

Virginia autodealer

FALL 2020



Hard Trends — Easier to Identify Than You Think
Pg. 8



Smart Used Car Management Can Help Boost Profits During Pandemic Pg. 10



E-Commerce For Dealerships: Online Vehicle Sales And Digital Retail Compliance Considerations
Pg. 18



TAILORED RISK MANAGEMENT SOLUTIONS

Beyond the policy.

Running an auto dealership is complicated enough. You shouldn't have to worry about things like insurance coverages such as physical damage or auto liabilities. With more than 30 years' experience, we act as an extension of your dealership, understanding the unique risks and challenges of your business in order to deliver cost effective solutions and protect your bottom line.



CORE ASSURANCE
PARTNERS



BUSINESS INSURANCE | PRIVATE CLIENT INSURANCE | SURETY BONDING

300 32nd Street, Suite 400 | Virginia Beach, VA | (757) 965-8900 | www.CoreAssurance.com





If you are interested in advertising, contact:
Sophie Hanson Ide
The newsLINK Group, LLC
801.676.9722 (v)
855.747.4003 (tf)
801.742.5803 (f)


Media Kit

Magazine Website

CONTENTS THIRD QUARTER 2020

2 Message from President and CEO, Don Hall

4 Agility and Anticipation —
 A Vital Partnership

While agility remains vital in some ways, it needs to be balanced with a new key strategy—anticipation.

8 Hard Trends — Easier to Identify
 Than You Think

As previously stated, a Hard Trend is a future certainty, in that it is something we know is going to occur whether we want it to or not.

10 Smart Used Car Management Can Help
 Boost Profits During Pandemic

Opportunity is knocking on the used car side of the business, but it will only pay off if managed correctly.

12 Q&A With Ian Grace of
 automotiveMastermind

Those who are familiar with automotiveMastermind know that it has been at the forefront of helping dealers with the coronavirus pandemic.

14 4 Things Your Customers Need to Shop
 and Buy From Your Dealership Remotely

While retail looks different than it did just a few months ago, people are still shopping.

16 Recapture LIFO at a Lower Tax Rate
 While You Can

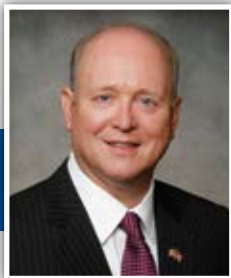
18 E-Commerce For Dealerships: Online
 Vehicle Sales And Digital Retail
 Compliance Considerations

20 Thank You to Our Endorsed Partners



use your words. tell your story.

@ 2020 Virginia Automobile Dealers Association (VADA) [The newsLINK Group, LLC. All rights reserved. Virginia Auto Dealer is published four times each year by The newsLINK Group, LLC for VADA and is the official publication for the association. The information contained in this publication is intended to provide general information for review and consideration. The contents do not constitute legal advice and should not be relied on as such. If you need legal advice or assistance, it is strongly recommended that you contact an attorney as to your specific circumstances. The statements and opinions expressed in this publication are those of the individual authors and do not necessarily represent the views of the association, its board of directors, or the publisher. Likewise, the appearance of advertisements within this publication does not constitute an endorsement or recommendation of any product or service advertised. Virginia Auto Dealer is a collective work, and as such, some articles are submitted by authors who are independent of VADA. While VADA and the newsLINK Group encourages a first-print policy, in cases where this is not possible, every effort has been made to comply with any known reprint guidelines or restrictions. Content may not be reproduced or reprinted without prior written permission. For further information, please contact The newsLINK Group at 855-747-4003.



Message from President and CEO, *Don Hall*

If you feel the same way we do, you want to retire the word “unprecedented” and all the unexpected events of 2020. The year 2021 may still give us more opportunities to deal with unpleasant realities, but at the end of 2020, we are doing our best to find a new normal that keeps us safe from the coronavirus pandemic. Our dealerships are open and selling, online and in person, and we are taking every opportunity we have to provide for our families and strengthen our communities.

Some people talk about life sometimes changing on a dime. That poor dime got dizzy this year. We had our hands full implementing the mandates that keep our employees and our customers safe. What didn't change was the importance of serving our communities, so we continue to look for ways to help our neighbors and friends.

Throughout Virginia, I have seen our dealers do the seemingly impossible. The work hasn't been easy, but our safety record is admirable. We are still selling cars, and we are doing it without people getting sick. That is an accomplishment.

We have been impressed by our employees' leadership, and we know they will continue to do great work. Now that we know the basics of preventing the coronavirus from spreading, it's time to look for the opportunities we have to solve the challenges facing us. That means using the fundamentals that always sell cars. But it also means relying on longstanding relationships and working with the most sophisticated and effective technology we can find.

VADA is committed to protecting dealer members, but the not-so-secret path to success is our need for all of you to be involved. Without that, we would not be able



to accomplish much. We are always doing what we can to protect your businesses and foster strong relationships so that when you have a problem to solve, you also have good friends to support and advise you.

VADA has an impressive national reputation of working successfully with state legislators to influence the General Assembly to act in pro-dealer and pro-business ways. We do this for you, and we can't do it without you.

