR's franchised neighborhood new car and truck dealerships drive the Garden State retail economy and are leaders in hundreds of communities in which they operate.

NJ CAR will need every dealer in the State to roll up their sleeves and help meet this challenge.

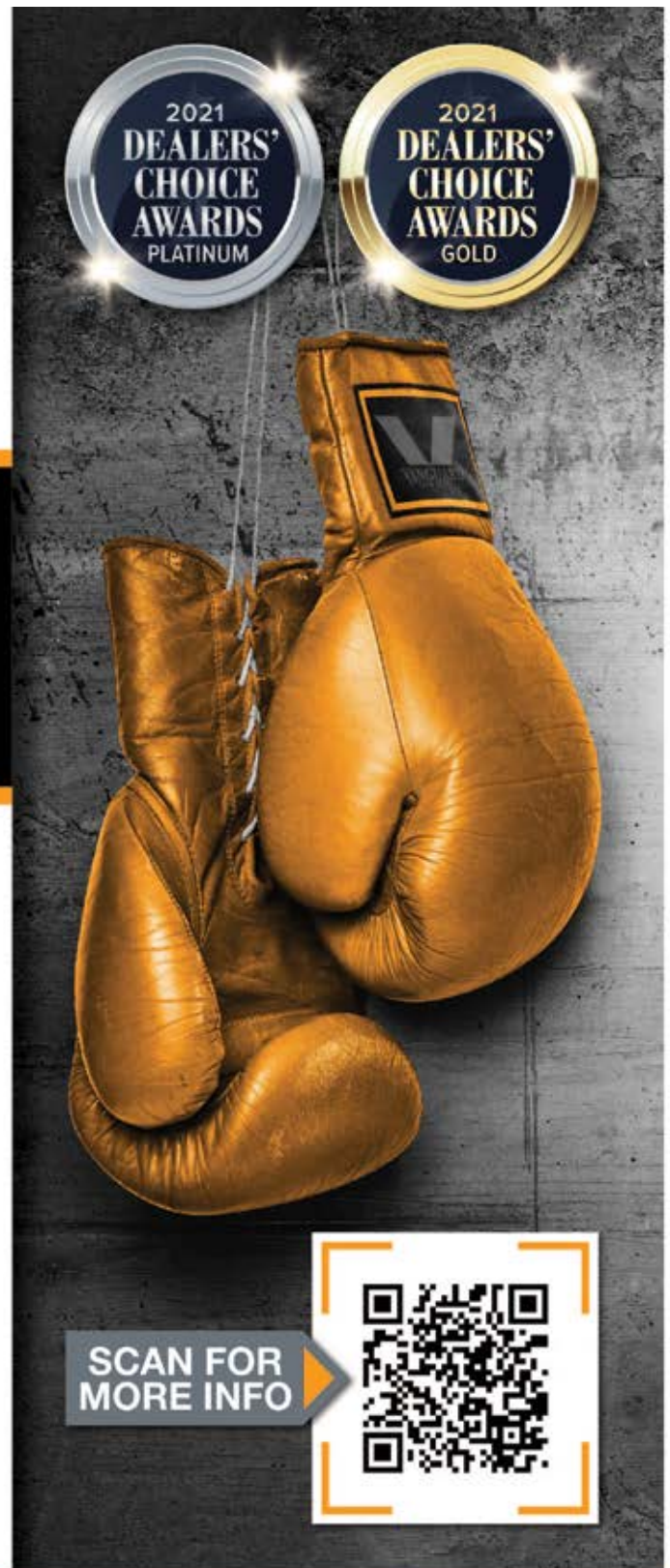
With a network of 500+ neighborhood new car and truck dealerships providing consumers with vigorous price competition and ready access to warranty and recall service, our industry deserves to be heard. We will be counting on our growing NJ CARPOOL outreach network to engage with our elected officials to support legislation that benefits our industry and defeat legislation that would do us harm. **nj car**



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



Limited Vehicle Availability Continues to Impact Sales



NADA's Chief Economist, Patrick Manzi, recently posted a story about how the ongoing inventory shortage is impacting vehicle sales.

According to NADA's Chief Economist, Patrick Manzi, new light-vehicle sales in November came in below expectations, with a SAAR of 12.9 million units, down 19% from November 2020. Despite November's month-to-month decline, sales through the first 11 months of the year are up by 7% compared with the same period in 2020. *(In New Jersey, sales are up 17.1% through the first 11 months of the year, compared to 2020.)*

While November began with a slight increase in inventory levels in some parts of the country, limited vehicle availability keeps sales well below current demand. Month-end inventory in November 2021 was up by 2.9% from October 2021, but inventory could again fall a bit during the final month of the year. According to Patrick Manzi, ***tight vehicle inventories will continue to limit sales somewhat in the early months of 2022, but the inventory drag on sales should ease throughout the year as inventories build slowly and steadily.***

When inventory does arrive, it seems to move off the dealership lot at a record pace. The average number of days a new vehicle sits on the lot, according to J.D. Power, fell to a record low of 19 days in November, down from 48 days in November 2020.

