



NEWS BULLETIN

February 2011

**Montana Automobile
Dealers Association**

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PRESIDENT'S MESSAGE

Well, 2011 has started out with a bang. The legislature is in full swing; dealers and businesses have had many victories and with more hard work and dedication we will have more. Business seems to be on the upswing as we are dragging ourselves out of a recession. Thank you to all the dealers that are involved in the political process and deeply involved in your communities. It is people like you that make a difference. With the great employees we have and our families, we create an unbeatable team.

This is a watershed year for Montana as we now have the first Vice Chairman for NADA from our great state. We all appreciate Bill Underriner's efforts on our behalf. We, now more than ever, have a real voice in our state and national association. Please take advantage of your opportunities; they are great each and every day. Let us all be leaders not only in our business but in our towns, our state and our country.

The NADA convention was great and I want to especially thank Marilyn Olsen and Jim Sewell for attending and representing our state association so well. The excitement is building and we have new frontiers to explore as our business is changing daily.

God bless you and your families.

Don "K"
President 2011

SBA ANNOUNCES PROGRAM FOR COMMERCIAL REAL ESTATE REFINANCING

Responding to a congressional directive set out in the Small Business Jobs Act of 2010, the Small Business Administration (SBA) recently announced a modification to its 504 Loan Guarantee Program designed to facilitate commercial real estate refinancing. The 504 Program is designed to assist with the long-term, fixed-rate financing of fixed assets but has never allowed for refinancing...until now.

Under the temporary refinancing program, loan applications may be submitted beginning on February 28, 2011, through September 27, 2012. For more information, interested dealers should review the [federal register notice announcing the program](#) and [SBA's fact sheet](#).

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CONVENTION 2011



Bill Underriner

DIRECTOR'S UPDATE

Taylor: New-Vehicle Sales Poised for Double-Digit Gains in 2011

DETROIT – U.S. new-car and light-truck sales are headed for double-digit percentage gains in 2011, says NADA Chief Economist Paul Taylor.

“The auto industry is coming back strong from what has been a

difficult economy,” Taylor says. “Auto sales are playing a key role in leading the economic recovery.”

With the average age of cars and trucks on the road today at more than 10 years old, Taylor says Americans will need to replace their aging vehicles. This fact, combined with low financing rates and wider credit availability, will help boost new-vehicle sales nearly 12 percent this year, he says.

“Sales will reach 12.9 million new cars and trucks in 2011,” Taylor says. Last year, 11.55 million light vehicles were sold.

NADA Convention Offers Dealers Rare Chance to Meet Face-to-Face with Automaker Execs

McLEAN, Va. – For thousands of the nation’s new-car and truck dealers, the NADA Convention & Expo in San Francisco this month was a rare opportunity to meet with auto industry leaders in person to discuss a wide array of key business issues.

In all, 24 dealer franchise meetings were scheduled in just two days at the NADA convention. And seven automakers – Chrysler Group LLC, Ford Motor Co., General Motors Co., Kia Motors America Inc., Mitsubishi Motors North America Inc., Subaru of America, Inc. and Toyota Motor Sales, U.S.A., Inc. – were exhibiting on the Expo floor.

“The NADA convention provides an opportunity for us to hear directly from dealers about the issues that matter most to them,” said Jim Bunnell, GM’s general manager of U.S. sales operations. “We are able to talk to a large number of dealers, answer their questions and share news about our business plans and performance.”

In legislative and regulatory news...

NADA Outlines Job-Killing Regulations in Letter to New Congress

With the opening of the 112th Congress last month, NADA highlighted some of the undue regulatory burdens dealers face that have hindered job creation in a letter to incoming

House Oversight and Investigations Committee Chairman Darrell Issa, R-Calif. The letter addresses several pending issues of concern to auto retailers and points out how the cumulative effect of the staggering number of federal rules has impaired dealers’ ability to grow their businesses and expand their workforce. For example, NADA urges action on recent fuel economy/greenhouse gas (GHG) rules, which impact vehicle cost and availability. The association notes that the joint rules adopted by the National Highway Traffic Safety Administration (NHTSA) and the Environmental Protection Agency (EPA) for model years 2012-2016 exceed Congressional mandates and are duplicative. NADA argues that one rule (promulgated by NHTSA) would have provided a superior public policy and environmental outcome. The letter further contends that these new fuel economy mandates will force manufacturers to build vehicles whether or not there is public demand for them. It also warns that EPA will likely grant another pre-emption waiver for California’s next fuel economy/GHG rulemaking as early as this year and that this action will likely further eliminate jobs as California is not required to consider job loss outside of California when drafting its rules. The letter also addresses credit-related regulations, such as the Red Flags and Risk Based Pricing Notice rules, which make granting credit more costly and burdensome without providing a substantial benefit for car-buyers. Dealers with additional examples of excessive regulatory overreach should send their comments to NADA at regulatoryaffairs@nada.org. Rep. Issa has also set up a Web site at www.AmericanJobCreators.com where business owners can fill out a form detailing how the governmental influences their work.