We believe that every dealer should support our Virginia Automobile and Truck Dealers Political Action Committee. No one likes to talk about money and politics, but candidates need money to fund their campaigns and pay their staff while running for office. Members of the General Assembly make less than \$20,000 per year for their service, which in

our contemporary era now requires about six months of their time.

Election results matter. Elected officials will ultimately vote on laws that dictate how you operate your business. Visit our PAC page at VADA.com/pac to learn more about making our political voice heard, and while you are there, make a financial commitment. Whether you choose to enter your credit card information on the spot or send a check, it's an easy process.

Looking back over my more than 30 years leading VADA, I'm concerned about a growing trend of dealers doing less on the legislative front. Fewer of our members are proactively reaching out to our elected leaders to engage on important matters concerning how our industry operates in Virginia. In fact, I'm very concerned by the number of individuals who own or hold senior positions in dealerships who can't name their House of Delegates member or Senator.

That's not a good state of affairs. As an association, we want to remind you that your previous generation knew their local legislators and invested time to develop relationships. Why? These are the people who are impacting your life and livelihood. They have the potential to harm your business if we don't advocate for ourselves.

As I've shared repeatedly in recent years, the General Assembly today is very different from what I have historically worked with. Still, many legislators on both sides of the aisle — Republicans and Democrats alike — will go out of their way to protect you and your right to grow your business and serve your customers. We need to make sure that you know who they are.

Being involved has never mattered more. ★



CUSTOMIZE YOUR PROGRAM



***LIFETIME
ENGINE GUARANTEE***



***LIFETIME
POWERTRAIN WARRANTY***



***CERTIFIED TERMS
UP TO 20YRS / 250,000***



***VIP
MAINTENANCE PLANS***



***REWARDS / RETENTION
PROGRAMS***

30,000 NEW MEMBERS
EACH MONTH

with an Average Retention Rate of

80%

***EVERYTHING YOU NEED
IN ONE ADMINISTRATOR!***



DealershipForLife.com





Agility and Anticipation — *A Vital Partnership*

By Daniel Burrus

While exponential change is always moving, businesses and even whole industries traditionally move slower than they should, often finding themselves disrupted and working hard at being agile alone. During the Coronavirus pandemic, all industries were disrupted in one way or another, many having to close their doors for the time being and forfeit growth and profits they make from in-person customers.

Pandemic or not, the escalating exponential pace of disruption and change should not be surprising. The Three Digital Accelerators of exponential change I first wrote about way back in 1983, which include computing/processing power, digital storage and bandwidth, continue to create a predictable path that takes us to transformation.

Given the initial slow pace of exponential change, it makes sense that agility is the established tool of many organizations — the act of reaction. Moreover, many organizations see agility as the single most important strategy to use when dealing with digital disruption.

Agility Isn't Enough

Exponential change has reached a tipping point that creates problems and disruptions in both number and magnitude faster than agile organizations can handle. Organizations being disrupted by digital technology clearly indicate that agility alone is not as useful as it was when exponential change was moving more slowly. Agility can only slow down the speed with which you fall behind, like a race car driver closely following the leader without making a move to pass.

Being agile doesn't lend itself to innovation, particularly the sort of game-changing innovation that every organization strives for. As soon as COVID-19 was starting to hit the United States, and prior to the lockdown, movie theaters in several states began to pivot by way of hosting drive-in movies in their parking lots, while drive-in concerts hosted by artists such as country singer Keith Urban are the music counterpart to the drive-in movie experience.

What Is Agility Good For?

Given the profound stage of exponential change we are currently in, the reactive

nature of agility still provides value for organizations and individuals. The ability to be agile is a key strategy to have, as there are always going to be unpredictable problems that demand rapid solutions and other challenges that require quick analysis and response.

It's important to keep agility in a proper context; it is the ideal strategy for unpredictable change and reacting quickly after a change occurs. Essentially, avoid using agility as the panacea for change and innovation that many organizations assume it is; it's just another way to protect the status quo.

What Is Anticipation?

While agility remains vital in some ways, it needs to be balanced with a new key strategy — anticipation. If you want to become the disruptor and turn change into game-changing opportunity, you must anticipate what's to come.

My Anticipatory Organization Model has proven itself over time and is geared to showing organizations and individuals how to anticipate the future and make bold moves by turning disruption and

change into an opportunity and advantage, identifying and acting on change before it occurs, identifying and pre-solving problems before they occur, and jumping ahead with the confidence that comes from certainty.

One of the keys in the proven methodology is identifying both Hard Trends and Soft Trends. Hard Trends are based on future facts — things that will happen, or future events we can all bank on. By contrast, Soft Trends are based on assumptions and represent future possibilities — things that may or may not occur but that are open to influence.

Leveraging those two concepts allows organizations of all sorts to plan and carry out strategies with a newfound level of confidence that fosters rapid growth and accelerated innovation.

By discerning what Hard Trends and Soft Trends are, you have the opportunity to pursue innovation at every level, from everyday innovation increasing productivity

to world-renowned forms of disruptive exponential innovation that upends an entire industry like never before.

Where Does Agility Fit?

