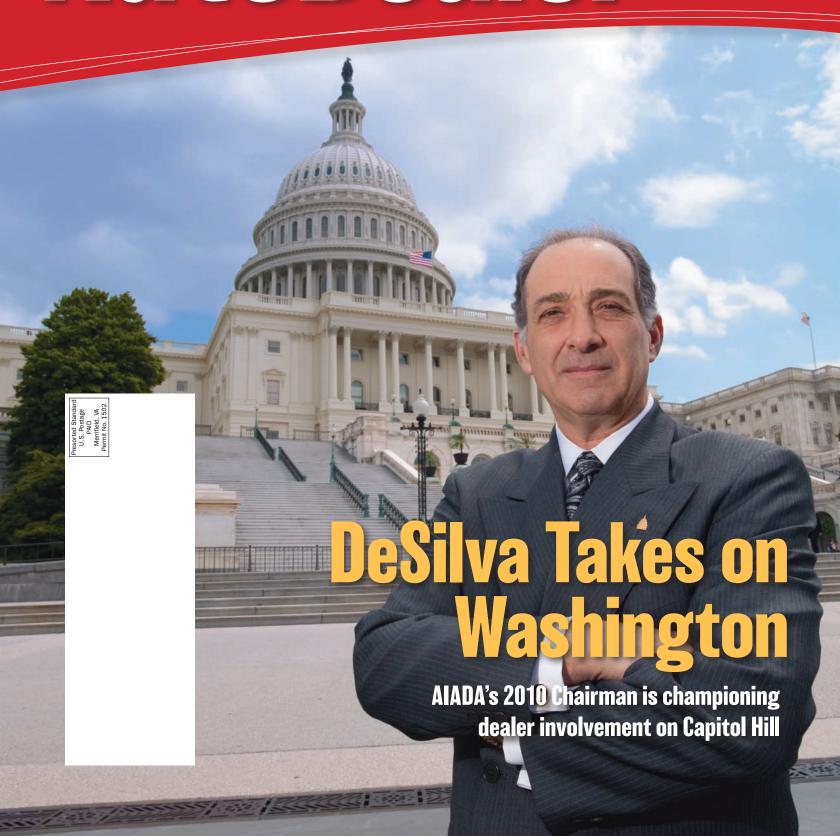
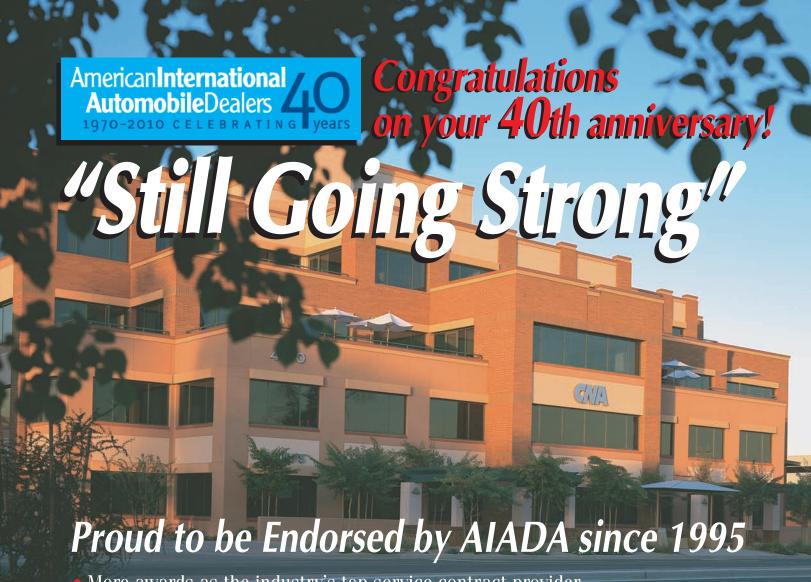
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VOLUME 4 NUMBER 1 SPRING 2010





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FROM THE CHAIRMAN'S DESK

wo years ago in this space, then-AIADA Chairman
Jim Hudson told dealers to brace themselves for
bumpy days ahead. Our industry was experiencing unprecedented upheaval, and no one knew what the future held. To emphasize his point, Chairman Hudson reminded dealers of the ancient Chinese curse: May you live in interesting times.

He was right on the money. Interesting, and dangerous times, are what

we got for the next two years.



can be a dangerous place.

In 2010, Toyota has learned this fact first hand. Now, my intention is not to defend Toyota, as they are very capable of defending themselves. However, based on the facts, a relatively low number of unintended acceleration complaints attracted the attention of Congress and the media, eventually snowballing into one of the largest recalls our industry has ever seen. The impact, on sales and trust, has been significant.

All international dealers and manufacturers should look upon what has happened to Toyota as a warning. Just a few months ago, the maker of the Camry and the Prius was on top of the world. No carmaker sold more cars globally. No carmaker had a more

solid brand reputation. And that is why Toyota made such an appealing target for those in authority.

In today's protectionist climate, when every "foreign" brand is viewed with suspicion by Washington, Toyota will likely not be the last manufacturer to undergo this sort of trial by fire. Congress, which can't agree on anything these days, found a common enemy in the Japanese automaker. And they will likely do it again.

Not just Toyota, but all of us have come to the attention of the authorities. Our excellent products make us targets for lawmakers that would like to see international vehicles taken down a couple of pegs.

More than ever, dealers must be vigilant against creeping protectionism, whether it is in the form of "Buy American" legislation or foot-dragging on trade pacts. Now is the time to become active in organizations like AIADA, which protect dealers of international vehicles from attacks on our livelihood.

Our government isn't our enemy. But since taxpayers bailed out General Motors and Chrysler, it has become our competitor. It is no longer enough to hope to avoid the government's attention. We must be proactive in defending our businesses and global trade.

As always, AIADA will be in Washington, leading the charge. Do your part by joining us there during our 4th Annual International Auto Summit (see back page ad) and catching up on the latest issues impacting our industry. Working together, we can conquer this curse.