NADA UCG: Used-Vehicle Market Ends Year Strong

The used-vehicle market ended the year strong, likely recording another record-breaking price performance on the heels of big increases in 2008 and 2009, according to a report from the NADA Used Car Guide. “December’s auction prices show continued strength on a year-over-year basis, with pickups, SUVs and vans up 10 percent,” says Jonathan Banks, executive automotive analyst. This trend “dramatically exceeded our expectations,” Banks said, with the increases driven by strong vehicle demand that superseded the high unemployment rate and relatively cautious consumer confidence witnessed during December. Rising gas prices also have not had a big impact on used-vehicle values, Banks said. However, more expensive gas could spell trouble for already heightened pricing on used trucks and SUVs. “Our analysis indicates that there is some sensitivity when prices eclipse the \$3 mark and if analysts’ expectations are accurate, gas prices will continue to rise,” Banks said. “If this occurs expect to see NADA values on fuel sensitive segments fluctuate with expected changes in demand.)

NADA Charitable Foundation Provides 9-Year-Old Boy

with Canine Companion

Thanks to a donation from the National Automobile Dealers Charitable Foundation, life just got a little easier for Ean Williams, 9. Ean, who has several disabilities that make it difficult to complete daily tasks, was united with a skilled companion dog named Kobe last month at NADA's headquarters in McLean, VA. The union was made possible by a \$10,000 grant from the Frank E. McCarthy Memorial Fund to Canine Companions for Independence, which provides highly-trained service dogs to assist children and adults with physical disabilities. "Ean's disabilities are very complicated and very rare," said Nancy Williams, Ean's mother. "Kobe helps Ean in the morning get his brace and his shoes. [Ean] needs assistance with dressing, so Kobe's just there to help bring things to him." Williams said Kobe helps her son to the bus, making sure that he's safe crossing the street. Kobe also opens handicap doors by pressing the button, she said. "And then after school, just in terms of daily living, Kobe really bridges the gap socially with children who are not disabled and brings them a little bit closer to Ean," Williams said.

McCarthy served as NADA's chief operating officer for more than three decades. NADA's charitable foundation established the fund to honor McCarthy after his death in 2001.

NADA University Offers More Free Online Courses from Partners

NADA and ATD members can now take advantage of additional free training at NADAUniversity.com. In the Sales, Leasing and Finance category, NADA U Partner Ron Reahard offers "Great VSA Closes (\$3,000 Discount Close)," Grant Cardone offers "Time Closes," and Alan Ram offers "Phone Ups that Show Up." In the service category, NADA U Partner Don Reed offers "How to Achieve 100% Service Absorption," while Jeff Cowan offers "The Four Points Walk Around."

Dealer 'Pain Points' Continue to Resolve Dealer Issues

NADA University's "Dealer Pain Points" program is proving extremely popular with dealers. Each "pain point" addresses and resolves a particular issue, concern, or dealer compliance obligation in short video segments with NADA U experts. Because of its popularity, it will continue as a prominent regular feature. Each Dealer Pain Point is accompanied by information on the wealth of NADA U resources on the topic. Find the 27 Dealer Pain Points developed to date by clicking on the featured Pain Point on NADA U's home page at www.NADAUniversity.com. After viewing the featured Pain Point, take a look at the rest by clicking "View Archives."

Please stay involved and in touch.
Bill Underriner, NADA Director
(406) 255-2350



2011 STANDARD MILEAGE RATES

The Internal Revenue Service has issued the 2011 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on January 1, 2011, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

51 cents per mile for business miles driven
19 cents per mile driven for medical or moving purposes
14 cents per mile driven in service of charitable organizations

The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes is based on the variable costs as determined by the same study. Independent contractor Runzheimer International conducted the study.

