



# the southlander

Winter 2011

## SCCTT Hosts Conferences, Showcases New Vehicles

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In the past few months, the Southland/Cerritos Center for Transportation Technologies has played host to a number of major meetings, debuts and displays, welcoming both local and national visitors. In November, Tesla's Model S and Chevy's Volt were displayed at the SCCTT's showroom, while Bob and Chelsea Sexton, electric car activists featured in 'Who Killed the Electric Car', appeared for demonstrations of the vehicles. *USA Today* recently featured a story on Chelsea and her early



involvement with GM's EV1. She is now driving a pre-production Chevy Volt around the Los Angeles area. Bob Sexton works for Tesla, and during the evening demonstration, the two gave an update on the electric automotive industry. The lecture and product demonstration went twice as long as expected, as Chelsea and Bob answered questions from students, enthusiasts and future technicians who are interested in careers available in the industry.



Later that same week, 20 BMW sales and service managers from as far away as San Diego spent the day at the SCCTT learning product knowledge on the 2011 vehicles.

"I have taught hundreds of product knowledge classes across the country, and this facility is second to none," said trainer Gerry Dimmelow. "Having the video wall as a tool to help with the product demonstration is a great asset."

The SCCTT also hosted more than 50 attendees of the Auto Dealer Office Managers Association conference. ADOMA held its annual conference to provide its members with updates on the latest compliance issues facing dealers today. ■



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## PRESIDENT'S MESSAGE

By Greg Timmons,  
*Timmons Volkswagen/Subaru  
Long Beach*

Things just keep humming along... a year and a half ago, I became president of your SMCDA, and a lot has changed in these short 18 months. The industry was in a free-fall back in June of 2009, today the car business has stabilized. While we're not at the sales levels of 2005, we are seeing positive trends at our dealerships and reports indicate the industry is tracking somewhere between 11.5 and 12 million units. The stock market is doing well, and it looks like the government will recover much of the money it lent GM and Chrysler.

This is good news for those of us who made it through the gauntlet; unfortunately, this association lost three of its board members during that period. Car dealers are a resilient bunch; we're optimistic, and while we miss our colleagues, we keep humming along. There is a lot of heritage on the SMCDA team. Nick Worthington, grandson of Cal, now joins our board and is actually on your ballot to become our new Secretary/Treasurer; John Davis will move up to Vice President; and our first third-generation dealer, Matt Browning, will become President this January. With three, third-generation dealers lining up to manage this 79-year-old association, I feel like the new kid on the block, even though next year will be my 20th year as partner of my store.

History has a lot to say about the character of a group. The SMCDA is more than a trade group of businesses aligning for common interests. We are a group of dealers who put down roots in the community, invest in our future, support education programs and share a bond that will ensure our industry keeps humming along for future generations. Matt will continue this tradition and be a great president of this Association. I look forward to his installation and seeing you at the 79th annual meeting on the third Thursday in January.



"With three third-generation dealers lining up to manage this 79-year-old association, I feel like the new kid on the block, even though next year will be my 20th year as partner of my store."



Greg Timmons  
SMCDA President



# SMCDA to Host Annual Dinner and Installation

*Event will include the installation of a third-generation board president*



**Who:** Dealers, Manufacturers, Industry Executives, Affiliates. *By Invitation Only.*

**What:** 79th Southland Motor Car Dealers Association's Annual Meeting and Installation of Officers. We cordially invite you to help us celebrate our 79th anniversary with the installment of a third-generation SMCDA president, Matt Browning, of the Browning Auto Group, and the 2011 SMCDA Board of Directors.

Event sponsors include The *Los Angeles Times* as Event Host, *Enterprise-Rent-A-Car*, *Press Telegram/Daily Breeze*, *Windes & McClaughry*, *Bank of America Dealer Services*, *Comerica Bank*, *Parke Guptill & Company LLP*, *U. S. Bank Commercial Services*, *Auto Advisory Services*, *Celly Services, Inc.*, *KSPN Radio Disney 710AM*, *Lance Soll Lunghard CPAs*, *Maize Tuebner Maize*, *Michael L. Cox & Associates*, *MOC Products* and the *City of Cerritos*.