Average incentive spending per unit is expected to increase slightly to \$1,612 in November from October's record low of \$1,598. With lower discounts and high demand, average transaction prices should reach a November record of just over \$44,000, according to J.D. Power. Average trade-in values, which are up 83% year over year, and new-vehicle finance rates, which are down from a year ago, have helped consumers deal with those rising prices to some degree.

Given the ongoing microchip shortage and its expected impact on vehicle deliveries during the final month of the year, NADA has lowered expectations for total light-vehicle sales in 2021, estimating a total of 14.9 million units sold for the year.

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marketing, legal and regulatory updates, parts and service, and sales management.

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- CRM Managers
- Sales Managers
- BDC Managers
- Marketing Directors
- Pre-Owned Managers
- Fixed Operations Managers
- Finance & Insurance Managers
- Social Media Managers
- e-Commerce & Internet Sales Managers

More than 100 workshops and education sessions will cover the latest trends and legislation affecting the industry and provide management training and best practices to guide dealers and managers along the path to dealership success.

Whether looking to engage with current providers or shopping for new suppliers, attendees will be able to visit more than 500 exhibitors who will be on hand to offer new and exciting ways to help grow your dealership's success and boost the bottom line.


Visit nadashow.org to learn more and register.

NADA RELEASES NEW *DRIVEN* GUIDE ON ELECTRIC VEHICLES

Electric vehicles (EVs), being produced in every vehicle class, are a huge opportunity for franchised dealers, who are uniquely

THE WORLD-RENOWNED ANNUAL AUTO INDUSTRY EVENT PROVIDES THE EDUCATION, BUSINESS SOLUTIONS AND NETWORKING OPPORTUNITIES TO HELP MANAGERS DRIVE SUCCESS IN EACH DEALERSHIP DEPARTMENT — AND ACCELERATE THEIR CAREERS.

positioned to educate customers about EVs and provide them with the firsthand experience of EVs critical to considering a purchase or lease. *A Dealer Guide to Electric Vehicles* presents solid information about the battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs) that will be arriving at dealerships in ever greater numbers — and about issues key to mass adoption of EVs: affordability, charging, range, batteries, safety, service, and the environment. In discussing dealers' role in addressing each of these issues with customers, the new *Driven* guide aims to help dealers help their customers embrace EVs. **njcar**



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New Jersey's Neighborhood New Car & Truck Dealerships Raise Over \$500,000 For Children With Cancer & Blood Disorders

THE NEW JERSEY AUTO RETAILERS UNITE

campaign has raised more than \$2.5 million to help the children of The Valerie Fund since 2014. The generosity of more than 200 neighborhood new car and truck dealerships throughout New Jersey has made an extraordinary impact on the lives of the 6,000 children with cancer, sickle cell disease and other blood disorders The Valerie Fund cares for every year.

The Valerie Fund, founded in 1977, provides comprehensive health care services at the organization's seven Children's Centers located throughout the State. The Valerie Fund treats the whole patient, guided by the philosophy that to truly heal children, they must treat their emotional, social, and developmental needs, as well as their medical needs.

"New Jersey's 500-plus franchised dealerships compete for customers every day, but they can also unite behind a worthwhile cause such as The Valerie Fund and the incredible work they do for seriously ill children and their families," said Jim Appleton, President of the New Jersey Coalition of Automotive Retailers. "These businesses are leaders in their community, supporting hundreds of charitable organizations and contributing more than \$15 million to many worthwhile causes every year."

"It is especially important to offer support to the hundreds of children with Sickle Cell Disease treated at Valerie Fund Centers," said Judith Schumacher-Tilton, owner of the Schumacher Auto Group. "This is an incurable disease that affects an underserved population, and New Jersey's dealerships came together, across all brands, to support the vital work of The Valerie Fund."

One hundred twenty dealers donated over \$500,000 in 2021 ALONE!

The 2021 New Jersey Auto Retailers Unite campaign, launched in September to coincide with Pediatric Cancer Awareness and Sickle Cell Awareness Month, recruited actress Rosario Dawson to join the campaign as the celebrity spokesperson and featured her in a public service announcement with the patients.

"I was truly honored to work with The Valerie Fund and could not be happier that they have reached their goal of raising \$500,000," said Ms. Dawson. "These brave families have to face hardships most of us will never understand. It's incredible to see them get the love and support they need and deserve." **nj car**

You can view a complete list of the 120-plus participating dealerships in this year's New Jersey Auto Retailers Unite campaign at <https://njcar.org/new-jersey-auto-retailers-unite-to-support-the-valerie-fund/>.