Now understanding what it means to be anticipatory, it might seem like you should skip being agile altogether, which is wrong. Agility continues to be an extremely important component in an organization.

The key is to keep agility in a proper context. Far too often, I see an organization use agile, reactive innovation. You can successfully innovate this way, but you will not jump ahead with the lower risk of applying anticipatory Hard Trends to see predictable game changers.

Being anticipatory can actually serve to improve your organization's agility. If a particular Hard Trend identifies a future certainty, you can prep with the ability to better respond or act before it occurs. By the same token, being aware of Soft Trends affords you the

opportunity to influence them to your advantage: a far more proactive and effective form of agility.

Consider agility and anticipation as synergistic strategies; when used together with strategic intent, they can accelerate innovation, growth and results. By adopting an anticipatory mindset and culture, change and disruption become your biggest competitive advantage. For a discussion on Hard Trends, see the article on page 8. ★



ABOUT DANIEL BURRUS
Daniel Burrus is considered one of the World's Leading Futurists on Global Trends and Disruptive Innovation. The New York Times has referred to him as one of the top three business gurus in the highest demand as a speaker.

RETAIL WARRANTY REIMBURSEMENT

Only one player knows all the moves and how to pick a winning strategy every time

Armatus provides the industry's only turn-key solution for retail warranty reimbursement submissions. Our dedicated staff and proprietary software guarantee you will achieve an optimized result.



OUR COMMITMENT TO OUR CLIENTS:

- ▲ **You'll Barely Lift a Finger:** Armatus does all the work for you
- ▲ **Fully Contingent Fee:** You only pay when you are approved
- ▲ **Speed and Accuracy:** We'll deliver guaranteed, optimized results
- ▲ **Data Governance:** Your customer information is safe with us



49 STATES

WE WORK IN 49 STATES WITH 29 MANUFACTURERS



15 ASSOCIATIONS

WE ARE ENDORSED/LICENSED BY 15 STATE AUTO DEALER ASSOCIATIONS



\$170,604

AVERAGE PARTS and LABOR COMBINED UPLIFT OUR CLIENTS ADD ANNUALLY



8,000+ SUBMISSIONS

WE HAVE OVER 8,000 SUCCESSFUL SUBMISSIONS

Endorsed by



(888) 477-2228 | INFO@DEALERUPLIFT.COM | WWW.DEALERUPLIFT.COM

Minimizing Your Risk and Offering You a Creative Insurance Plan

PDP Group offers programs tailored to automotive risk solutions for dealers and manufacturers. PDP Group is a leader in insurance solutions and document management for automotive and truck dealers, manufacturers and financial institutions. Bring this experience to bear for your insurance needs.



pdpgroupinc.com



Contact Jaci Bennett
at 410-456-4700 or email at
jmbennett@pdpgroupinc.com

- One source for physical damage and liability insurance coverage
- Multiple markets for Garage Liability and Auto Dealer Physical Damage (ADPD) markets
- Broker for eight (8) National Floor Plan Insurance programs
- Broker for thirteen (13) Manufacturer Service Rental programs
- Direct representation for over 300 dealerships in eleven states



CHARAPP & WEISS, LLP
Driving Your Success®

**Nationally recognized law firm
specializing in protecting the
interests of auto dealers.**

8180 Greensboro Drive, Suite 1000
McLean, Virginia 22102

(703) 564-0220
Toll Free: (877) 722-7529
www.cwattorneys.com

**Offices in McLean, VA, Bethesda, MD,
Washington DC and Richmond, VA**



MARCEL STILL LOOKS FOR CARS EVERY NIGHT. **SEE MORE DATA. SELL MORE DEALS.**

101111001 **MARCEL THOMAS,**
101110101 AGE 56, FLORIDA,
101000111 MARRIED, 2 KIDS,
101010001 **EMPTY NESTER,**
011110101 \$250 PER MONTH,
011110101 OWNS HOME,
110001101 **FORD MUSTANG,**
010101000 YEARLY INCOME
110100111 \$75K, READY
101011010 TO PURCHASE
011101101 IMMEDIATELY,
010101001 USED



10-20K MILES, 0100110111
BASEBALL 0100010111
ENTHUSIAST, 0010101000
BACK UP 1010101010
CAMERA, 0110101111
COLOR: RED, 1010011110
CREDIT TIER: 1, 0001110001
PREMIUM SOUND, 0100101010
BLUETOOTH, 1001110100
ACTIVE ON 0011010101
SOCIAL MEDIA 1110011101
MPG, \$20,000, 0000101010

YOU'LL NEVER SEE YOUR CUSTOMERS THE SAME WAY AGAIN.

Only VinSolutions Connect CRM with Connect Automotive Intelligence uses artificial intelligence and Cox Automotive buyer information to generate insights that personalize the car buying experience. In fact, consumers classified as “ready to buy” by Connect Automotive Intelligence were 10.8x more likely to make a purchase within 30 days.

**GET VINSOLUTIONS AND GET TO KNOW YOUR CUSTOMERS.
REQUEST A DEMO TODAY.**

*Compared to consumers with inconclusive Buying Signals, VinSolutions Connect Automotive Intelligence Data predictions for 30 days prior to purchase in Aug 2019-Feb 2020.