**When:** Thursday, January 20, 2011, 5 to 8 p.m. Installation of officers — 6:30 p.m.

**Where:** Virginia Country Club  
4602 N. Virginia Road  
Long Beach, CA 90807

**RSVP** no later than January 14th, 2011, to Dianna at SMCDA, (562) 467-5252 or fax (562) 653-7876. The Southland Motor Car Dealers appreciates your support of the 79th Annual Meeting and Installation of 2011 Officers; celebrate with us 79 years of service to the automotive industry. Watch for your invitation in the mail. ■

By Jan. R. Kelly, Kelly Enterprises

## Kelly's Korner: Stretching Your Educational Dollars

**H**ow does a dealership get the most out of the limited dollars that are allocated to education within the dealership? The answer lies in using available technology.

Materials are available on the Internet

Many dealerships have computers and tele-

phones at every workstation. These are the basic tools required to participate in Web seminars. There is also a time investment, usually 30-60 minutes a session. Most Web-seminars are held early in the morning when the dealership is quiet. The handouts are emailed with the meeting confirmation and need to be downloaded and printed prior to the educational session.

### **Beyond seminars: make personal contact**

The participant(s) can communicate with the presenter via a text box and they can always email questions to the presenter ahead of time. If they have questions after the educational seminar then the participant can email the questions to the presenter.

Preparation and focus are essential. The sessions are topic specific and fast paced. The participants should have an idea of what they want to come away with from the 30-60 minutes session, and they should communicate it to the presenter ahead of time. As with any technology the computer must have certain software loaded and ready to go. QuickTime and Java are a must. Read all the instructions and test out the software ahead of time so you get the most from the experience.

Make up your mind to use the Web

The future of education is the Web; there is no travel and you can choose the topics you need. The time is now to gear up to shore up your dealership's skill set. Online education is just a click away! ■

*Article written by: Jan Kelly, President of Kelly Enterprises. It originally appeared in [Automotivedigest.com](http://Automotivedigest.com), January 9, 2009 Visit her online at [www.JLKelly.com](http://www.JLKelly.com).*

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# A Guide to the Federal Risk-Based Pricing Rule

**B**eginning January 1, 2011, the federal Risk-Based Pricing Rule (RBPR) generally requires franchised car and truck dealers and other businesses that use credit reports (also known as consumer reports) and extend credit to consumers to provide a new notice, known as a Risk-Based Pricing Notice (RBPB), to consumers who receive credit from them but on credit terms that are less favorable than the terms received by a “substantial proportion” of their other credit customers.

The Board of Governors of the Federal Reserve (FRB) and the Federal Trade Commission (FTC) jointly issued the rule as required by a 2003 federal law that seeks to alert consumers who receive unfavorable credit terms to negative information in their credit reports that they can check for accuracy and, if warranted, correct.

Because of the significant implementation challenges this creates for dealers in trying to determine which subgroup of approved credit customers must receive RBPBs, NADA recommended that the agencies permit dealers and other creditors to issue a notice to all of their customers who apply for credit. The agencies subsequently provided for an alternative notice that may be issued to



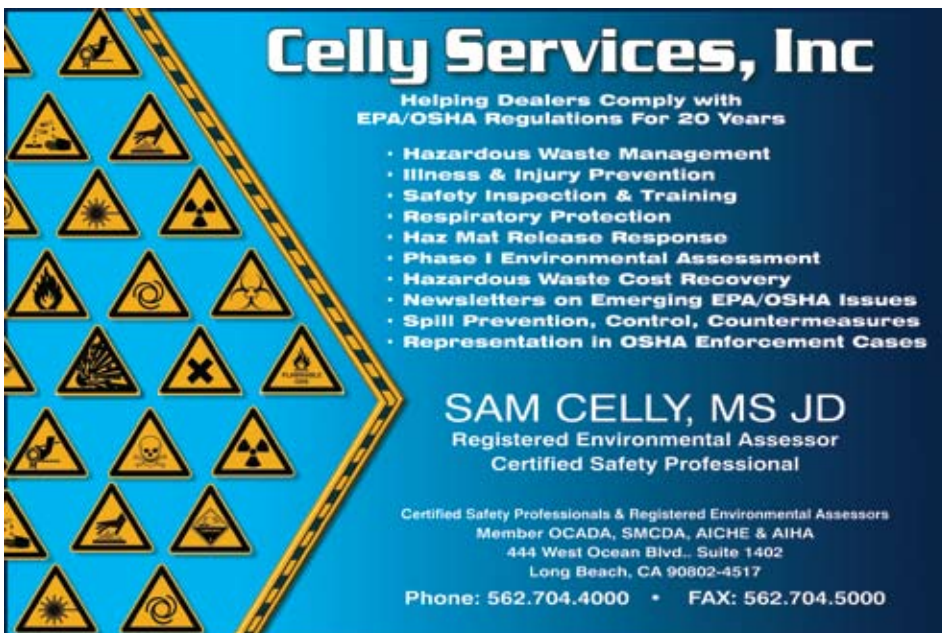
all consumer credit applicants as a compliance option in the RBPR.