Assemblywoman Verlina Reynolds-Jackson

What inspired you to run for office and become a legislator?

I was inspired to run for office because I felt there was not enough being done in the areas of advocating for youth with special needs or advocating for services for seniors.

What is your greatest achievement and your greatest disappointment as a legislator? If you could change one thing in Trenton, what would it be?

My greatest achievement as a legislator would be the passing of A3394, which requires civics education to be taught in our middle schools. Also, the passage of A3641, which requires the Department of Law and Public Safety to incorporate implicit bias in cultural diversity training materials for law enforcement officers. Both of these bills have been signed into law by Governor Murphy.

My greatest disappointment to date has been my inability to rally support for legislation that limits law enforcement at polling locations (Assembly bill #4655).

What are the legislative priorities, issues or areas of concern on which you would like to focus your attention?

Two of my legislative priorities, as I move forward, are assisting our communities in the fight against COVID-19 so that the world can fully open up because, unfortunately, we are not where we need to be in this fight. My second priority is really focused on economic development and supporting the mission of our small businesses.

Coming out of the pandemic, what are the lessons you've learned, and how do you think those lessons should guide public policymakers going forward?

The pandemic showed us that food insecurities affect all people of different financial backgrounds, and moving forward, a concentrated focus is needed on public health, technology (broadband), and increased emergency preparedness.

What was the make and model of the vehicle in which you learned to drive? Also, what was the first (new or used) vehicle you owned?

The first car in high school was a 1981 Chevy Caprice. The first new vehicle I owned was a Ford Taurus, after having a used Camaro.

Assemblywoman Reynold Jackson's Bio:

Previously a member of the Trenton City Council, Assemblywoman Verlina Reynolds-Jackson was first sworn into office February 15, 2018,

to represent New Jersey's 15th Legislative District (East Amwell, Ewing, Hopewell Borough (Mercer), Hopewell Township (Mercer), Lambertville, Lawrence (Mercer), Pennington, Trenton, West Amwell, West Windsor). She was reelected in 2021.

Assemblywoman Reynolds-Jackson is the Vice-Chair of the Consumer Affairs Legislative Committee and a member of the Commerce and Economic Development Legislative Committee, the Joint Committee on Economic Justice and Equal Employment Opportunity, and the Joint Committee on the Public Schools. She is a Grants Administrator for Mercer County and a graduate of The College of New Jersey (B.A.), Central Michigan University (M.S.), and Rutgers University (C.M.F.O.).



Senator Joseph Cryan

What inspired you to run for office and become a legislator?

I wanted to run for office because I believed I could make a difference in my community and the state of New Jersey. My father was also involved in government and politics, and while it kept him extremely busy, I saw that it brought him joy, that it was a true

“labor of love.” I felt that my calling was in public service, and I’m honored to work with wonderful people to create positive change for the people I proudly represent.

What is your greatest achievement and your greatest disappointment as a legislator? If you could change one thing in Trenton, what would it be?

My greatest achievement would be writing a law that created the Division of Children and Families. My greatest disappointment is the knowledge that there is always more to do and not being able to assist everyone. If I can change one thing in Trenton, it would be the process to give people more time to review materials.

What are the legislative priorities, issues or areas of concern on which you would like to focus your attention?

New Jersey has been a national model in both labor laws and immigration standards, especially since Governor Murphy took office. While we should be proud of this, there is always more work to be done, especially after COVID-19 revealed so many inequities in our system. I am hopeful to sit down with stakeholders from both industries to see what we can do.

Coming out of the pandemic, what are the lessons you've learned, and how do you think those lessons should guide public policymakers going forward?

As we begin our slow recovery from the COVID-19 pandemic, I am continuously taken aback at the rampant misinformation that skews decision-making. I believe everyone should have

a right to make their own decisions, but moving forward, we need to take a more aggressive approach to combat misinformation. It has proven to be more than just a nuisance, but a public health initiative.

What was the make and model of the vehicle in which you learned to drive? Also, what was the first (new or used) vehicle you owned?

I learned to drive on a Ford Granada, and the first car I owned was a 1967 Chevy Nova (with an FM radio!)

Senator Cryan's Bio:

Senator Cryan has represented New Jersey's 20th Legislative District (Elizabeth, Hillside, Roselle, Union) since 2017. A former member of the New Jersey General Assembly, he first represented Legislative District 20 from 2002 to 2014. He served as the Majority Leader and chaired or served on over a dozen different committees in the legislature. He resigned from the Assembly after being elected sheriff of Union County, where he oversaw a gun buy-back program and worked with state and local law enforcement to support safety and security programs.