VinSolutions
Make every connection count.

www.VinSolutions.com

COX AUTOMOTIVE

Hard Trend

Easier to Identify Than You Think

By Daniel Burrus

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

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

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

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

What's a Hard Trend?

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

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

Demographics. This can be age, race, gender, or any other defining characteristic of a group. During this pandemic, an example is an older generation like the Baby Boomers. The fact that they are more susceptible to COVID-19 is a definite Hard Trend.

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

Technology. From the ever-increasing accessibility of 3D printing to holographic

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

Why Hard Trends Matter

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

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

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



enormous opportunities for those organizations with the mindset of always keeping their eyes open to the future.

Use Soft Trends to Influence the Future

There are certain things about the future that we simply can't change. Some are rather obvious. For instance, spring will always follow winter. New Year's Day will always be January 1, at least in many parts of the world. Those are chronological certainties.

There are other future certainties that have nothing to do with the calendar. For example, are the phones we use in the future going to be capable of doing more or less? Of course, they'll be able to do more. That's a certainty.

But what about those things that aren't quite so cast in stone? For instance, will it be colder tomorrow than today? No one can say for certain. Will the stock market rise or fall? Your guess is as good as mine.

The Definition of Soft Trends

Although events that lack certainty may be unnerving to some, I absolutely love them. I call them Soft Trends, and they are a central principle of the overall Anticipatory Organization Model.

Soft Trends are future maybes: those events, developments and other things that may or may not take place.

As I mentioned earlier, one of the greatest appeals of Soft Trends is that they can be changed. They can be altered and, depending on what you know about them and how you use them, they are open to influence, leverage and, ultimately, enormous opportunity.

Further, there are positive Soft Trends as well as negative Soft Trends — in so many

words, those trends that you want to maintain and build on and those that you may wish to reverse.

For instance, one Soft Trend is the growing number of students furthering their education through online learning. That's certainly a good thing and a Soft Trend that you may like to nurture and possibly leverage.

By the same token, the number of obese people continues to increase — a Soft Trend, and a negative one at that. In looking to influence this Soft Trend, you'd likely investigate ways to try to reverse this disturbing health pattern.

Hard and Soft Assumptions

Another component of Soft Trends is the assumption that underlies them. On one hand, there are Hard Assumptions — defined, empirical data and information. Soft Trends supported by Hard Assumptions are more likely to happen.

For instance, rising health care costs in the United States is a Soft Trend, but one supported by Hard Assumptions — decades of data detailing steady increases in costs. That makes it more likely to continue in the future.

On the other hand, Soft Trends underscored by Soft Assumptions are less likely to occur. Moreover, treating them as though they offer greater certainty than they do can be a dangerous misstep. For example, when the Affordable Care Act (ACA) was implemented, there was a Soft Assumption that there would be enough young people signing up to offset the higher costs of older participants. One problem: There was no comprehensive research in place to support that — one of

many Soft Assumptions that had an adverse effect on the ACA's launch.

The Need to Carefully Identify Soft Trends

Paying attention to Soft Trends can unlock enormous opportunities for you and your organization.

But the caveat is first recognizing the difference between Soft Trends and Hard Trends, which are future certainties. The simplest explanation is, if you have to think about it, it's a Soft Trend. Hard Trends are generally obvious at first glance.

Moreover, it's critical to separate Soft Trends that are driven by Soft Assumptions from those underscored by Hard Assumptions. Even though Soft Trends are never a future fact, they carry a far greater level of confidence when they are associated with Hard Assumptions. A Soft Trend with a Soft Assumption, on the other hand, could be much less of a sure thing.

You can see that Soft Trends offer enormous opportunities if you know how to identify them and with what level of confidence you can use them to your advantage. So, with that in mind, what Soft Trends can you pinpoint that will impact you, your organization or your entire industry? ★



ABOUT DANIEL BURRUS
Daniel Burrus is considered one of the World's Leading Futurists on Global Trends and Disruptive Innovation. The New York Times has referred to him as one of the top three business gurus in the highest demand as a speaker.

Smart Used Car Management Can Help

Boost Profits During Pandemic

By Nick Jackson, Manager – Dealer Training, Ally Academy



A look at the raw sales numbers for the first half of the year might be enough to discourage almost anyone in the business of selling cars and trucks, but there are signs things are changing for the better and that means opportunity. That opportunity is knocking on the used car side of the business, but it will only pay off if managed correctly.

In a typical year, U.S. consumers buy about 17 million new vehicles and around 20 million used vehicles from dealerships. But, we're on a roller coaster ride that has

taken us from steep sales declines early in the pandemic to soaring levels of used car sales at the start of summer. One Cox Automotive analyst forecasts 14 million vehicles sold in the U.S. in 2020, down from 17 million in 2019. Sales in the second half of 2020 were significantly higher than the first, though no one expects sales to get back to normal anytime soon.

We know that used vehicles commanded higher prices early this summer. One of the reasons consumers are finding sparse choices at new vehicle lots is because automakers laid on generous incentives

in April, sparking a temporary spike in sales, leaving little inventory and limiting options.