This notice, known as the Credit Score Disclosure Exception Notice (Exception Notice), may be issued in lieu of a RBPB and must contain the consumer’s credit score, certain information to put the credit score in context, and boilerplate language to educate the notice recipient about credit scores and credit reports.

NADA anticipates that covered dealers generally will opt to issue to their consumer credit appli-

cants the Exception Notice instead of the RBPB. Consequently, A Dealer Guide to the Risk-Based Pricing Rule primarily focuses on the Exception Notice.

This article is adapted from A Dealer Guide to the Risk-Based Pricing Rule, available through NADA University’s Resource Toolbox. Please visit [www.nadauniversity.com](http://www.nadauniversity.com) to access the complete guide. Once you have signed in, select “Resource Toolbox,” then “Driven.” You will find the guide under “Legal/Regulatory.” ■



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# You're On Facebook...Now What?

By Kathi Kruse,  
Kruse Control, Inc.

Dealerships are jumping into Social Media and I'm excited. But who's going to manage the beast? Back when the Internet was emerging, dealers or GM's would assign someone in the store to handle it 'in their spare time'. I

was one of those. Today, dealers should be cautious using this same tactic for Social Media. As we found out with the Internet,

Social Media is not a fad that will be gone in a few years. 75% of adult internet users are on Social Media (Nielsen, June 2010).

A few years ago, I was working at a Japanese high-line store and we took in a Porsche 911 on trade with the engine light on. We sent it through the Service Dept. for Recon. They were able to get the engine light to go out (although I never knew exactly how) and we put the car on the

front line for sale. A buyer came in that weekend and purchased the car. Two days later, it came back on a flat-bed. Why? The engine had seized because it had no oil. In an effort to save money on the Recon, we let our Japanese-trained technicians work on it. Had it gone to the Porsche dealer a few blocks away, we might have saved the car. Instead, we had to put a \$10K engine in it.

Letting just anyone 'do' Social Media is risky business. Social Media is much more than setting up a Facebook page, uploading YouTube videos and broadcasting Tweets. Most dealerships set up a profile on Facebook and notice that there are many more things on the to-do list. Pretty soon, interest wanes because they find out it's harder than it looks to create valuable content every day. Who then is best suited to handle the dealership's online campaigns?

### Choose Wisely

If you have an employee who can free up the time and has the knowledge on how to use the

*Continued on next page*



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Continued from page 6

Social Media tools, it might seem like an easy solution. So did sending the Porsche to our Service Dept. If you have an employee who knows how to use Facebook or Twitter, chances are they know how to use these tools for personal reasons. Engaging the online customer (Marketing), generating leads (Advertising) and building your store's online reputation (Public Relations) is perhaps asking more of that employee than they are capable of.

Collaboration with a talented strategist is necessary to achieve your dealership's goals with Social Media. Experts provide training and guidance to acclimate you and your staff to the process of engaging your online buyer. You'll find that engaging a Social Media specialist not only costs less but it will quickly bring in leads you never knew existed.

#### **Speaking Fluent Social Media**

All the dealership players should be playing from the same Playbook to increase sale. The same applies to Social Media campaigns today at dealerships. Management decides to set up profiles on Facebook, Twitter and Yelp without a strategy that includes grassroots employee partic-

ipation. Merely having Social Media in place doesn't guarantee that staff will understand it and incorporate it into their daily jobs.