In the Senate, he serves as Vice-Chair of the Law and Public Safety Committee, Vice-Chair of the Joint Committee on the Public Schools and is a member of the Select Committee on New Jersey Transit. He is a graduate of Belmont Abbey College, from which he earned a Bachelor of Arts degree in Business Administration. He has been honored and recognized by many organizations throughout his career and was the first general chairman of the Union County Saint Patrick's Day Parade committee and is the standard-bearer of the Cryan Association, an Irish American charitable, civic organization.



Senator James Beach

What inspired you to run for office and become a legislator?

I wanted my wife to call me "Honorable."

What is your greatest achievement and your greatest disappointment as a legislator? If you could change one thing in Trenton, what would it be?

If I could change one thing, it would be to reconfigure how property taxes are assessed.

I'm proudest of two bills that were ultimately signed into law: one to reform New Jersey's car seat laws and another that provides the parents of medically-fragile children a voice in selecting their children's nursing care at school.

What are the legislative priorities, issues or areas of concern on which you would like to focus your attention?

Veterans, senior citizens and children.



Coming out of the pandemic, what are the lessons you've learned, and how do you think those lessons should guide public policymakers going forward?

Collaboration, collaboration, collaboration: We can accomplish more working together than alone!

What was the make and model of the vehicle in which you learned to drive? Also, what was the first (new or used) vehicle you owned?

I learned to drive on a 1949 Ford. The first car I owned was a used 1964 Goliath.

Senator Beach's Bio:

Senator James Beach has represented New Jersey's 6th Legislative District (Burlington and Camden Counties) Berlin Township, Cherry Hill, Collingswood, Gibbsboro, Haddon, Haddonfield, Hi-Nella, Maple Shade, Merchantville, Oaklyn, Pennsauken, Somerdale, Stratford, Tavistock, Voorhees) since January 13, 2009. He is currently one of two Assistant Majority Leaders in the Senate, a role he has held since 2014. He also serves as the Chair of the State Government, Watering, Tourism & Historic Preservation Senate legislative committee and is a member of the Joint Committee on the Public Schools Education legislative committee.

Senator Beach is a former educator and football coach for several southern New Jersey high schools. At the time of his retirement, he was director of vocational education for the Black Horse Pike Regional School District. Senator Beach earned a bachelor's degree in Psychology and Physical Education from Midwestern College, a master's degree in Personnel Services from Rowan University, and a doctorate in Education Administration from Nova University.



Assemblyman Daniel Benson

What inspired you to run for office and become a legislator?

I became actively involved in my community and community service around the age of 25 when I started growing dissatisfied with the direction of my local government. I noticed that many of my local representatives were not from my neighborhood or

professional background, and I felt that I could offer a unique perspective on the issues facing our township.

What is your greatest achievement and your greatest disappointment as a legislator? If you could change one thing in Trenton, what would it be?

My greatest achievement would be the passage of the 911 Good Samaritan opioid antidote legislation. For better or for worse, the bill, which we anticipated would save a couple of hundred lives per year, has ended up saving tens of thousands of people from overdosing throughout its lifetime.

My biggest disappointment would be the length of time it can take to draft a bill, build support for it, get it posted for a vote, and then run out of time to get it passed and/or signed into law or vetoed by the Governor. It can be very frustrating for good legislation to take more than one legislative session (two years)

5 QUESTIONS continued on page 16

5 QUESTIONS *continued from page 15*

to actually become law. But you have to be persistent and keep your coalitions of support together.

Regarding what I would change in Trenton, I would definitely encourage greater social interaction among legislators from different political parties. I believe this would foster more organic relationships and create a stronger sense of empathy for the common needs of all constituents.

What are the legislative priorities, issues or areas of concern on which you would like to focus your attention?

Right now, I am primarily focused on reforming the Motor Vehicle Commission, continuing improvements to NJ Transit, fighting for equity and environmental stewardship in public transportation, increasing access to healthcare, and transitioning New Jersey to cleaner sources of energy, especially in the transportation sector.

Coming out of the pandemic, what are the lessons you've learned, and how do you think those lessons should guide public policymakers going forward?

I think the four most important lessons we have learned throughout this pandemic are: 1) that our communities are far more interconnected than perhaps we realized, so we have to place a greater emphasis on ensuring that no one is isolated; 2) we need to improve the flexibility with which we deliver government services, especially in terms of expanding the online delivery of services without isolating those who

are experiencing technical challenges; 3) we must ensure that everyone has reliable access to the internet, training for computer competency; and 4) that telehealth and telemedicine, proven invaluable through this pandemic, have proven their value outside the context of the pandemic, and should be codified as permanent aspects of healthcare delivery.

What was the make and model of the vehicle in which you learned to drive? Also, what was the first (new or used) vehicle you owned?