When you run low on new cars, the focus turns to used cars. Late model used vehicles — especially popular pickup trucks, SUVs and crossovers — are in high demand, but in short supply, driving up wholesale prices. Right now, wholesale prices are approaching retail prices.

What's important now is for dealers to move into the next few months very carefully in the face of rapidly changing

market conditions. That starts with smart inventory management.

Right-size inventory

Here are some ways to help manage inventory effectively:

- Use discipline when purchasing vehicles to avoid being stuck with a significant supply of aging inventory when the market slows
- Consider strategies, to help promote the sale of the vehicle in the first 30 days to address aging before it occurs, such as shaving time off the vehicle reconditioning process
- Keep a close eye on market trends to make sure inventory levels are in line with where the market is headed as opposed to where it has been

Look beyond auctions

Looking beyond auctions for inventory is a smart way to help maximize resources.

- Perfect your ability to buy off the streets, from the service lane and from trades



Expenses are tight right now, but effective training can help dealers make money, save money, and reduce risk.



- Consider keeping and retail selling some of the older, higher mileage units that you previously wholesaled for great low price-tag options

Train staff for new challenges

It makes sense to consult with experts to properly train employees so they're prepared for whatever situations may arise. Expenses are tight right now, but effective training can help dealers make money, save money, and reduce risk.

For example, inventory strategies are covered in Ally Academy's used vehicle management course while courses on sales, compliance, fixed operations and

dealership management can help your team adjust to pandemic business challenges. We also work with dealers to help them become more adept at conducting business virtually, advising them the shift to digital sales is likely not going away.

Right now, the industry continues to deal with the effects of the COVID-19 pandemic, with volatile sales and thinning margins. In some departments, training and discipline are among the best strategies for maintaining a healthy used car operation that can take full advantage of the opportunities these uncertain times present. ★



Interact with content on a deeper, more meaningful level.

Reach your customers with print.

To advertise in this magazine, contact us today.



801.676.9722 | 855.747.4003
thenewslinkgroup.org
sales@thenewslinkgroup.com



Q&A With Ian Grace

of automotiveMastermind

Those who are familiar with automotiveMastermind know that it has been at the forefront of helping dealers with the coronavirus pandemic.

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

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

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

I would be doubling down on all the proactive forms of communication that I can use. Automotive technologies such as Market EyeQ by automotiveMastermind can empower sales staff to:

Make informed calls to customers.

Send direct mail pieces that are microtargeted based on consumer needs.

- Market through personalized email.
- Make social media posts.
- Use digital retargeting. For example, if you sent direct mail to the people on a list, utilize the same list to market digitally on social media.

Enhance the dealership's website.

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

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

reaching out to existing and potential customers and not waiting for the phone to ring or door to swing.

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

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

Dealer plans should concentrate on the following:

1. When their state fully opens things up
2. The individual state policies toward auto dealers
- 3 Inventory availability
4. Consumer confidence and response
5. Contingencies should there be ongoing waves of COVID-19 in the future

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

I talk to dealerships and dealer relations managers around the country every day. Many dealers had a better May 2020 than they did in May 2019. Stores that are willing to adapt, and have adapted, are not only doing well and surviving, they are also

thriving. When someone can out-sell year over year, that is very encouraging to hear. Despite everything that is going on, I am hearing about real successes on a micro level throughout the country. As I mentioned before, consumers are ready to buy cars again — you just need to meet their new demands of convenience and personalized experiences before the competition does.

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

My work for automotiveMastermind has taught me the following:

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

Do you have any parting thoughts?

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



Ian Grace has nearly 20 years of experience in the automotive industry. He began his career back in 2002 working in retail automotive sales, management and finance for five years. From there, he went on to work in indirect auto and consumer lending for 10 years before joining automotiveMastermind as a Dealer Relations Manager in 2017. In his current role as Senior Manager, Partner Performance, he and his team are responsible for optimizing partner performance and retention. Ian lives in Pittsford, New York, with his wife Courtney and son Tanner.

4 THINGS YOUR CUSTOMERS NEED

TO SHOP AND BUY FROM YOUR DEALERSHIP REMOTELY



While retail looks different than it did just a few months ago, people are still shopping. Customers and businesses alike are adjusting to our new environment, with online orders for everything, no-contact pickups, and limited face-to-face interaction.

Dealerships are a part of this new retail environment, and many of your customers still want to buy a car under these new circumstances. And even if they are planning to delay their purchase a bit, customers are doing their research on the best options online — and even starting deals remotely — now.

Working car deals remotely isn't just new for your dealership staff; it is new for your customers too. They need certain information and tools to shop — and buy — remotely. Here are a few things to make sure you give your customers for the best remote buying experience possible.

Consistent Communication Across Channels

Consistent communication with your customers is key to the success of remote deals. Whether you're texting, sharing videos or video chatting — all great ways to reach your customers — you should clearly explain new

processes for remote vehicle purchase and socially distant delivery.