A taxpayer may not use the business standard mileage rate for a vehicle after using any depreciation method under the Modified Accelerated Cost Recovery System (MACRS) or after claiming a Section 179 deduction for that vehicle. In addition, the business standard mileage rate cannot be used for more than four vehicles used simultaneously. The IRS is requesting public comments on whether taxpayers should be allowed to use the business standard mileage rate in this circumstance.

Beginning in 2011, a taxpayer may use the business standard mileage rate for vehicles used for hire, such as taxicabs.

Also beginning in 2011, the standard mileage rates are announced in a separate notice, which also provides the amount a taxpayer must use in calculating reductions to basis for depreciation taken under the business standard mileage rate and the maximum standard automobile cost for automobiles under a FAVR allowance. The IRS plans to discontinue publishing the standard mileage rate revenue procedure annually but will publish modifications as required.

Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.





Bruce Spencer

LEGISLATIVE REPORT

We made it to transmittal, the half way point of the session. All non-revenue bills must now be in the other house or they are considered dead. Thankfully no bills really adverse to Auto Dealers were passed. MTADA succeeded in killing bills preventing providing a vehicle to a person who does not have a drivers license; bills prohibiting employers from regulating who can bring firearms to work; bills eliminating the net operating loss carry back; and outdoor lighting regulations, to name a few.

Given the make up of the session we have seen fewer bad business bills than in the past; however, as some negative items can sneak into revenue bills, we are still constantly watching bills.

MTADA has three bills it is seeking this session.

HB 229 - permitting demonstration plates on tractor trailers has passed the House and will be coming up for hearing in Senate Highways and Transportation soon.

HB - 254 - fixes a service club registration issue that MTADA discovered at a Chicago legislative meeting. For those selling cars with on-star type systems, the Insurance Commissioner states that state law requires you to register with her. This bill eliminates that registration requirement. It has passed the House and the Senate hearing is March 8, at 3:00 p.m. in front of Senate Highways and Transportation.

SB 211 - requires salvage titles for cars younger than 15 years, the current law is 6 years. MTADA worked hard to revive this bill after it was tabled in committee. Dealers, thanks for your e-mails and phone calls! It is revived and passed the Senate on a 48-0 vote. We will let you know when the House hearing is scheduled.

Submitted by:
Bruce Spencer
MTADA General Counsel & Lobbyist

**See Bruce's Bill Watch List included with this bulletin.*

NEW SBA DEALER FLOOR PLAN PILOT PROGRAM ANNOUNCED

After working hand-in-glove with NADA and at lightning speed for the past five months, the Small Business Administration today announced a new dealer floor plan program (DFP). Last year's Small Business Jobs Act established the framework for the new program. The old program ended at the end of last September.

Key Features:

1. Structured to encourage SBA lenders to extend lines of credit to eligible dealers of new and used automobiles, motorcycles, boats (including boat trailers), recreational vehicles and manufactured housing (mobile homes).
2. Dealers can apply if they meet either the 200-employee test or the alternative \$15 million net worth/\$5 million net income test.
3. Minimum Loan Size: \$500,000 Maximum Loan Size: \$5,000,000
4. SBA will guarantee 75% on floor plan lines of credit when the lender advances no more than 100% of the cost (invoiced) for new inventory, and 100% of the cost or industry based wholesale book value, whichever is less, for used inventory.
5. Loan proceeds may be used for the acquisition of titleable inventory for retail sales, to refinance existing floor plan lines of credit with another lender, or to refinance/replace existing floor plan lines of credit with the participating lender. Proceeds may also be used to pay the SBA guaranty fee.
6. Floor plan lenders with at least \$1 billion of floor plan lines of credit may qualify for an expedited the loan approval process. Delegated floor plan lenders can use SBA Express forms and to the maximum extent practicable, their own policies, procedures, internal controls and documentation. Non-delegated lenders will follow standard 7(a) procedures, including the documentation requirements.

The DFP Pilot will be implemented on or before Feb. 9, 2011. NADA will work closely with SBA and lenders to help ensure a successful implementation of the program.

For more information, refer to the SBA's [press release](#) and [fact sheet](#).

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***ADDITIONAL MEMBERS WILL BE FEATURED IN
FUTURE BULLETINS***



Britani P. Laughery

UNDERSTANDING YOUR LOSSES – WHERE SHOULD YOU BE INVESTING YOUR TIME & RE- SOURCES?