The car in which I learned how to drive was a 1977 Chevy Station Wagon, which would stall if you had to stop too quickly. The first car I bought was a sky blue 1977 Chevy Malibu classic, with a white soft top, two doors, and a V8 engine. The first car I newly owned was a 1998 Dodge Neon.

Assemblyman Benson's Bio:

Assemblyman Daniel Benson has represented New Jersey's 14th Legislative District (Cranbury, East Windsor, Hamilton (Mercer), Hightstown, Jamesburg, Monroe (Middlesex), Plainsboro, Robbinsville and Spotswood) since 2011. He has been the Assembly Deputy Conference Leader since 2020 and is currently the Chair of the Assembly Transportation and Independent Authorities Committee and a member of the Assembly Health Committee and the Assembly Budget Committee. Before serving in the Assembly, he served in the Mercer County Board of Chosen Freeholders from 2008-2011 and the Hamilton Township Council from 2002 to 2005. A business consultant, Assemblyman Benson is a graduate of Georgetown University and Rutgers University, Bloustein School of Planning and Public Policy.

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What Does Your Employee Onboarding Experience Say About Your Dealership?

By Durran Cage, Cage Automotive



CUSTOMER EXPERIENCE IS SUCH A BUZZWORD

these days, but what about the Employee Experience? Research shows that both the Employee and Customer Experience are key to running a successful dealership.

Do you remember your first day starting at a dealership? I can remember like yesterday. We take our OEM courses to get certified, you get a mentor (*15-20 year car person if you are lucky*), and then you hit the ground running. Sound familiar?

The days of hiring people and letting them sink or swim are over. Today, your employee roadmap needs to be clear and written down. It would also benefit to create your own "Company Academy," an online course designed just for your store so that it aligns with your company culture.

Let's back up for a moment. The employee experience actually starts before they are even hired. The interview process must be tight and systematic. Here are a few best practices:

- Have the candidate send a video prior to the first interview, especially if the video is required to send to customers.
- Your company should be sending the customer a personalized video about what to expect, along with the next steps.

- Have the candidate send a text and email on why they would be a great person to join the team. With text being the number one form of communication used by customers, text etiquette is huge.
- What does their role look like three months, six months, and 12 months down the road? Be transparent about how to grow within the company. Clarity is king.

GOALS AND VISION

After a phenomenal interview process, you now have hired the right employee. What's next? I strongly suggest documenting what the employee would like to accomplish while employed at your dealership. Would they want to stay in sales, move to service, or maybe get into leadership? You must provide a clear path on how they can accomplish their short-and long-term goals.

MASTER YOUR VIRTUAL SHOWROOM

Make sure ALL employees have a solid grasp on your Virtual Showroom (*Dealership Website*). You would be shocked to see how many people currently working at a dealership don't even know how to locate the Used Car Specials on their own website. With digital retailing so key to the online shopper, your employees need to understand that experience.



ALWAYS BE LISTENING

We are all so used to hard-core sales training and the “Always Be Closing” mentality. I would argue the real mantra should be “Always Be Listening” because that is where the sale is made. It isn’t just listening to what the customer says, but it’s what they don’t say as well. Think about body language and tone of voice. I would recommend training skills in the area of Neuro-Linguistic Programming (*NLP*). If texting and emailing are part of their job requirement, then put them through an entry-level copywriting course to boost their confidence in how to interact with words. The more we invest in our people, the more significant ROI we should expect.

PRODUCT CERTIFICATION AND CUSTOMER EXPERIENCE SELLING

Product Certification and teaching the process of how to create a great experience for your customers should always be mandatory. Certification should come from your OEM, and your “Road to the Sale” should be tailored to your customers and company culture. Both Product Certification and Customer Experience Selling should be updated/monitored regularly to assist in removing friction for both employees and customers. Again, what do your customers and employees want that would create the best experience for both? Leverage technology to update your processes. Record a video of the updates you want to make, and put this in your own Learning Management System so it can be available to everyone.

REMOVE THE SILOS

To level up both employee and customer experience, you must remove any silos within your organization. In this day and age, it is imperative your new employee understands how everything is connected at your dealership. Having your new employee meet both the variable and fixed team will separate you from your competition. Take it to the next step and have your new sales rep spend time working with the Online Experience Team (*BDC*) and spend a day or two in Parts. The

goal here is to replace “That’s not my department” with “Yes, I am familiar with what you’re talking about because we are all on the same team.”

SOCIAL MEDIA MARKETING AND BRANDING

Take a look at the top downloaded apps. My guess is you’ll see a social media app near or at the top. Social media is here to stay, so how will your new employee market themselves along with the dealership? Don’t leave it up to your new employee to figure it out. Teaching your new hire how to leverage social media and build their brand is a must. It must be communicated what your company guidelines are on what is acceptable and what is not. Your new hire’s social media strategy needs to be planned and reviewed on a consistent basis. Remember, your new hire is part of your dealership’s brand; make sure everything is aligned.