TIPOUL

RICK DESILVA
AIADA Chairman

American International Automobile Dealers

The American International Automobile Dealers Association is the only national lobbying force in the United States dedicated exclusively to the economic and political interests of America's international nameplate automobile dealers. AIADA was founded in 1970 in order to increase awareness of the international nameplate automobile industry's value to the U.S. economy. The association serves as an advocate for the industry before Congress, the White House, and federal agencies. It focuses its lobbying efforts on trade and anticompetitive restrictions that limit the availability of international nameplate automobiles, full repeal of the Death Tax and other tax measures, affordable health care, labor issues, energy, fuel economy policies that constrict consumer choice, and other industryrelated matters.

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Free Trade, Not Talk

BY INVESTOR'S BUSINESS DAILY

ommerce: A key part of the president's much-awaited strategy for economic recovery came with Thursday's [March 11] unveiling of two blueribbon panels on exports. Here's a better idea: Pass the pending freetrade pacts.

President Obama set a goal to double U.S. exports in five years in his State of the Union speech, vaguely citing it as a means of promoting economic recovery and jobs.

"In a time when millions of Americans are out of work, boosting

> our exports is a short-term imperative," the president declared at an Export-Import Bank conference Thursday [March 11].

Well, he's now revealed how he plans to do it: by creating new advisory government agency panels talking to each other and adding a new

layer of bureaucracy to the idea of opening new markets.

The panels won't be small things. Obama's new Export Promotion Cabinet will be comprised of 15 government agencies—from State to Labor to the Office of Management and Budget, basically sidelining the U.S. Trade Representative, which along with Commerce has the most effective role in promoting U.S. exports.

The panels will be a talking shop as the economy waits for action—and that's just assuming they all agree with each other. Don't hold your breath, especially if the Labor Department is on that team.

Meanwhile, there's a second panel to be formed: a President's Export Council of business leaders, with the president of Boeing as the head. That's ironic, because recently the aircraft giant found itself at the center of a controversy with the European Union threatening trade sanctions over what it called a rigged bidding process. Tough to promote exports with those dubious credentials.

Obama said the panels are to execute a "single comprehensive strategy," doling out \$2 billion in export credit to businesses, advertising and promoting U.S. offerings aboard, and hitting foreign companies with trade "enforcement" actions.

Strangely missing in this big plan is the most effective proven means of expanding exports: free trade. Under past free trade deals, such as the North American Free Trade Agreement, U.S. exports quadrupled in a dozen years. Free trade nations are the most ravenous buyers of U.S. exports, according to the USTR, giving the U.S. a trade surplus with most of them.

But three already-completed free trade pacts with Colombia, Panama, and South Korea sit in some White House desk drawer waiting for the president to submit them to Congress for a vote. Bizarrely, they weren't even a central element in his new export strategy.

It's bad news, because getting these treaties enacted could add \$150 billion in new export trade for American companies in a few years, as well as millions of new and higher-paying jobs.

Unlike the panels, the three treaties cost nothing, and don't even add any competition to U.S. manufacturers. The nations involved already pay no U.S. tariffs, based on other treaties, so imports won't change. Only exporters will benefit, and they'll create jobs.

That's worth noting because not only is the U.S. economy in the dumps, new U.S. trade figures released Thursday [March 11] show the effects of our sorry trade picture.

The U.S. trade deficit unexpectedly shrank 6.6 percent for the first time in five months, with both imports and exports down. The weak economy here damped imports 1.7 percent, and even with the weak dollar, exports fell 0.3 percent for the first time in seven months.

One reason that's happening is that appetite overseas for U.S. goods is drying up. The U.S. isn't acting to open markets, so both sides of the trade equation suffer.

Other countries are snapping up overseas markets by signing trade deals with countries like Colombia. while U.S. companies remain stuck paying tariffs of 50 percent or more.

According to Consumer Electronics Association President Gary Shapiro, writing in the Huffington Post on Wednesday [March 10], U.S. exports of corn to Colombia fell 54 percent in 2009 over 2008. But over the same time, Brazilian corn exports to Colombia grew 200 percent. "The results are similar for a range of U.S. commodities and products," he wrote.

The obstacle here is political will on the part of the Obama administration, which is letting Big Labor unions block the passage of pacts, giving their whims even more weight than the need to create jobs.

As that wears thin, we now see "trade" panels formed to create the appearance of "doing something."

It won't work. The direct line to opening exports is called free trade and the White House must summon up the political will to use it. Real free trade pacts trump bogus panels, every time. AD

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Toyota Dealer Advocates Spring into Action

Dealers Address Toyota Recalls As Legislation Begins to Take Form

ealer grassroots efforts have already sprouted in the nation's capital this year, prompted by Congressional hearings surrounding the recalls of certain Toyota vehicles. Congress returned from a brief stint in their districts in late February to conduct hearings to investigate Toyota and the National Highway Traffic Safety Administration's (NHTSA) handling of recalls involving vehicles with either too many floor mats, sticky gas pedals, or problems with sudden, unintended acceleration.

AIADA's Toyota dealer members immediately sprang into action to take advantage of this opportunity to educate their legislators on how dealerships have been handling the recalls and repairs on the front lines. In a matter of days, a sizeable dealer flyin came together as dealers traveled from across the U.S. to Washington, D.C., to meet with their members of Congress who sit on the two key House Committees that held the initial hearings. Working with Toyota and Tammy Darvish of DARCARS in Maryland, AIADA scheduled dealer meetings and helped obtain media coverage for the nearly 200 Toyota dealers who arrived on Capitol Hill.

Monday, February 22, dealers arrived in D.C. to disseminate their message—a first-hand account of the real happenings at their

LEGISLATIVE
ACTION NETWORK $L \cdot A \cdot N$ Dealers Making an Impact



Dealers worked to shift attention from out-of-control vehicles to "in-control" dealers who were working to help consumers feel safer.

dealerships—and to shift the attention from media hype about out-of-control Toyotas to the "in control" dealers around the country who have been helping consumers feel safer. Following a dealer briefing Monday evening, dealers huddled on Capitol Hill early Tuesday morning to spread their message to legislators.