To reduce the costs of work injuries, you need to know where your opportunities are. Some opportunities may be easy to see and act on. They're the low-hanging fruit. Others will take greater effort.

Here are some guides to help you spot the lower-hanging fruit in your organization, and then to help raise your sights on the opportunities a little higher up. Fruit-gathering is hard work, so roll up your sleeves. You'll be using tools you may not have used before. Montana State Fund (MSF) records a lot of information about the injuries you report and organizes portions of this database into formats that are made available to you. So the analysis tools are free and there for you to use.

What you should expect from working with your data are some good ideas about where to focus your resources so you can get the most impact for the least cost. You could think of this as a financial planning approach to your workers' compensation losses: Analyze your present situation, and then develop a plan to get you where you want to be.

1. Use your experience modification factor (mod) as a rough benchmark. Is it greater than 1.0?

To get a handle on your present situation, one place to start is your "experience modification factor" or "mod". Your mod compares your organization's workers' compensation experience to the experience of others in your industry. A rating of 1.0 is exactly average for your industry. If your mod is greater than 1.0, then your losses are greater than your industry's average. Your mod is used as a multiplier in calculation your workers' compensation insurance premium.

Since you can easily obtain your mod from your insurance carrier or agent, it's a handy way for you to roughly benchmark how successful you've been in controlling workplace injuries and how aggressive you should be in trying to reduce them.

If your mod is greater than 1.0, you don't just have an opportunity – you have a problem. You know you need to improve something not only because of high losses, but because your competitors are all ready doing better. Even if your mod is less than 1.0, you shouldn't be satisfied as you can always spot opportunities to prevent injuries and reduce their costs.

2. Get the data on your organization's work injuries.

One basic analysis tool is a "loss run". This is a statistical report on your organization's history of work injuries. Your best source for a loss run is through your workers' compensation insurer. While some insurers' loss runs are minimal, MSF provides detailed information that is key to managing work injuries.

Typically a loss run is a grid format that pulls together data on injuries over a certain time period. For instance, it may list the names of your employees injured during the last policy period, followed by columns for date of injury, date injury was reported, body part injured, cause of injury, type of injury, job type, amounts paid in wage-loss and medical benefits, amounts reserved for future wage-loss and medical benefits, and total incurred losses.

You can get loss runs by calling your insurance agent or MSF. Many business owners have delegated the responsibility of managing workers' compensation to an office manager or service manager. ***It is still important to review the losses with your workers' compensation manager regularly as workers' compensation costs can greatly affect your business now, and in the future.***

First, you'll need to decide how many years of data to look at to find patterns and concentrations in your loss information. For employers with high volumes of injuries, the past year or two may present enough data to work with. However, for most employers, a good rule of thumb is to review at least the past three years.

Some employers have relatively few injuries, maybe only two or three a year, either because they have good loss prevention track records or because they are smaller, less risky businesses. They may want to look at longer time periods, probably five years or more.

Your analysis will go in two directions. ***Take both.*** One way, the pre-injury direction, will show what incidents and accidents you should focus on preventing. The other way, the post-injury direction, will show what claim related expenses you should focus on minimizing.

3. Identify injury trends to focus on prevention.

Using the loss run, you'll want to look for patterns, concentrations, and relationships in the information. Some employers find high costs concentrated in just a few claims, while others find their costs are largely spread out over a lot of claims. This severity vs. frequency distinction is a useful way to break out your data and see where it leads. Whether your analysis leads to opportunities in reducing severity, frequency, or both, you should be able to focus your loss prevention efforts for good results.

Consider three data columns as starting points for your analysis: body part, cause of injury, and result of injury. Many employers use one of these as a logical point from which to drill down. Look for patterns by comparing with other columns, like occupation and business location.

You might consider expanding and tailoring your spreadsheet to include internal information you've gathered yourself, such as department, shift and supervisor, whatever you think might help narrow the hunt on "when, where, and why" certain injuries are occurring. You may even benefit by adding data on near-miss incidents.

For instance, let's say your mod is 1.20, a signal to you that your workers' compensation losses are higher than they should be. You could try to tackle everything at once, but that would not produce the desired results and would leave you feeling frustrated. The best way is to target your efforts starting with the lower-hanging fruit. This will build confidence and momentum when tackling tougher issues in the future.