COMMUNICATION AND COACHING

Communication and coaching are the most important elements of successful onboarding. Creating a successful onboarding strategy without consistent communication and development from your leaders will result in high turnover. At the end of the day, we all want to make sure we are on the right path, but this is impossible to know without frequent coaching and one-on-one meetings. Even if they are just a few moments on a consistent basis, these meetings are valuable to your employees. Take time to get feedback from your new hire on how the onboarding process has been and what they feel could be improved?

Come up with a solid employee onboarding system that will have your new hire raving about your store and telling everyone about it. **njcar**

Durrant Cage is the founder and owner of Cage Automotive, which provides dealerships with consulting, training and coaching for Internet Sales, CRM and Digital Marketing. He can be reached at 731-394-6907 or via email at durrant@cageautomotive.com. Learn more about Cage Automotive at cageautomotive.com.

NJ CAR Recognizes the Dealerships That Have Contributed to CAR-PAC

NJ CAR appreciates the support of the 312 dealers who contributed to CAR-PAC, the Coalition's political action committee, *between Jan. 1, 2021, and Sept. 30, 2021*. CAR PAC needs the contributions of *ALL* dealers to ensure it has the necessary financial resources to support candidates (on both sides of the aisle) who support the franchised retail automotive industry in New Jersey and ensure the dealers' voice is heard in Trenton on a wide variety of important public policy issues. CAR-PAC has been

(and will continue to be) very active in supporting the candidates who support our industry.

The New Jersey Election Law Enforcement Commission (ELEC) rules allow contributions to a political action committee of *up to \$7,200 per business or jointly-controlled business. And, don't forget, contributions can be made with corporate funds.*

If you have any questions regarding how much your dealership or dealership

group can still contribute this election cycle, please contact Jim Appleton at 609.883.5056, Ext. 330, or by email at jappleton@njcar.org.

NJ CAR encourages those dealers who have not yet contributed to support CAR-PAC's efforts on behalf of *ALL* New Jersey franchised automotive retailers.

The following dealerships contributed to CAR-PAC between Jan. 1, 2021, and Sept. 30, 2021:

Ace Ford
Action Hyundai of Millville
Acura of Denville
Acura of Ocean
Acura of Ramsey
Acura Turnersville
All American Ford in Point Pleasant
All American Ford of Paramus
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Freehold Nissan	Lexus of Edison	Nissan of Turnersville
Freehold Subaru	Liberty Hyundai	Nutley Kia
Fullerton Alfa Romeo Maserati	Liberty Kenworth of South Jersey	Paramus Chevrolet
Fullerton Automotive Corp.	Liberty Kia	Paramus Hyundai
Fullerton Ford	Liberty Subaru, Inc.	Park Avenue Acura
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Gabrielli Truck Sales	Liccardi Chrysler Dodge	Parkway Toyota
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Gentilini Chevrolet	Lilliston Chrysler Dodge Jeep	Paul Miller Chevrolet
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George Wall Ford Lincoln	Lincoln of Wayne	Paul Miller Porsche
Glen Toyota	Lucas Chevrolet	Paul Miller Subaru
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NADA PAC helps to elect to Congress qualified individuals who understand the needs of new car and truck dealers. NADA PAC is consistently credited as being one of the nation's top trade association political action committees in terms of both total fundraising and contributions to federal candidates. NADA PAC supports candidates for Congress on a bipartisan basis from the recommendations of the NADA PAC dealer leadership for each state.

The 2021 NADA PAC leadership team for New Jersey consists of NADA Director Rick DeSilva, NJ CAR Chairman Michael DiFeo, NADA PAC State Chairman Robert Larson and NJ CAR President Jim Appleton.

The following individuals from New Jersey have contributed this year to NADA PAC from January 1, 2021, through September 30, 2021:

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Five Things Auto Dealers Need to Know to Meet Their Legal Obligation for Compliance

By Michael Dachille, AutoTrieve



WHEN SELECTING A DOCUMENT SCANNING SERVICE, IT'S CRITICALLY IMPORTANT TO HAVE SOC1 AND SOC2 COMPLIANCE CERTIFICATIONS.

Compliance Management Systems (CMS) ensures

dealers follow consumer protection regulations required by the Federal Trade Commission. Dealerships have a legal obligation to administer a qualified CMS and ensure components of that system are embedded in the organization's Document Management Services Platform (DMSP). Document scanning services offer an excellent way to help dealers create (and sustain) a culture of oversight and compliance.

1. Securing & Protecting Personal & Financial Information

Many of the documents created at the dealership contain customers' personal and financial information. Having a secured DMSP in place protects this information and serves dealerships in many other ways. The process of scanning documents protects clients' data and protects businesses from unnecessary audit penalties resulting from non-discoverable documentation.