AIADA's Grassroots Team scheduled Hill visits for more than 100 dealers with nearly 70 members of Congress who represent 24 states. "Having such a large, yet targeted, group of dealers allowed us to take our message directly to legislators who represent nearly half of the states in the country. That's a big deal," said Bob Loquercio of Northside Toyota and Elgin Toyota of the Chicago region.

Top Toyota executives testified before both the House Energy and Commerce Committee's Subcommittee on Oversight and Investigations and the House Oversight and Government Reform Committee. On February 23, 2010, President and Chief Operating Officer of Toyota Motor Sales, U.S.A., Inc., Jim Lentz testified in front of the Energy and Commerce subcommittee. The House Oversight and Government Reform Committee called on Mr. Toyoda to testify during its hearing on February 24. Mr. Yoshimi Inaba, president and COO of Toyota Motor North America and Chairman and CEO of Toyota Motor Sales, U.S.A., Inc. also served as a witness.

The following week, the Senate conducted its own hearing on Toyota's recall issues. The Senate Commerce, Science, and Transportation Committee invited Mr. Takeshi Uchiyamada and Mr. Shinichi Sasaki, Toyota Motor Corporation's executive vice

continued on page 8

DEALER INVOLVEMENT



continued from page 7

presidents, to testify alongside Mr. Inaba at its March 2 hearing.

The Senators on the Commerce Committee addressed many of the same issues as the House hearings. Once again, some Senators raised a concern over the absence of a Tovota executive in North America with the ability to authorize a recall. However, having heard the concerns the previous week, Toyota came prepared. Mr. Inaba announced the creation of a "Special Committee of Global Quality" to be led by Toyota's president. Mr. Inaba's testimony outlined what the Special Committee of Global Quality would do: "It will thoroughly review our operations and make changes to ensure problems of this magnitude do not happen again. In the interest of openness, we are assembling a blue ribbon panel of distinguished, independent experts to confirm that the enhanced quality controls we are putting into place conform to best industry practices. I am pleased to say that former **Transportation Secretary Rodney** Slater will help lead this panel. We are also putting a system in place to better share important quality and safety information across our global operations and to work more closely."

At the conclusion of the hearing, the committee chairman, Sen. Jay Rockefeller (D-W.Va.) steered the

committee into the next steps of the process, a legislative initiative to look closely at the recall processes that were put in place in 2000 by the enactment of the Transportation Recall Enhancement, Accountability, and Documentation Act (TREAD). The House Energy and Commerce Committee held an additional hearing to further examine operations within NHTSA.

Just as they did during the House hearings, Toyota dealers traveled to Washington to attend the Senate hearing and meet with their Senators. Those who were unable to make the trip met with their Senators back home, called their district offices, or wrote letters. AIADA's efforts helped ensure that all 25 Senators who sit on the Senate Commerce Committee heard from a Toyota dealer in their respective states. AIADA will work to make sure the interests of Toyota dealers continue to be heard as hearings and legislative items like Chairman Rockefeller's move forward.

The ability of Toyota dealers to actively engage and educate their legislators on the recall issue is due to the efforts of dealer activists who are active in AIADA's dealer grassroots initiatives—the Legislative Action Network (L.A.N.) and the Dealer Visit Program. In fact, many of the Congressional meetings allowed dealers

to invite their members of Congress to visit their dealerships as part of AIADA's Dealer Visit Program to watch and learn as a Toyota technician conducts repairs on recalled vehicles. Dealers who participate in this free program receive AIADA's weekly e-newsletter, Capitol Insight, when Congress is in session and legislative action alerts on issues impacting the automotive retail industry.

AIADA President Cody Lusk emphasized the value of dealer advocacy when he said, "The recent dealer fly-in over the Toyota issue only highlights how important it is for our dealers to be active in the Legislative Action Network—our premier grassroots program for dealers and dealership employees. I would encourage all dealers to sign up on our Web site and invite their employees to do the same." Joining the L.A.N. is free for AIADA members and their dealership employees. "It's the best way to stay in touch with what's happening on Capitol Hill," said Lusk.

Dozens of dealerships and members of Congress have already participated in Dealer Visits this year and will be looking to visit auto dealers in their districts this spring and summer. Visit our Web site at www.AIADA.org to learn more about the Dealer Visit Program and to join the L.A.N. today. AD

2010 Off to a Quick Start

ith November's mid-term elections looming, the stakes are high as Congress considers several pivotal issues. During his State of the Union Address, President Barack Obama raised a host of issues focused on jobs, health care, deficit reduction, clean energy, and education. Since then, a Democratcontrolled Congress has sought to act on these important issues.

Health Care Dominates

Congress rang in 2010 determined to overhaul health care. AIADA worked with the Small Business Coalition for Affordable Health Care to ensure the interests of dealers were considered in the debate. In its last letter to Capitol Hill the coalition outlined aspects of the bill that would undermine how small businesses operate, and questioned the cost-effectiveness of the insurance by way of additional taxes, an employer mandate, and lack of affordable choices.

However, the year-long debate over health care reform came to a dramatic end the weekend of March 20 when the House of Representatives conducted a series of close votes. The following week, the Senate passed legislation mirroring the House health care bill. After further parliamentary procedures, a final bill was agreed upon and massive health care legislation was signed into law by the president.

Senate Debates Financial Regulatory Reform

After much negotiation, on March 15, Sen. Chris Dodd (D-Conn.), Chairman of the Senate, Banking, Housing, and Urban Affairs Committee, introduced financial regulatory reform legislation titled the *Restoring*

American Financial Stability Act of 2010. Dodd, outlining the bill's reforms, said the legislation will end "too big to fail" bailouts; will create a strong and independent consumer protection watchdog; will create an early warning system by tasking someone to monitor conditions for coming crises; and will bring transparency and accountability to financial items like hedge funds and derivatives. After the bill's introduction, Chairman Dodd moved quickly to pass the bill out of committee. Republicans withdrew over 400 amendments they had previously introduced to the bill, opting to continue negotiating and take their fight to the Senate floor. The debate is expected to include discussion on whether or not automobile dealers will be subject to new rules and regulations over the financing of auto sales.