First, you decide to see whether any particular kinds or causes of injury have been happening with greater frequency. Nothing stands out. So you look to see whether any kinds or causes of injury have run up high costs. You discover the few back injuries that happened in the last three years account for more than half that period's total workers' compensation costs, a lot more than you realized.

Digging deeper, you find all but one was caused by lifting and that most of those happened while employees were working either overtime. Not only that, but it appears they happen more during your busier seasons. Knowing that, you can map out a plan to correct the problem by education employees on proper lifting and maybe talking with certain supervisors about managing busy-season workloads.

For questions about using loss analysis to identify opportunities where you can prevent injuries, contact your MSF Safety Management Consultant at 1-800-332-6102.

4. Identify post-injury expenses you should focus on minimizing.

Besides helping you prevent injuries, your loss analysis can help you minimize the claim costs. Here are some places to look.

Reducing loss time. Generally, claims involving lost time from work cost significantly more than those where the injured employee is treated and returns to work the same day or the next shift. Lost-time injuries get expensive fast because of the wage-loss indemnity benefits paid.

For many employers, reducing the number of days injured employees are off work is their biggest opportunity to reduce overall claim costs. Your loss runs will identify claims as "TT" for temporary total disability, "TP" for temporary partial disability. Sort out claims with lost time and see how total incurred costs escalate as lost time rises.

Drill down into the data for ideas on what you can do to get more of your future injuries resolved with medical treatment, so they involve fewer, if any, expensive lost-time days. Where should you be improving your return-to-work results? Bear in mind that, under state law, workers' compensation indemnity benefits kick in after an initial four-day waiting

period. Since your MSF loss run doesn't show disability or lost-time data on injuries with four or fewer days off work, you may want to track that information yourself. Although they don't involve workers' compensation wage-loss benefits, those injuries no doubt cost you in absenteeism and other ways, so you may benefit by including them in the mix of lost-time cases and the emerging patterns that help define possible solutions.

Avoid litigation. Litigation adds significantly to a claim's cost. In cases where employees use attorneys, costs can rise as much as 145%. In analyzing litigation, you may need to look beyond your loss run. For instance, could communicating with employees following their injuries have prevented any litigation?

Reporting on time. Late reporting of claims to your insurer can cause problems, state penalties, and even litigation. To see your organization's track record on submitting First Reports of Injury to MSF, compare the columns "Injury Date" to "Date Received". Do you see an improving trend over time? What is your typical reporting time currently?

The difference between the date of injury and the date the First Report of Injury is received by MSF should be six days or less, and obviously the sooner the better. If you have cases with more than six days, consider it a red flag. Examine your reporting procedures to find and correct the delays. Prompt reporting allows for proper investigation and decision-making, and gets the claim off to a better start.

Monitoring larger claims. You can use loss runs as a quick-glance way of running through all your current, open claims and making sure you are on top of any that are incurring substantial indemnity and medical costs. Especially if an open claim has a total reserve of more than say, \$20,000, you should be asking yourself what you can do to mitigate its costs. Your opportunities grow especially when indemnity is more than half the total reserves.

For questions about using loss analysis to identify opportunities where you can reduce claim costs, contact your MSF Safety Management Consultant or Claim Examiner at 1-800-332-6102

5. Creativity pays.

Be creative in the loss run data you choose and how you look at it. You probably won't find silver bullets, but you can find patterns suggesting where to look next. With you mod benchmark in mind, you have a sense as to how big your opportunities are, and once you've begun to understand your losses better, you'll know where to invest your attention and resources.

Submitted by:
By Britani P. Laughery,
CIC, CWCP, AU

Loss Prevention

Please route to:

- Owner
- General manager
- Sales manager
- Service manager
- Office manager

Discrimination in the workplace: increase in complaints mean take action now

According to a report released by the U.S. Equal Employment Opportunity Commission (EEOC) in January 2011¹, discrimination complaints filed with government agency increased 7.1 percent in 2010. The number of employment discrimination cases reached 99,922 filings in 2010, up from 93,277 filings in 2009.

Why the sudden increase in complaints? There are several factors, including scarcity of jobs, more knowledgeable employees of their rights, and greater protections for disabled workers. Most commonly discrimination complaints involve race, gender, national origin, religion, age and disability. And according to the EEOC report, all showed an increase in 2010.