To better foster and manage Social Media, educate and develop everyone in the store. Make sure they're speaking the same language. Take steps to engage employees and customers so they can easily collaborate with each other. Whether it's the Salesperson asking the customer to give a short video testimonial at delivery or the Service Advisor reminding his loyal customers to 'Love us on Yelp', dealership Social Media marketing doesn't work without each staff member's buy-in and daily involvement.

In Social Media, your employees are the players who move it from a marketing campaign to having a conversation with your customers. Are they speaking the language of increasing sales? ■

*Kathi Kruse is founder and president of Kruse Control Inc. and an automotive Social Media expert, speaker and business consultant. Enclosed is Kathi's complementary book on Social Media Strategies for Auto Dealerships. It can also be downloaded at [www.krusecontrolinc.com](http://www.krusecontrolinc.com).*

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By Sam Celly, president of Celly Services, Inc.

# BP Spill in the Gulf: A Management Lesson

Yes, things really hit the fan at BP early that morning when compressed natural gas escaping from a leaking well far below the sea surface, entered the ventilation system of the rig and led to an explosion. What resulted was a spill of epic proportions: nearly 4.9 million barrels of oil was released into the Gulf waters.

After all the finger pointing is over, legal issues have taken their course and fines and restitutions delivered, one question will remain. Was there a culture at BP that placed safety and compliance on the back burner? Here lies a management lesson for all.

BP has paid other fines already for lack of compliance. In September 2010, BP agreed to pay \$15 million for Clean Air Act violations for its problem-child refinery in Texas City, TX. This brings the total to \$137 million that Feds have collected in criminal, civil and administrative penalties from just one BP refinery. In August 2010, BP paid a record \$50 million fine to OSHA for safety violations unearthed after a March 2005 explosion that killed 15 people and injured 170. Negotiations are on for another \$30 million in new fines. The state of Texas has cited the

refinery 72 times over the past five years for violating state clean air standards.

While some employees on the ill-fated rig have taken the 5<sup>th</sup>, federal investigators seeking the cause of explosions are probing whether the employees knew how to handle the emergency situation resulting from an explosion.

Investigators are also finding that the equipment that failed could have locked the explosion in place and prevented the oil spill. What does that mean for auto dealers? Following are a few key recommendations for preventing a spill at your dealership.

While the magnitude of a spill at a dealership is relatively low, planning for spill prevention is an important management function. A few causes of leaks that have led to spills at automobile dealerships are mechanical failure of equipment, arson by an employee and failure to maintain equipment. At the heart of any spill prevention is planning that encompasses engineering controls and employee training.

**Engineering Controls:** The engineering controls that should be in place are as follows: Emergency valve to shut down flow of oil

*Continued on next page*

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## Employee training begins with risk cognizance, proper training and spill supplies.

through the facility. A quick acting ball valve, labeled “Emergency Shut Off,” should in place for shutting the compressed air line feeding the oil/ATF/gear oil dispenser pumps. Automatic valve with timer adjusted to shop hours should shut the air supply to the oil/ATF pumps thereby minimizing the probability of a leak after hours. Supervisors should be familiar with timer settings.

Keep the tank in an area away from the shop traffic with secondary containment in place. All tanks inside the shop area must be double walled and have a concrete steel bollards to protect them.

Store only the amounts of oil you need between deliveries. Some vendors place extra tanks which mean extra liability. If the tanks have a sight glass to determine the capacity, remove the sight glass on the valve that can be opened by an accident and release oil. Seal the valves on sight glass and reduce the possibility of a leak from the tank.

**Risk Cognizance:** Risk cognizance is to visualize the worst case spill scenario including the potential for discharge to storm sewers or to a water body such as a drain or river nearby. Amount of rain in your area will also determine the location, speed of deployment and correct usage of spill supplies. Train your employees on the shutdown procedures, and location of storm sewers, general flow of oil due to grading of the lot and the location of any water body or drain nearby. A map of the facility, map of the neighborhood and topographic maps should be involved in the training procedure.