To ensure that your customers don't have to start over every time they communicate with your dealership, make sure every customer interaction is entered into the CRM. Logging every customer interaction in the CRM enables your customers to pick up where they left off — regardless of which salesperson or manager they spoke with previously. Make sure every text is sent using an integrated tool like VinSolutions Connect Texting, and take notes about any video chats you have with customers outside of the CRM.

You should also audit all your auto-responses and make sure that they are aligned with your current operating model. You don't want to confuse your customers with auto-responses that contain outdated information about when your doors are open, how customers should contact you, and what they need to do next to keep the deal moving.

Streamlined Shopping

A streamlined online shopping process is critical to your customers being able to shop and buy remotely. Digital retailing tools are a big part of that, as they provide customers a way to quickly get customized offers and your team a way to quickly understand your customers' needs.

But the streamlined shopping processes that digital retailing enables cannot live and die on your dealership's website. If your customers spent time filling out forms and customizing their payment options online, they are going to want that work to be recognized by your

dealership. Don't push them away by ignoring all that hard work when your salesperson calls to follow up.

This is where a digital retailing solution that integrates with your CRM, like Cox Automotive Digital Retailing integrates with VinSolutions Connect CRM, becomes very important to providing a good experience for your customers. With these integrated tools, your salespeople know exactly where customers are in the deal-making process, and they can more easily provide recommendations that streamline the shopping experience.

Competitive Pricing

It goes without saying that price is important; it always has been and always will be. But customers are especially likely to be price sensitive during these unpredictable times. Now more than ever, your customers need to feel confident that they are getting a competitive price before they can move forward with a remote deal.

But the streamlined shopping processes that digital retailing enables cannot live and die on your dealership's website. If your customers spent time filling out forms and customizing their payment options online, they are going to want that work to be recognized by your dealership.

Tools like VinSolutions Connect Desk-ing, which integrates with Connect CRM to streamline the deal-making process, and Rates & Residuals, which provides current manufacturer incentives alongside bank rates, help ensure that you're providing your customers with the best financing options available to fit their unique needs.

Clear Next Steps

Because buying a car remotely is so new to most customers, throughout the entire process, your customers need to

know what is coming next. They are likely to have a lot of questions, from your showroom hours to the measures you're taking to sanitize your vehicles. At every step of the remote deal process, overcommunicate your dealership's processes, tools and next steps to give your customers the confidence and peace of mind they need to work their car deal remotely. ★

For more information on how the right tools can drive a digital transformation at your dealership, contact Erick Dubon, your regional VinSolutions sales manager, at 913-523-4601 or Erick.Dubon@coxautoinc.com.

Know

that together, we can accelerate
your dealership's success.

For more information about how PNC and our Dealer Finance group can help you move your dealership forward, contact the representative below.

FLOOR PLAN & COMMERCIAL FINANCING

Kevin Devlin, Vice President, PNC Bank Dealer Finance
cell: 443-974-4009 | office: 301-493-5900
kevin.devlin@pnc.com



PNC and PNC Bank are registered marks of The PNC Financial Services Group, Inc. ("PNC"). Banking and lending products and services and bank deposit products and investment and wealth management and fiduciary services are provided by PNC Bank, National Association, a wholly-owned subsidiary of PNC and Member FDIC. Lending and leasing products and services, including card services, trade finance and merchant services, as well as certain other banking products and services, require credit approval.

©2018 The PNC Financial Services Group, Inc. All rights reserved.

BB PDF 0718-0168-886301



Recapture LIFO at a Lower Tax Rate While You Can

By John Comunale, CPA, Senior Vice President/Practice Chair — Automotive Committee

The LIFO (last-in, first-out) accounting method for inventory valuation is one of the few business tax deferrals permitted by the IRS. Intended to benefit businesses through times of economic inflation, LIFO allows companies to include the effect of inflation in their cost of goods sold, thus lowering their taxable income.

Many, but not all, auto dealerships use LIFO as a tax deferral strategy, not a permanent tax deduction. Dealers should invest their annual LIFO tax deferral each year to have the funds available when the tax comes due. A dealership could add to its LIFO reserve for many years, with amounts totaling well into the millions.

When was the last time you considered the future tax liability related to your LIFO reserve?

Within the current tax climate, electing to change from LIFO means recapturing your tax deferral at a lower rate than when it was initially deducted. Although the top tax rate is 37%, most pass-through entities can take advantage of recapturing at a decreased tax rate of 29.6%, plus state tax, due to the Section 199a deduction. The opportunity to recapture at a lower rate is dependent on the tax law remaining in place as it is today. The Section

199a deduction is currently set to expire after Dec. 31, 2025. Changes in Washington could end it sooner. Dealerships that are thinking about recapturing their deferrals may not want to put it off any longer.

Electing to Recapture LIFO

When you choose to switch from LIFO to another inventory valuation method, you will need to file a Form 3115 with your current-year income tax return. Furthermore:

- On your GAAP prepared financial statements, LIFO reserves will be recognized as a prior-period adjustment.
- On your books, your LIFO reserve will be eliminated.
- On your tax return, one-fourth of your LIFO reserve will be added to income for four years, starting with the year of change.