So what does this mean to your business? Even if you or one of your employees did not make a conscious decision to discriminate against anyone in a situation involving a hiring, firing or layoff, your business can still find itself in legal trouble. The EEOC report shows discrimination complaints are an increasing risk, so now is the time to implement programs to train and educate managers and employees to help your business avoid discrimination claims and be prepared to respond if one is filed.

What can your business do?

The first step to help protect your business from discrimination lawsuits is to examine your company culture. Owners and managers set the example that most employees will follow. Top management must set a good example by establishing a company-wide policy of "zero tolerance" regarding discriminatory behavior of any kind. This means everything from jokes and

email to hiring and firing policies. Management must be aware that employees watch them for cues as to what is allowed in the workplace and what is not. Never forget that actions speak much louder than words. Owners, managers and supervisors must "talk the talk" and "walk the walk." How easy would it be right now to prove that you condone harassment or a hostile work environment? If the answer is not "impossible," there are steps you can take to protect your business.

Put it in writing

"Diversity," "sensitivity training," and "politically correct" are popular buzzwords for good reason. These are the tools and rules being used by corporate America to promote harmony in the workplace, improve culture and prevent legal action resulting from harassment and discrimination.

It is the employer's responsibility to write and issue a policy stating that discrimination and harassment in the workplace will not be tolerated. Managers must then be trained on how to implement and enforce this policy. They must learn the necessity for having a diverse workforce and how to be sensitive about an employee's age, race, disability, gender and religious affiliations. Educating management and employees about equitable and fair treatment for everyone is critical. Managers should also be knowledgeable of state and federal statutes prohibiting employment discrimination including:

- Title VII of the Civil Rights Act of 1964 that prohibits employment discrimination on the basis of race, color, religion, gender, or national origin;
- The Age Discrimination in Employment Act of 1967, as amended (ADEA), which prohibits

employment discrimination against individuals 40 years of age and older;

- The Equal Pay Act of 1963 (EPA), which prohibits discrimination on the basis of gender in compensation for substantially similar work under similar conditions; and
- Title I of the Americans with Disabilities Act of 1990 (ADA), which prohibits employment discrimination on the basis of disability in both the public and private sectors, excluding the federal government.

Start with a formal policy

A written policy prohibiting employment discrimination and harassment is a necessity. It forms the foundation for company culture and is the basis for management and employee training. While the list below is not all-inclusive, some of the more common elements in an anti-discrimination policy are:

1. Definitions of discrimination and harassment (available at the EEOC website located at www.eeoc.gov).
2. Declaration of a "zero tolerance" policy.
3. A list of persons within the company to whom employees must report discrimination.
4. Steps the company will take upon receipt of an employee complaint (investigations, etc.).
5. How the employee will be advised of the general outcome of the complaint.

Biggest mistakes made by employers

- Mishandling of claims or concerns expressed by employees.
- Failure to take action when the complaint is made.
- Reluctance to address issue.
- Failure to conduct a thorough investigation.
- Failure to take appropriate action against the perpetrator.
- Failure to document the investigation and actions taken and keep the records.
- Improperly dealing with the complaint.
- Failure to use extreme caution when taking any action that concerns the

complainant, particularly during or immediately after the investigation.

- Failure to keep employees informed.
- Failure to know employee and supervisor rights and responsibilities.
- Failure to have and then review anti-discrimination policies on a regular basis.

Other best practices

There are many areas of your business that require attention to detail and sound policies, including:

- Develop an employee handbook – it is an excellent place to include a discrimination policy.
- Hiring, counseling (poor performance), performance evaluations and termination policies must be documented and well understood by employees and management.
- Remember that sexual harassment is a form of sex discrimination.
- Contact legal counsel for assistance in implementing an "Employment Arbitration Program."
- Train, educate and inform.

Discrimination and harassment claims are on the rise nationwide. Make sure your business is proactive and takes decisive action to prevent legal consequences that can damage your company's financial health and reputation. And make sure to consult with your own legal counsel regarding any actions you take regarding discrimination in your workplace.

References

¹ <http://www.eeoc.gov/eeoc/statistics/enforcement/charges.cfm>

Loss prevention information

For questions about this loss prevention topic, contact the Zurich Risk Engineering Department at 800-821-7803.