**Training:** Employee training begins with risk cognizance, proper training, and appropriate amounts of spill supplies. The dealership should provide spill supplies at multiple locations in appropriate amounts. For example, if a dealership stores 5,000 gallons of oil in aboveground tanks, one bag of spill absorbent (as observed at one dealership), will not do the job. Buy appropriate amounts of spill absorbent pads and socks or you may buy a “Spill Kit” from suppliers such as New

Pig at [www.newpig.com](http://www.newpig.com). Store the spill kit at multiple locations in the shop area and especially in the bulk oil storage room. Train your employees regarding the contents of the spill kit and its proper usage. Train employees regarding the chain of command, i.e., the management that must be informed regarding the spill and the emergency phone numbers of the regulating agencies that need to be contacted. Perform a controlled drill with employees as well. Any employee involved in oil handling, transfer, storage, spill response, or maintenance of oil equipment should be trained at least annually.

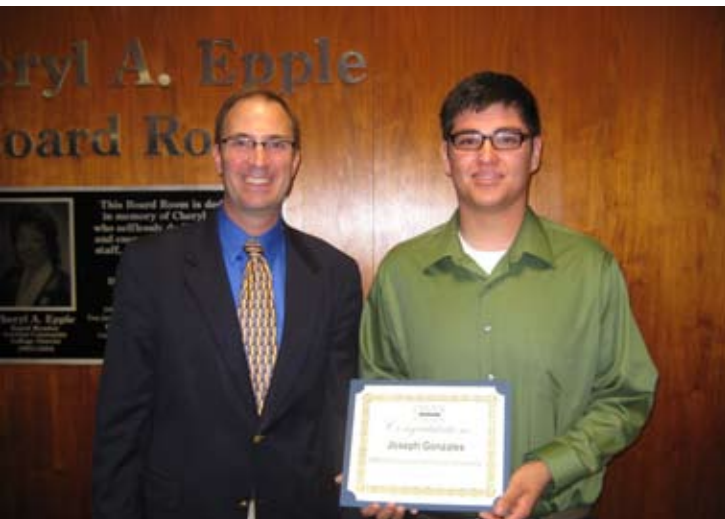
**Deadlines for SPCC:** The original SPCC regulations were promulgated in 1973 and have undergone multiple revisions. See 40 CFR 112. Facilities that have aggregate petroleum storage of 1320 gallons or more must have a SPCC Plan completed. Only aboveground tanks or drums with 55 gallons capacity or greater are regulated under this plan. The training module for all oil handling personnel must be an integral part of the SPCC with discharge prevention briefing completed annually. The plan must cover the discharge discovery, response and cleanup (address both facility and contracted capability).

The deadline for SPCC completion for facilities such as auto dealers is as follows: dealers in operations before August 16, 2002 must maintain their existing SPCC plan and perform any amendments and implement those amendments no later than November 10, 2011. Dealers in operation after August 16, 2002 must have SPCC Plan ready by November 10, 2011. Tier 1 facilities such as auto dealers may self-certify the plan, under certain conditions, using the EPA template. The template is available at [www.epa.gov/emergencies/docs/oil/spcc/tier1template.pdf](http://www.epa.gov/emergencies/docs/oil/spcc/tier1template.pdf) ■

Authority Cited: Federal Regulations 40 CFR 112

*This article was authored by Sam Celly of Celly Services, Inc. Contact him at [sam@cellyservices.com](mailto:sam@cellyservices.com).*

# Dealers Donate Scholarship Funds to Local High School, College Students



In the past several weeks, local dealers have played a large role in helping to fund the education of local students. The SMCDA awarded \$3,750 in scholarships to automotive apprentices in November.

Four Cerritos College students who are working at local dealerships received financial support in their educational goals. Funds for the scholarships were raised at the SMCDA Annual Scholarship Golf Tournament in July.

All of this year's awardees are currently working at Southern California dealerships, namely, Crevier BMW, Champion Dodge, Downtown LA Motors and Cerritos Acura. Pictured at left is Joseph Gonzales, an employee of Champion Dodge.



Additionally, Subaru and local Subaru dealers presented scholarship funds to high school students attending Cerritos College through the AYES program. Pictured in the photo at left are Greg Timmons, of Timmons Subaru; Dr. Linda Lacy, President of Cerritos College; Marvin Linville, AYES; and Carmen Lizarraga and Gill Montano from South East ROP.

Funds from the donation will be directed to high school students who are currently involved with the AYES program and apprenticing at Cerritos College. ■

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Source: 2006 JD Power New Vehicle Buyer Survey; Scarborough Release 1 2006.

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