Some dealerships elect to change from LIFO because the sale of their business would require the entire tax related to the LIFO reserve to be paid in the sale year. Others do not want to saddle the next generation with the future tax burden. Whatever the reason, failure to plan can negatively impact a dealer's future goals. Deciding to change from LIFO is a big step, and it may not be right for everyone. If you are on the fence and would like to discuss your options further, our office professionals are ready for your call. ★

... driving the automotive dealership industry
down the road to financial success.



CPAs & BUSINESS ADVISORS

Our Services

- Tax Planning & Preparation
- Cost Segregation Analysis
- Mergers & Acquisitions
- Audits, Reviews & Compilations
- Succession Planning
- LIFO Inventory
- Fraud Prevention
- Business Valuations
- Financial Planning for
Individuals & Families
- Investment Management Services
- Retirement Planning

CBM has an experienced team of tax, personal financial planning and advisory professionals devoted to the automotive retail industry. Since 1921, we have specialized in new car, light duty and heavy truck dealerships, as well as motorcycle and RV dealerships, primarily in the Mid-Atlantic region.

Investment management, financial planning and retirement planning services are delivered by MBI, a subsidiary of CBM.

John R. Comunale, CPA
JComunale@cbmcpa.com



Keith A. Laudenberg, CPA
KLaudenberg@cbmcpa.com



Councilor, Buchanan & Mitchell, P.C. - CPAs & Business Advisors
7910 Woodmont Avenue | Suite 500 | Bethesda, MD 20814
1150 18th Street, NW | Suite 550 | Washington, DC 20036
 www.cbmcpa.com  301.986.0600



E-Commerce For Dealerships:


Online Vehicle Sales And Digital Retail Compliance Considerations

The auto industry recently experienced unprecedented change in the span of a few months due to the coronavirus pandemic. The impact has been felt by OEMs, dealers, and their customers. Although online sales are commonplace for purchasing certain consumer goods, even groceries, vehicle transactions have historically not kept pace with other digitally retailed goods. Visits to dealership showrooms to consummate deals remains the norm. This is partially due to the need for original, or “wet”, signatures being required for certain documents that comprise the entire vehicle sales transaction (e.g., title, odometer, secure POA, tax forms).

With the onset of COVID-19, however, and the related shutdown orders issued by state and local governments, dealers became more inventive using the internet, their websites and social media to drive online vehicle sales. Online sales have

continued to pick up traction even in the wake of stay-at-home requirements being lifted. Customers favor seamless transactions, including pricing transparency and the efficient use of their time. The area of online vehicle sales is nonetheless fraught with challenges. Additionally, companies like Tesla, Carvana and Vroom, have made a significant foray into the realm of online digital vehicle sales competing with traditional dealers and manufacturers for customers. To address some of these challenges and meet customer expectations, it is important at a minimum for dealerships that engage in online vehicle sales to develop and implement a set of best practices.

Dealerships that engage in online vehicle sales should ensure their understanding about certain aspects of the transaction, such as off-premises delivery, to avoid violating the FTC and Illinois “cooling-off” laws. Specifically, conduct that rises to the level of solicitation, negotiation and sale of the vehicle at



“ Online transactions and e-commerce open new opportunities for dealerships in the ever-changing digital retail landscape. Adhering to best practices helps to ensure compliance with numerous applicable state and federal legal requirements and facilitates satisfied customers. ”

a customer's residence rather than at the dealership, gives rise to these laws and requires certain written and oral disclosures by the dealer and affords the buyer a 3-day right to rescind the transaction. Additionally, these laws limit the dealer's ability to assign the contract. Depending on the circumstances, delivering the vehicle to the customer at his/her residence can trigger the customer's 3-day rescission right and other requirements. Moreover, consummation of the transaction off-premises can also create problems for dealers. These may include the state's vehicle code, the state's dealer licensing law, and perhaps under the dealer's sales and service agreement with the OEM, as well as under agreements the dealer may have with the financing entities. Finally, if the point of sale is deemed to be other than the dealership premises, sales tax questions may arise. Ensure the online sales transaction was conducted at the dealership by following certain guidelines.

First, make certain all terms of the sale are mutually agreed upon prior to vehicle delivery. There should be not be any negotiating of terms away from the dealership premises. If the customer insists on delivery of the vehicle to his/her residence, consider having dealership personnel, other than sales employees, deliver the vehicle that is sold online to the customer to avoid any "last minute" contract negotiations or the appearance of same. If the customer has a trade-in, be sure to value or appraise the trade at the time of the mutual agreement of all sale terms prior to vehicle delivery.

Second, if the vehicle is to be delivered to the customer's residence, ensure all sales transaction instruments (that do not require an original customer signature) are completed and signed online in advance of delivery provided compliant with e-signature legal requirements. As mentioned, in some

states, there are some documents that require an original or "wet" signature. Try to have these signed and delivered to the dealership in advance of vehicle delivery.