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Using The Service Drive to Sell Service Contracts

By Tony Dupaquier



In some cases, it is not possible to sell a customer a service contract at the time of delivery. However, this does not mean that there is no other opportunity to build value in the product and sell one. There is a great opportunity to sell a service contract after the initial sale of the vehicle if the dealership is willing to put forth the effort.

The best place to sell a service contract after delivery is in the service drive. First, go to the service manager and have him/her change how repair orders are presented to customers who come in for manufacturer warranty work. In most cases, when a customer picks up a vehicle after having manufacturer warranty work performed, the customer does not realize the value of the work that was done. The repair order states \$0. In customers' minds, the repair was worth nothing. All customers know is that there was a problem with the vehicle, they brought it into your service department, and when they picked it up, there was zero out-of-pocket expense. To fix this problem, have all customer repair orders show the amount it would have cost to perform the repair with a credit for the amount so the balance due reflects \$0.

The cashier should also be trained on how to properly present repair orders to customers. Some simple phrasing that allows the customer to acknowledge how much the repair would have cost can be beneficial in the event the customer does not have a service contract. Have the cashier say, "Mr./Mrs. Customer, your repair today came to a total of \$_____, and with your manufacturer's warranty still in place, your out-of-pocket expense today

is \$0. It's a good thing you have coverage today, isn't it?" To this, the customer will respond positively. Then, have the cashier follow-up so the customer realizes how little coverage is left on the manufacturer's warranty. "In only a few thousand miles, you will be out of your warranty. Wouldn't it be nice to have coverage that would pay for repairs in the event something like this were to happen again?" Customers will respond in one of two ways: If they already have a service contract, they will tell the cashier. If they do not have a service contract, they will likely say that they would like some sort of coverage. If the latter is the case, have the cashier hand the customer a brochure on service contracts and contact a business manager to come to the cashier's window, if one is available.

The service advisors on the lane present an excellent opportunity to sell additional service contracts, as well, however, a business manager needs to coach them on how to do so.

When a service advisor sees that a customer's vehicle is running out of warranty, have the service advisor offer advice or a recommendation to the customer. Do not have them try to "sell" a service contract. For the most part, customers have a great deal of trust in service advisors and will listen to what they say. Train service advisors to say something like, "Mr./Mrs. Customer, I see you have _____ miles on your vehicle. At this rate, you will be out of your manufacturer's limited warranty coverage in only a few months. Are you planning on trading in your vehicle soon?" If the customer says that he/she does plan on trading it in, then get the customer in front of the sales manager. If the customer says no, follow-up with, "Would you like to save money? We have a program here at our dealership that is designed to help our customers save money over the long-term ownership of their vehicles. I am sure that is something you would



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like to look at, right?" The customer will likely answer "Yes" to this question. At this time, the business manager should get involved to show the customer the benefits of having a service contract.

Talking with a customer who is close to expiring the mileage on his/her manufacturer's limited warranty requires a slightly different approach than a customer who is purchasing a vehicle. The biggest difference is that there are facts working in the dealership's favor—it is known exactly how many miles a year the customer drives, it is known that the customer will be keeping the vehicle, and it is known that the customer's vehicle has experienced some form of failure or defect. Use these facts in the presentation.

Draw a simple graph that represents the mileage the customer is driving per year in comparison to the amount

of time the customer intends on keeping the vehicle. Even if the customer plans on keeping the vehicle for only a few more years, this could easily represent 50,000 miles of exposure. In addition to this, if at all possible, put together a complete repair history on the vehicle, detailing what it would have cost the customer to pay for these repairs. If the customer sees the amount it would have cost to repair the vehicle when it was new and still under warranty, it is very easy to justify the cost of a service contract over the long-term cost of ownership. Be sure to use the words "cost of long-term ownership." Show how the small investment in a service contract can save the customer thousands of dollars in repairs in the future.