AIADA remains committed to ensuring that dealers are exempt from regulation under a new consumer agency. Existing rules set forth by the Federal Trade Commission, Federal Reserve Board, and other state authorities successfully regulate the sales of motor vehicles.

Trade Languishes

U.S. Trade Representative Ron Kirk recently delivered a report to Congress on the 2010 U.S. trade agenda. While the 17-page report emphasized building relationships with Asia-Pacific nations and concluding Doha round talks, it made little more than a two paragraph mention of the three pending free trade pacts the U.S. has with Panama, Colombia, and South Korea. Negotiated during the Bush administration, the agreements have languished due to opposition from House and Senate Democrats. AIADA continues to promote a global economy in which our dealers and their

manufacturers can operate freely.

Additionally, the House Ways and Means Committee, which oversees trade issues, recently experienced a change in leadership. Rep. Charlie Rangel (D-N.Y.), who had served as chairman, resigned his gavel due to an ongoing investigation and was replaced by Rep. Sandy Levin (D-Mich.).

Taxes: The Death Tax and LIFO

Congressional inaction on the Death Tax has left many dealers in the dark about their tax liabilities. The significant cost of planning for the estate tax reduces investment in business growth and job creation. Without a permanent solution, there are no assurances that these businesses will continue to operate in future generations.

That is why AIADA continues to push for immediate and permanent estate tax relief. While this goal may not be possible in the current environment, AIADA supports a permanent estate tax provision that would increase the exemption level to \$5 million, reduce the maximum rate to 35 percent, and include an index for inflation. The Family Business Estate Tax Coalition, of which AIADA is a member, recently sent a letter to Capitol Hill urging Congress to quickly legislate a solution.

President Obama once again included a full repeal of the Last In, First Out (LIFO) accounting method as part of the FY2011 Budget. With "PAYGO" (pay as you go) currently in effect on Capitol Hill, LIFO is an easy target as a revenue-raiser. In this year's federal budget proposal, the repeal is estimated to raise \$59.1 billion in new revenue. AIADA will continue to fight to maintain LIFO as a valid accounting method as the House and Senate move forward with the federal budget process. AD

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Dealers, Industry Leaders Celebrate AIADA's 40th Anniversary in Orlando

TOMORRO

he mood was upbeat on February 15 when dealers, industry leaders, and media gathered in Orlando for AIADA's 40th Annual Meeting and Luncheon. Attendees helped AIADA usher in the association's landmark 40th year by focusing on the theme of "Yesterday, Today, Tomorrow."

AIADA President Cody Lusk opened the meeting, noting AIADA's reputation for leadership on the issues that matter most to international nameplate dealers. "Founded in 1970, AIADA has been a stable force in America's auto industry, ensuring that the voices of America's international nameplate dealers are heard in Washington, D.C.," he said, pointing out that "our steady and focused leadership has allowed the international auto industry to gain strength."

In keeping with AIADA's reputation for strong leadership, the meeting included the transfer of the chairman's gavel from 2009 Chairman Russ Darrow of Wisconsin to 2010 Chairman Rick DeSilva of New Jersey. In his farewell remarks, Darrow reminded the audience of the challenges and opportunities 2009 had brought to the industry. "Over the past two years, we have seen our industry shaken to its core. But I've noticed that the low points have all translated into big opportunities for us at AIADA . . . We've tackled what many

would see as setbacks and turned them into advocacy opportunities."

Darrow commended incoming Chairman DeSilva for his reputation as a deliberate decision maker, creative thinker, and a tenacious dealer who will lead AIADA well during this year of recovery. DeSilva, a dealer for the past 34 years, owns two dealerships in New Jersey—Liberty Subaru in Oradell and Liberty Hyundai in Mahwah. Both dealerships are family-run operations.

AIADA Board Member Ray Mungenast, **AIADA President Cody Lusk, and National Association of Minority Auto Dealers (NA-**MAD) President Damon Lester at Friday night's reception (from left to right).

Although a sense of optimism permeated the luncheon, DeSilva was quick to remind attendees of the unique challenges international auto dealers face. Touching on global trade, the impending threat of card check legislation, the need for one national continued on page 12







ABOVE: AIADA President Cody Lusk, Colette Marcilliat and Dan Barson with ADESA, and AIADA 2010 Chairman Rick DeSilva of New Jersey (from left to right).

ABOVE LEFT: Mary Hanagan and AIADA Board Member and Past Chairman Jim Hudson.

ABOVE CENTER: Sana Strong and AIADA Board **Members Brad Strong of Utah and Greg Kaminsky** of California.

RIGHT: AIADA Board Member Jack Fitzgerald visits with Toyota Motor U.S.A. President Jim Lentz.



BELOW: Gene Donnelly of BMW, Lee Maas, and Wayne Williams (from left to right).





AIADA Board Member Morrie Wagener of Minnesota, 2010 Chairman Rick DeSilva, and New Jersey Coalition of Automobile Dealers President James Appleton (from left to right).







FAR LEFT: Former AIADA Chairman Tim Smith of Calabasas, Calif., was honored with AIADA's 2010 David F. Mungenast Lifetime Achievement Award.

LEFT: AIADA President Cody Lusk presents Tim Smith with the 2010 David F. Mungenast Lifetime Achievement Award.





fuel efficiency standard, and a tax burden that is particularly difficult for dealers, DeSilva urged dealers and their employees to get involved. "For more than a year, international brands have led domestic brands in market share, making us a convenient target for some politicians," he said. "It is more important than ever that international nameplate dealers be engaged in the political process."