Other examples of best practices when conducting online vehicle sales include: (i) considering requiring the customer to sign an acknowledgment that the sale was not solicited at the customer's residence and that the vehicle was delivered to the customer as a courtesy or at his/her request; (ii) ensuring test drives be taken at the dealership premises; (iii) delivering the finance contract to the customer in advance to satisfy Truth-in-Lending requirements; (iv) ensuring compliance with state and federal privacy laws such as Gramm Leach Bliley and any applicable state data transparency and privacy laws. Also, ensure the dealership has an identity theft program in place under the Red Flags Rule to confirm a customer's identity which applies to online sales as well. The dealership information technology vendor should be consulted to ensure e-contracting compliance and appropriate security and encryption for storage and transmission of customer personal information.

Online transactions and e-commerce open new opportunities for dealerships in the ever-changing digital retail landscape. Adhering to best practices helps to ensure compliance with numerous applicable state and federal legal requirements and facilitates satisfied customers. ★

Julie A. Cardosi is an attorney and president of the private firm, Law Office of Julie A. Cardosi, P.C., of Springfield, Illinois. She has practiced law for nearly 35 years and represents the business interests of franchised new vehicle dealers. Formerly in-house legal counsel for IADA, she concentrates her practice in the areas of mergers and acquisitions and other transfers of dealer ownership, franchise law, commercial law, state and federal regulatory compliance matters, including employment, and other areas impacting day-to-day dealership business operations. She has also served as former Illinois Assistant Attorney General and Deputy Chief of the Consumer Fraud Bureau of the Attorney General's Office. The material discussed in this article is for general information only and is not intended as legal advice and should not be acted upon as such. Dealers should consult their own private legal counsel for application to their specific circumstances. For more information, Julie can be reached at jcardosi@autocounsel.com, or at 217-787-9782, ext. 1.

Thank You

TO OUR ENDORSED PARTNERS



At Integrum Advisors, we come to work each and every day to ensure that we have you covered. We take pride in providing sound advice to all of our clients. Our job is not done until you have complete peace of mind that you and your employees are receiving the best benefits and service available.



Dealertrack Technologies offers a cutting edge web-based registration and titling solution developed with input from dealerships across the Commonwealth. They are the only registration and titling company endorsed by VADA.



Zurich F&I professionals can help you increase product penetration, per vehicle retail and customer satisfaction. They currently work with more than 100 Mid-Atlantic dealers, helping them build relationships with their customers and increase product sales.



MOC* is a leading provider of innovative products and solutions to the automotive-dealership industry. Their program is designed to provide new car dealers the ability to buy necessary products, tools and equipment at manufacturer direct pricing, but also receive unprecedented local and regional service and support.



Promote your business, reduce compliance risk, manage data, and keep your office inventory stocked with Reynolds Document Solutions.



Weekly reports listing individual registration information available by city and county and delivered to you by email! To find out more contact Michael Allen at mallen@vada.com.



Promote your business, reduce compliance risk, manage data, and keep your office inventory stocked with Reynolds Document Solutions.



Management consulting, human resource management, and labor relations.



One Source Wonderful! Your local, one stop shop, for all departments supply needs!



UniFirst is one of North America's largest workwear and textile services companies. Serving businesses big and small since 1936, UniFirst provides a wide range of apparel from traditional uniforms and industrial wear to specialty and protective clothing. They also offer complementary floorcare and restroom services products, including a range of mats, mops, soaps, air fresheners, and paper items



In 2010, co-founders Adam Robinson, Michael Krasman and Jeff Ellman reinvented the hiring process, empowering businesses to ditch their filing cabinets and manilla folders in exchange for an intuitive, technology-based hiring process.



As the provider of Connect CRM, a leading dealership customer relationship management system, VinSolutions helps more than 5,000 dealers make every connection count. VinSolutions products integrate dealership systems, processes and tools to deliver a single view of the customer across the business.



Put the power of the Manheim Marketplace in the palm of your hand with Manheim Express. More than just a dealer-to-dealer network, Manheim Express delivers extreme efficiency to buyers and sellers when they need it the most.



This magazine is designed and published by The newsLINK Group, LLC | 855.747.4003

Thank You to our Advertisers!

AUTO DEALERSHIP MANAGEMENT AND SALES VinSolutions7	INSURANCE CORE ASSURANCE PARTNERSIFC PDP Group6
AUTO DEALER LAW Charapp & Weiss, LLP6	RETAIL WARRANTY REIMBURSEMENT Armatus Dealer Uplift5
BANK PNC BANK.....15	
CPA AND BUSINESS ADVISORS CBM.....17	
CUSTOMER RETENTION AND MARKETING Dealership for Life.....3	



Why Advertise in PRINT?

"Digital media is great, but we also need less mediated, more real experiences and I believe print is better at delivering that.

Magazines offer the kind of tactile engagement you cannot find anywhere else.

It satisfies the senses on many levels – sight, touch, smell. That's unique to print. Also in a world where everything moves so fast – driven by the dictates of data and the digital world – magazines provide respite from all that: a moment of calm, contemplation, enjoyment."

— Vince Medeiros, Publisher, Think Quarterly, google

Sophie Hanson Ide | 855.747.4003 | sophie@thenewslinkgroup.com



[thenewslinkgroup.com/publications/
Goldfish/index.html](http://thenewslinkgroup.com/publications/Goldfish/index.html)