2. Avoid Potential Penalties of up to \$42,500 Per Day & Per Occurrence

The Federal Trade Commission's (FTC) current penalty for breach of customer personal and financial information is \$42,500 per event per day. Manufacturer audits focus on various specifics within Repair Orders and Deal Jackets. A DMSP system helps dealerships comply with the voluminous amount of documentation generated.

3. Mitigate Breach Risk & Manufacturer Penalties

Dealerships have a choice of either scanning their Retail Order Forms, Deal Jackets, Human Resource documents and more OR having them physically stored in a secure records center. Having documents stored at the store level does not mitigate the risk of client information being stolen or documents being lost. Scanning at the store level is a step forward.

4. Avoid Repeating Unfavorable Historic Trends

A dealership having its documents stored in a secure environment and/or scanned significantly reduces the risk of breach, penalties and non-compliance. Choosing to store boxes of paper is an alternative, but history provides strong evidence that this is not the most secure, compliant and cost-effective solution. Services providing scanning and storage ensure the proper processes, security and certification credentials. Quality Control processes, checking that all scanned documents are accounted for and itemized, are essential given the high stakes of penalties and non-compliance.

5. Qualifying a Document Scanning Service Bureau & Records Storage Vendor

When selecting a Document Scanning service, it's critically important to have SOC1 and SOC2 compliance certifications. These credentials ensure that a qualified third-party firm has audited the vendors' processes, facilities, and controls.

A dealership having processes in place compliant with a third-party vendor relieves the burden of managing their in-house DMS and any risk involved with client data being exposed or breached during the capture and or storage processes.

The focus of any dealership is selling and servicing vehicles. NJ CAR has partnered with AutoTrieve to provide dealers with a service that captures and stores Deal Jackets, Retail Order Forms, and other critical paperwork automotive dealers are required to retain and ensure they achieve (and maintain) compliance. **njcar**

Michael Dachille is Managing Director of Business Development at AutoTrieve Document Scanning & Records. He can be reached at michaeld@mgcimag.com or 201.820.7419.

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Employee Retention Credit (ERC) Guidance for Dealerships in 2021

By Scott Lewis, CPA, MSA, Rosenfield and Co.



The employee retention credit (ERC), a refundable payroll tax credit for employers, was established by enacting the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020. This article emphasizes two key qualifiers that may affect the potential eligibility of auto dealerships to qualify for this payroll tax credit in 2021. To qualify for the ERC, eligible employers must satisfy one of the following provisions:

SIGNIFICANT DECLINE IN GROSS RECEIPTS

For each calendar quarter in 2021, an eligible employer can qualify for the ERC if their gross receipts were less than 80% of their gross receipts for the same 2019 calendar quarter (*or the same 2020 calendar quarter if the employer did not exist as of the beginning of the same 2019 calendar quarter*).

In addition to these eligibility requirements, an employer also can determine eligibility based on gross receipts in the immediately preceding calendar quarter compared with the corresponding quarter in 2019. This option is a quarter-by-quarter decision that allows the employer to make a different decision in 2021.

For the significant decline in gross receipts, aggregation rules need to be considered. From the establishment of the ERC under the CARES Act, aggregation rules require members of a controlled group to calculate the ERC as a single employer.

There are three categories of aggregated companies that fall under the special controlled group classification:

1. **Parent-Subsidiary Controlled Groups:** One entity owns 50% or more of all entities
2. **Brother-Sister Controlled Groups:** Five or fewer people own at least 80% of each entity in the group with at least 50% voting power
3. **Combined Groups of Corporations:** A combination of brother-sister and parent-subsidiary companies

Entities within any of the above categories are subject to the aggregation rules. Therefore, all group members will be treated as a single employer when applying the ERC qualifiers of



... ALL GROUP MEMBERS WILL BE TREATED AS A SINGLE EMPLOYER WHEN APPLYING THE ERC QUALIFIERS OF ELIGIBILITY AND QUALIFIED WAGES.

eligibility and qualified wages. Aggregation does not require that the businesses be related to one another; if ownership is controlled, all businesses are combined for purposes of the ERC determination. To be an eligible employer, based on a decline of gross receipts, the employer must consider *the gross receipts of all members of the aggregated group*. If the aggregated group does not experience a significant decline in gross receipts, then no group member may claim the ERC on that basis.

FULL OR PARTIAL SUSPENSION OF TRADE OR BUSINESS OPERATIONS

The other qualifier is more subjective. An eligible employer must have experienced a full or partial suspension of business operations due to a governmental order. Many dealerships were deemed essential businesses and remained open in some capacity. Whether or not the dealership is partially suspended, tests would need to be performed to determine whether these suspended activities make up more than a “nominal” portion of the business. Under **IRS Notice 2021-20**, *Guidance on the Employee Retention Credit under Section 2301 of the Coronavirus Aid, Relief, and Economic Security Act*, the IRS references nominal to be less than 10% of either the total gross receipts of business operations or the total hours of service performed by all employees.