For DeSilva, 2010 will be—as he puts it—"a game changer." He closed by stating, "I am looking forward

to AIADA's 40th year. To spending it with dealers and legislators from around the country. To helping form sound and lasting policies for our industry. To protecting the interests of our members. And most of all, I'm looking forward to re-growth of this industry we all love."

Rounding out the luncheon, Calabasas, Calif., auto dealer and former AIADA Chairman Tim Smith was honored with AIADA's 2010 David F. Mungenast Lifetime Achievement Award. Smith, who owns Bob Smith BMW in

Calabasas, Calif., has been a steady advocate for the auto dealer community.

More than a businessman, however, Smith is committed to the same principles of family and community as the award's namesake. When introducing Smith, AIADA President Cody Lusk described him as "a family man and well respected by his peers and community." Smith is a Regent Emeritus at his alma mater, Santa Clara University, and a trustee of the Catholic Education Foundation of the Los Angeles Archdiocese, AD

DILIGENCE, FRUGALITY, HARMONY: Hyundai's Keys to Success

n a year that tested the mettle of automakers, dealers, and consumers alike, Hyundai emerged from 2009 as one of the few automakers to post a year-over-year sales gain. As president and CEO of Hyundai Motor America, John Krafcik was at the helm of the company's success in the U.S. auto market. He provided keynote remarks at AIADA's 40th Annual Meeting and Luncheon, highlighting some important facets of Hyundai's approach to business, the auto industry, and its dealer community.

Krafcik opened with a disclaimer: "We clearly don't have all the answers at Hyundai. I'm sure we don't even have most of the answers." But, he noted that at Hyundai "we feel the responsibility to lead." It is that leadership which has helped make Hyundai what Fortune Magazine recently described as "The Toughest Car Company of Them All."

So what is Hyundai's recipe for leadership success? According to Krafcik, Hyundai's leadership centers on a simple corporate philosophy: Diligence, Frugality, and Harmony.

- **Diligence:** Krafcik classifies diligence as the term that best captures Hyundai's focus and desire. "It speaks to a special form of leadership. Leadership that comes from a commitment to delivering business targets that are set in a somewhat unorthodox fashion," Krafcik said. "At Hyundai, diligence drives leadership. And leadership drives diligence."
- Frugality: "Leadership is often—not always, but often—a function of speed," said Krafcik. "A big part of our frugality is assuring we have exactly what we need to get the job done. No more. No less." Krafcik explained that this concept is woven throughout the company, but easily seen in the company's decision to employ just four vice presidents at Hyundai Motor America.
- **Harmony:** Summing up its role in the automaker's success, Krafcik said that harmony "we feel, as a small focused team taking on major challenges, is the glue that keeps it all together."



Hyundai Motor America CEO John Krafcik provided keynote remarks on Hyundai's operating philosophy and its role in the future of America's international auto industry.

Hyundai's formula is working, since the automaker has established itself as a brand that has caught up and even outpaced its peers in the methods it uses to produce and sell vehicles. But, according to Krafcik, when putting these principles into practice, the company has a policy of "never setting a target we know how to hit."

What are some of those targets? Between 2001 and 2004, Hyundai jumped from 32nd place into the top tier of automakers in the J.D. Power Initial Quality Survey, where it has been perched ever since. The company also took a bold role in advocating for and working toward a revised federal CAFE standard of 35 mpg ahead of the rest of the industry. Now, said Krafcik, Hyundai is looking to be a lead player in future vehicle safety innovation.

Krafcik ended his remarks by urging continued support for AIADA and its goals. "We are all leaders in our communities, and we have a special responsibility to ensure our customers, stakeholders, and government representatives understand our contributions to the U.S. economy and the importance of free trade to consumers, to businesses, and to our nation." AD

Reaching for GULL

Automakers Increase Sporting Sponsorships

BY MARTY BERNSTEIN, AIADA CONTRIBUTING EDITOR

As the auto industry continues to work toward recovery, the new marketing reality for automakers is simple: get your brand on the shopping list of prospective customers. This goal, combined with recent economic conditions, means automakers are looking for more direct ways to connect with consumers that will provide more bang for their buck.

Automakers have discovered that one of the best ways to get on the radar screens of customers is during sporting events. Incentives such as title sponsorships, mascots, designated "official" vehicles, and guaranteed television advertising time provide an exceptional venue for automakers to place their brands front and center. For automakers, this strategy has yielded positive results even as they have slashed traditional advertising budgets.

International brands are making the most of sports advertising. Six automotive brands spent an estimated \$30 million to advertise during this year's Super Bowl. BMW and Audi also led the way in generating a significant advertising presence during the recent winter Olympics.

Individual automakers are employing different strategies to reach out to consumers during athletic events.



Hyundai and Kia



Jointly, Hyundai and Kia are official automotive partners of soccer's upcoming 2010 FIFA (Fédéra-

tion de International Football Association) World Cup South Africa. The event is a massive undertaking, with 32 different nations qualified for the month-long finals, all televised live and with repeat-casts on the web from the 10 different venues across the globe. In terms of appeal, audience size, and advertising potential, World Cup soccer far exceeds virtually every other sporting event, including the Olympics.

Oles Gadcacz, Hyundai's managing director of the brand's global PR team discussed the top six highlights of the automaker's sponsorship with AutoDealer:

- > Use of all FIFA World Cup assets including logos, the official mascot, trademarks, and venue displays.
- Designation as the official automotive partner of the World Cup in every nation.
- > Vehicle use at qualifying games.

- Participation in all FIFA events, both amateur and professional, leading up to and following the World Cup.
- > Special vehicle displays at each of the 10 stadium venues in South Africa.
- > Prominent signage at every venue and in every host city.

Kia's involvement in sporting events covers an array of athletic pursuits, including the following:

Ladies Professional Golf



A recently announced agreement positions Kia as the title sponsor for the inaugural LPGA Kia Classic. Meanwhile,

Association (LPGA):

golfer Michelle Wie has agreed to function as golf's official ambassador and spokesperson for Kia Motors.