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Bill Type Num	Primary Sponsor	Status	Status Date	Short Title
HB 31	Ken Peterson	(H) Tabled in Committee – (H) Transportation	1/11/2011	Prevent providing vehicle to person who does not have driver's license
HB 43	Gary MacLaren	(S) Hearing – (S) Business, Labor, & Economic Affairs	3/2/2011 10 am Rm 422	Clarifying employer's rights to employee use of medical marijuana
HB 201	Wendy Warburton	(H) Missed Deadline for General Bill Transmittal	2/24/2011	Allow employees to keep firearms in vehicle in workplace parking lot
HB 229	Walter McNutt	(S) Referred to Committee (S) Highways & Transportation	2/5/2011	Revise laws pertaining to commercial vehicles
HB 249	Steve Fitzpatrick	(S) Hearing – (S) Business, Labor, & Economic Affairs	3/17/2011 9 am Rm 422	Limit shareholder liability for corporation's acts and debts
HB 254	Gordon Vance	(S) Hearing – (S) Highways, and Transportation	3/8/2011 3 pm Rm 405	Revising motor club service laws
HB 264	Gordon Vance	(S) Hearing – (S) Business, Labor, & Economic Affairs	3/11/2011 9 am Rm 422	Allow any person to file complaint with insurance commissioner
HB 265	Gordon Vance	(S) Hearing – (S) Business, Labor, & Economic Affairs	3/10/2011 9 am Rm 422	Prohibit insurer from disregarding cost item identified by estimating system
HB 274	David Howard	(H) Rereferred to Committee – (H) Appropriations	2/23/2011	Provide that employee of an unauthorized alien is unlawful
HB 306	Tom Berry	(S) Referred to Committee – (S) State Administration	2/21/2011	Eliminate requirement for notary public to keep and maintain a journal
HB 325	Keith Regler	(H) Hearing – (H) Taxation	2/2/2011 9 am Rm 152	Eliminate class 8 business equipment property tax
HB 357	Gary MacLaren	(H) Committee Report–Bill Passed – (H) Taxation	2/18/2011	Provide tax credit for employer contribution to employee health savings account
HB 358	Gary MacLaren	(H) Committee Report–Bill Passed – (H) Taxation	2/18/2011	Revise Montana medical savings account contribution limits
HB 439	Galen Hollenbaugh	(H) Hearing – (H) Appropriations	2/16/2011 3 pm Rm 102	General obligation bonds for state government
HB 440	Daniel R Salomon	(H) Missed Deadline for General Bill Transmittal	2/24/2011	Require all public and private employers to use E-Verify program
HB 445	Cary Smith	(H) Committee Report–Bill Passed - (H) Human Services	2/19/2011	Allow health care choice thru out-of-state policies
HB 543	Steve Fitzpatrick	(H) Transmitted to Senate	2/23/2011	Revise law on administrative rules adopted by reference
SB 45	Dave Lewis	(S) Missed Deadline for General Bill Transmittal	2/24/2011	Revise notary law
SB 57	Gene Vuckovich	(H) Referred to Committee (H) Judiciary	2/22/2011	Enhance penalty for consumer protection violations
SB 60	Kim Gillan	(H) Hearing (H) Judiciary	2/11/2011 8 am Rm 137	Amend security credit freeze law to protect certain persons
SB 70	David Wanzendorf	(S) Tabled in Committee (S) Taxation	2/1/2011	Eliminate net operating loss carryback provisions
SB 82	Bradley Hamlett	(S) Tabled in Committee (S) Highways & Transportation	2/11/2011	Provide for primary seat belt law
SB 145	Bob Lake	(S) Missed Deadline for General Bill Transmittal	2/24/2011	Require administrative rule to be approved by interim committees
SB 163	Bob Hawks	(S) Missed Deadline for General Bill Transmittal	2/24/2011	Clarify municipal authority to regulate outdoor lighting
SB 196	Jonathan Windy Boy	(S) Missed Deadline for General Bill Transmittal	2/24/2011	Address bullying in the workplace
SB 211	Rowlie Hutton	(S) Transmitted to House	2/24/2011	Revise salvage title law
SB 372	Bruce Tutvedt	(S) Hearing (S) Taxation	3/3/2011 8 am Rm 405	Lower business equipment tax – phase more reduction on state economic growth
SB 380	Kim Gillan	(S) Missed Deadline for General Bill Transmittal	2/24/2011	Generally revise laws regarding employer conduct regarding politics, religion
SB 387	Edward Buttrey	(S) Missed Deadline for General Bill Transmittal	2/24/2011	Change factors for considering employee totally unemployed

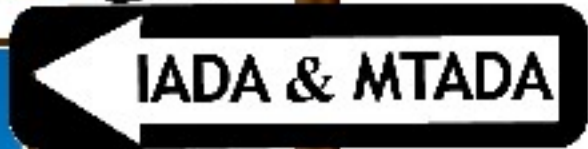
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