The notice includes an example where suppliers of an eligible employer cannot deliver critical goods due to a full or partial shutdown impacting the employer’s business operations. With the combination of the ongoing semiconductor chip shortage and the recent COVID-19 manufacturer facility shutdowns, the supply chain in new vehicles has been critically affected. Most

dealerships have minimal amounts of new vehicle inventory available to sell. In addition, parts and service departments have also been affected by these disruptions in the supply chains, with parts shortages leading to increased delays in completing repair orders. This could be considered a partial suspension.

Notice 2021-20 also provides other examples when a business is or is not considered wholly or partially suspended. When more than a nominal component of a business has been impacted directly or indirectly due to a governmental shutdown order, the employer may qualify for the ERC. As another example, dealerships may have had to implement appointment-only or other restrictions in their showrooms due to physical distancing, which may have lowered their customer traffic count and subsequent sales; this would also be considered a partial suspension.

In 2021, for eligible employers, the amount of wages that qualify for the ERC is \$10,000 per employee per quarter and can be claimed against 70% of qualified wages paid. If qualifying factors are met, an employer could claim a maximum of \$7,000 per quarter per employee as a refundable payroll tax credit.

As can be seen above, the ERC rules and applicability are complex and unique to your situation. It is imperative that any calculation of a potential credit is first regulated by determining eligibility factors applicable to the employer by speaking with your accountant. **njcar**

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Navigating Inventory Shortages In The Aftermath Of The Pandemic

By Kenneth Rosenfield, Rosenfield and Co.



Automotive dealers are all wondering how to deal with waning inventory levels that continue to plague the industry. So, what can dealers do to ramp up vehicle sales when the inventory does not exist? Some dealers are reviewing the lease schedules for their brand and asking customers with lower mileage units to see if they are interested in selling their vehicles back to the dealership — in some cases, for more than the customer paid for the vehicle! Crazy times to say the least. Mining the outstanding leased vehicle listings may be a good way to find vehicles for your inventory. Auction houses are reporting record-level prices, especially in metro markets.

Consider looking at auction sites and inventories of other dealers in outlying areas and non-major metro markets where sales are typically low. They may have some deals on used vehicles out there. There is also the tactic of checking if a service customer is interested in selling their vehicle — if they can spare it or if it is coming off lease soon; they can pull it in and pay off the remaining lease.

However, never lose sight of keeping what sells that fastest, with the highest grosses on your lot.

We have heard of some dealers stating if there is no trade-in for a new vehicle sale, the MSRP will be inflated, as no residual sale is available for the dealer. If a trade-in exists, a customer can obtain a vehicle at MSRP. Multiple dealer groups can sell off other storefront inventories, but that is not a long-term solution either.

It is not certain when manufacturers will be filling up dealership lots again. However, this challenge also provides an opportunity. While inventory is low, now is a good time to review the expense structure of the dealership operation. Going forward, variable costs should be scrutinized, including advertising and other marketing costs. Fixed expenses should be reviewed in detail, such as excess rents. Dealers may consider looking at obtaining rent concessions and reviewing management fees and other costs from the vendors with which they do business.

With sales curtailed, now may be a good time to re-negotiate as many costs as possible. Also, dealers should review their current workforce. Cross-train staff in almost every dealership area, from accounting department to salesforce and finance and insurance products. Do more with less by developing staff bench strength in all facets of your business to keep a balanced workforce with longevity. With the continued inventory shortages, your staff should be looking at the impact on LIFO reserves, planning cash flow and other impacts on your tax situation.

Dealers should also be focused on the back-end of the business, with record sales possible in their parts and service departments. Make sure any potential onslaught of repair orders doesn't impact your established best practices. Look to maximize hours and parts sales per repair order while maintaining high CSI and providing excellent customer service. Evaluate the parts inventory, ordering and pipeline of items to ensure that the parts inventory is maximized for days' supply and meeting current and anticipated demand. Don't waste money on parts that are not necessary to stock immediately. Perhaps look at services not previously offered, such as tires and more chemicals.

Dealers should mine the "lost souls" in their customer history files and see if you can attract them back through competitive pricing matrixes. Automating the service drive process and offering pre-booking appointments has been around a long time, but having parts delivered to bays ahead of confirmed appointments is a huge time saver allowing for more time to devote to servicing vehicles and no wait time between vehicles. Speeding up the service lane process also adds more time to work on vehicles. Today's technology makes using text messaging and email communication with customers easier and makes scheduling much more efficient. **njcar**

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