National Basketball Association (NBA): A multi-year partnership has appointed Kia as the Official Automotive Partner of the NBA. In addition to its presentation of several prestigious on-court awards for

notable players, the automaker's cars will also be highlighted at NBA sporting events.

Grand-Am Racing: The Continental Tire Sports Car Challenge season will see the brand's first admission to a major U.S. motorsports event. Two Forte Koups and racing partner Kinetic Group have built the No. 10 and No. 12 Kia Forte Koups.

Grand Slam Tennis: Kia is a major sponsor of the Australian Open, one of four major Tennis Grand Slam events held annually.

Nissan

Nissan's approach to athletic marketing is based on a variety of sporting and wellness partnerships. During the past several months, three major campaigns have taken place, including:

Nissan and Sports Illustrated Heisman Tour: Nissan sponsored a 10-stop experiential tour where fans could see college football greats, get a personal photo with the coveted Heisman Trophy, and interact with Nissan products.



Master the Shift: Nissan continued its three-year partnership with Rodale to produce a tour event which provided an opportunity for consumers to connect with professional athletes and celebrities at a variety of lifestyle, wellness, and sporting activities across the U.S.

Cycling: Nissan recently signed a multi-year agreement with Lance Armstrong to sponsor his new Team RadioShack pro cycling team. The multi-year partnership will allow Nissan to function as the official vehicle of the team's 25 professional riders from around the world, including Armstrong himself. The team is expected to compete in an extensive schedule of professional cycling events throughout 2010, including the Tour de France and the Tour of California.

Honda

Long-term sponsorships and a major Southern California event are the centerpieces of Honda's participation in sporting events, venues, and activities.

Honda Classic: For 29 years, Honda has sponsored the Honda Classic, a multi-million dollar prize event held at

the PGA National Golf Course in Palm Beach, Fla. The automaker also sponsors the Honda Center in Anaheim, Calif.—home to the Anaheim Ducks as well as national Little League baseball and the Indy Racing League.

Honda LA Marathon: This year's 25th annual LA Marathon received a boost when Honda became the race's title sponsor. Although the automaker has been the marathon's presenting sponsor since 1995, Honda's three-year agreement represents the first title sponsorship in the race's history. Now branded as the Honda LA Marathon, the event, which took place in March, included thousands of runners who snaked their way through some of the most storied areas of Los Angeles and its surrounding communities.

BMW

BMW's mantra, "The Ultimate Driving Machine," sets the tone for its marketing at sporting events. With a focus on the joy of driving, BMW's sponsorships include a mixture of premium global events and activities.

Yachting: The BMW Oracle Racing Team won the 33rd America's Cup, the most prestigious yacht event.

Professional Golf Association

(PGA): Throughout the world BMW sponsors major professional golf tournaments including the BMW Championship, which is part of the FedEx Cup PGA year-ending series.

Motorsports: the BMW Rahal Letterman Racing Team has a new entry in the 2010 American Le Mans season with a new livery of two BMW M3 racing cars.

2012 Olympic Games in Lon-

don: BMW has signed an agreement with the London Organizing Committee of the Olympic Games and Paralympic (LOCOG) to be the Automotive Partner of London 2012. The company will supply 4,000 low carbon vehicles for the Games to transport athletes, technical officials, media, LOCOG operational teams, national Olympic Committees, International Sports Federations, the International Olympic Committee, and marketing partners.

Audi

The rapidly-growing German brand has expanded its sports marketing endeavors with several premium and prominent sponsorships:

U.S. Olympic Ski Team: Audi was a major sponsor of the U.S. Olympic Ski Team at the recent Vancouver Olympic Games. Its sponsorship included production of a major motion picture, broadcast on several cable networks, depicting the team's training and preparation leading up to the games.

Auto Racing: Audi will again appear in the famous 24-hour Le Mans race, which it has won several times. Last year Audi premiered a movie on ESPN about its win at Le Mans in 2008.

New York Yan-

kees: The new Yankee stadium in the Bronx features the Audi Clubhouse for special baseball fans.



Washington Redskins: As part of its new hometown undertaking, Audi has a special section at home games of the NFL team.

Toyota & Lexus

Toyota concentrates most of its sports activities in motorsports for both two and four-wheel vehicles:

NASCAR: Toyota cars and trucks have become the newest addition to the popular sport.

Motocross and Supercross:

Motorcycle fans flock to these rugged events and venues.

Dew Tour: A winter sports event for professionals and amateurs.

Extreme sports: Toyota is a major sponsor of the Lifetime Fitness Triathlon.

Given its strong customer base, Lexus is a key sponsor and often the official vehicle of prestigious golf tournaments including: the U.S. Open at Pebble Beach, the U.S. Women's Open, the U.S. Senior Open, and the U.S. Amateur at Chamber Bay Golf Course. AD

Trail-Blazing, Subaru Style

TOM DOLL ON SUBARU'S SUCCESS, CUSTOMERS, AND DEALERS

BY AIADA STAFF





The 2010 Outback (TOP) and 2009 Forester (ABOVE) have each been recognized as "Sport/Utility of the Year" by Motor Trend.

or the majority of America's auto industry, 2009 was one for the record books. Economic and industry conditions culminated to create the perfect storm for automakers, plunging sales to levels not seen since the 1950s.

But for Subaru, 2009 was a notable year for a different set of reasons. As one of just three automakers to chart yearover-year sales improvements at the close of 2009, Subaru proved that while an economic recession had put a damper on Americans' ability to purchase vehicles, they were still willing to do so given the right conditions.

AutoDealer spoke with Subaru of America's Chief Operating Officer and Chief Financial Officer, Tom Doll, regarding Subaru's surge among American consumers; how the automaker made the most of last year's economic conditions; what his company is doing to mesh Americans' desire for sizable vehicles that are still fuel efficient; and how dealers are playing a role in Subaru's sales success.

AD: While many automakers struggled in 2009, Subaru saw record-breaking sales success. What do you think was different about your brand that continued to attract customers, even in the middle of an economic down turn?

TD: I think one of the advantages that Subaru products have ahead of competitors is that customers use our vehicles to live their active lifestyles. Our vehicles help the customer do the things in their life that they like to do.

Our advertising has worked very well. It has gotten that message across to the customer. Our customers become very attached to their vehicles. That's why our "Love" campaign has really resonated with people. It's an interesting dynamic that we have that others don't. Our cars are part of their lives.

I think the other thing that has helped them is that we are uniquely positioned for customers looking to purchase an All-Wheel Drive vehicle. We have them throughout our product line. If you go to some other competitors, you have to pay up for All-Wheel Drive. We want our customers to experience the safety of All-Wheel Drive.

Another thing we have seen, particularly with Cash for Clunkers, is that people were downsizing and moving toward something with manageable fuel economy. Our All-Wheel Drive vehicles rival competitor front-wheel drive vehicles' fuel economy. One example is our Legacy sedan, which gets 31 miles per gallon on the highway. The Outback

gets low- to mid-30s on the highway. People felt that in a tough economy we were also a safe bet because of our high residual values.

AD: What specifically about the turbulence of 2009's auto industry worked to the benefit of Subaru?

TD: What we found from consumers is that they were looking for a safe place to go. Reliability was a big plus point. During Cash for Clunkers, people were trading down.

We stuck to a tone of optimism in our advertising. We didn't talk about the economy. We talked in a more upbeat and positive tone—a reassuring tone—that I think spoke to customers when they were feeling uncertain.

AD: Consumer Reports reported a 39 point increase in Subaru's brand perception during a recent survey, which was almost double its 2009 score. Additionally, Subaru topped its list of reliable vehicles in its 2010 auto issue. What have you done differently to yield numbers like this?

TD: Consumer Reports is pretty much our customers' research tool. The results we get from Consumer Reports are important. Our buyers do a lot of research. They are educated and research-oriented. It's a big deal for us.

I'd also say that success breeds success, to a certain extent. We've been doing well in the marketplace. That gives us a halo of success that I think people are becoming aware of. There is a general understanding that we are doing well.

The products speak well from a value point of view. We keep winning awards, including Motor Trend's Sport/Utility



Subaru's boxer engine sits low in the

vehicle's engine com-

partment and aids

vehicle safety and performance.

of the Year. The Consumer Reports customers think well of us.

AD: In terms of marketing, what were you doing different?

TD: Some of it was economy based, but we

also rationalized our marketing to be more focus-based. We focus very heavily on the brand and what it means to the consumer on an emotional level. We connect with customers. The marketing people here say that first you have to like the product and feel something for the product. We have to make sure we connect not just on the rational level, but also on the emotional level.

We also have a new marketing team here. That has added to a better focus on what we do.

AD: In light of this success, would you say your customer base has changed and expanded in recent years? If so, how would you now describe the typical Subaru-driving American?

TD: What we have tried to do with our marketing was reach new people without changing who we are. The customer profile hasn't changed so much other than the fact that we're reaching more of those people.

We sold 17,000 Subarus in the Cash for Clunkers program, but we only took in 173 vehicles as trade-ins. So that means that 16,827 were conquest.

Like-minded people are coming to Subaru. We think there is a big enough pool of people for us to conquest, who tend to be educated and affluent, tend to under-buy, and are pragmatic in their purchases. They buy the car that's right for them. We do well with academics, scientists, engineers, and teachers.

AD: Geographically, where would you say Subaru's best markets are located? Has this shifted at all in recent years? continued on page 18



Subaru of America's Chief **Operating Officer and** Chief Financial Officer, Tom Doll

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TD: Traditionally, we have done better in the Snow Belt. In some areas we are the fourth best-selling brand in the region. That's not been the case in the Sun Belt, but this year we increased our sales in every region. Our market share has increased from 1.3 percent to 2.2 percent. Some of our biggest growth markets have been in cities like Austin and Atlanta, and in areas of Florida.

AD: What are some of Subaru's goals for 2010 sales? Care to make any predictions?

TD: We set a record last year. We were the top-performing brand in the industry the year before. If we can sell one more car this year, we'll be happy. Our target is to set a record, but if it is by one more car, that is success too.

AD: Just to name a few of your recent accolades, a Subaru has been selected for Motor Trend's "Sport/Utility of the Year" for the past two years, and your vehicles have been included among the Insurance Institute's Top Safety Picks. In designing and engineering vehicles, what would you say are Subaru's top priorities?

TD: Reliability is always number one. Because if the car isn't reliable, nothing else matters.

Safety, of course. Because of the way our engine is situated in the hood of the car—it sits low in the engine compartment—it fares well in crash tests. It's called the boxer engine. But a very nice by-product of that is that it aids handling. They also naturally handle and perform very well. It inherently aids safety, but it also aids performance.

The one thing we have added this year is improved ergonomics. Our customers enjoyed that our cars were not overly large, but we suffered a bit in rear leg room. The Legacy, Outback, and Forester have slightly more legroom. We have made the cars right-size to the American market.

AD: One recent news report noted that although the industry-wide focus seems to be on smaller cars, Subaru's vehicles have actually grown. What is Subaru doing to improve fuel efficiency, while still delivering the kinds of cars Americans want to drive?



Constant Velocity Transmission (CVT) is an efficient gear box that has helped vehicles like the Legacy achieve greater fuel efficiency.



Tom Doll dedicating Subaru's Share the Love Garden at its corporate headquarters in Cherry Hill, N.J.

TD: We've done a couple of things. We have added a good amount of high strength steel to the car. It is important because you can save weight. Even though the new vehicles are significantly bigger, they are not heavier.

We also use a gear box with CVT (Constant Velocity Transmission). It is a very efficient type of gear box. It has helped us achieve 31 miles per gallon in the Legacy. We have also increased the efficiency of the boxer engine.

AD: What role do dealers play in Subaru's overall corporate philosophy?

TD: Our dealers play a significant role for us. They are key to selling the brand and the vehicles. It is really up to them to execute the company's goals. Without them doing a good job at their end, we wouldn't have had such great results recently.

We work very closely with them to develop our plans and execute them and have a very good relationship with our dealers. We were number two in the NADA Dealer Attitude Survey. That comes from the good working relationship we've established.

AD: What's different about Subaru dealers and their dealerships? What can a typical customer walking into a Subaru store expect to experience?

TD: Our dealers tend to be very well positioned in their communities. Many of our dealers have been with us a long time, although we are bringing new ones on, too. They are known to their buyers. Because our buyers are very loyal, they go back to the same dealer from year to year. Our dealers develop a very good relationship with their community and their local buyers. We stress to our dealers that the most important thing is to maintain a friendly manner and be greeted by a professional sales staff, and that is why we do quite well.

AD: What have you done to help your dealers thrive in this turbulent economy?

TD: We didn't lose a single dealer that we didn't want to lose. We worked very hard with them to help their credit ratings during the difficult period. We have a good relationship with Chase Motors Finance. We thank them for their support because that really helped us. It was important to make sure we kept credit lines open to our dealers. AD

Dealers Check In

Paul Atkinson **Atkinson Toyota Scion Atkinson Toyota** Bryan, Texas

Texas dealer and general manager Paul Atkinson began selling cars in 1982 when an elder in his church invited him to join him in the car business. Since then, business has taken off. Today, out of 10 area dealerships, Atkinson Toyota Scion in Bryan consumes 29 percent of the community's new and used car market. Atkinson's dealerships have received multiple accolades, including the Toyota President's Award for the past 10 years and the 2009 Toyota Financial Services Circle of Excellence. In addition to running a successful business and serving as Chairman of the Toyota National Dealer Council, Atkinson also finds time to plan and coordinate his church's worship services.



Has the way you approach and run your dealership changed over the years? If so, how?

In the past I tried to control everything about our business. For years, I had to have my thumb on everything. I had to make decisions about everything. What I learned is that my business could only grow to the amount of energy I had. I have learned to delegate by hiring the best people available, setting the goals, and getting out of their way. Once I learned to delegate, it was incredible to see how the business could explode. My keys to business success are (in this order): People, Processes, and Product.

Do you have any special goals for your business in 2010?

I want to make sure my business is able to make quick changes in process as our industry and political environment change. We need to be active

and be able to react to changes in the industry, whether political, social, etc.

We need to be very active. We need to be transparent. I think the public is looking for companies that are transparent, and I think social networking will help us with that transparency. We are really beginning to use Facebook and Twitter to become a more transparent company to our auto base.

How have you dealt with the economic slow-down?

I think it is important to keep your associates abreast of where you are and what is happening, almost daily. We need to let everyone know where we are and get their input, asking them "How do you think we should react to this?" Using the input of my associates has been incredible. Keeping them in the loop has helped me make decisions that meant last year we weren't forced to lay anyone off or spend one dollar less in advertising.

What methods do you use to attract and retain the best employees?

Reputation. As the reputation of a company goes, so goes the quality of applicant for that company. I honestly believe in that. Our integrity and reputation must be protected at all continued on page 20



Rick DeSilva **Liberty Subaru Liberty Hyundai** Oradell, N.J.

As AIADA's 2010 Chairman, Rick DeSilva of New Jersey is making dealer involvement on Capitol Hill a priority. As a dealer himself for the past 34 years—he is the owner of Liberty Subaru in Oradell and Liberty Hyundai in Mahwah—DeSilva is well-acquainted with how Washington's actions impact America's international auto dealer community. He credits his father, who was a service manager at a Ford dealership, with influencing his decision to join the car business. Today, in addition to being the recipient of numerous awards, including the Subaru Chairman's Roundtable Award, both of DeSilva's dealerships are family-run affairs, with each of his sons responsible for running a dealership.

Has the way you approach and run your dealership changed over the years? If so, how?

Needless to say, the Internet has changed the process by which we operate on a daily basis. However, our approach still remains basically the same. We keep that "hometown" atmosphere at the stores and maintain our volume and gross.

Do you have any special goals for your business in 2010?

Our goals for '10 are to take advantage of the changing market. I feel with the franchises we represent we have an opportunity to grow our business.

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attract and retain the best employees?

We have zero turn over in our management positions. We utilize the conventional methods to fulfill all the other positions. We are, however, fortunate to always have inquiries from people to see if we have any

employment opportunities. We generally get the best results from the "word of mouth" referral. We retain them by always making sure that their compensation is in sync with the industry, and, needless to say, we make them feel like family.

Over your career, what manufacturers have most impressed you? Why?

This is a biased opinion, but Subaru has always amazed me. The quality of the product, the loyalty of the owner base, the tenacity of the dealer body, and the superb dealer-manufacturer relationship.

What is the smartest choice you have made as a dealer?

Bringing my boys in as operators, each operating his own store. Clearly, they are where the

future lies for my wife and me. They are what I refer to as the "New Technology" for our industry, which is constantly changing.

How are you active in your local community?

Besides my industry involvement, I stay pretty active. After seven years on our local Board of Education, I moved to and am currently on the Mahwah Zoning Board of Adjustment. I am a member of the Board of Governors of the Ramapo College Foundation. I sit on the board of the Mahwah Municipal Alliance. Every year, we award the Liberty Subaru/Liberty Hyundai Automotive Technology Scholarship to a graduating senior who is attending an automotive technology school. We support and are active with the March of Dimes, the local community food bank, Toys for Tots, Pilots and Paws, and D.A.R.E.

When did you first get involved with AIADA and why?

I got involved with AIADA in the '80s. I always felt the need to participate in the local associations. However, back then the domestic dealers were so dominant that it was difficult for a single point Subaru dealer to get the recognition he needed to become an active participant. AIADA gave me that opportunity.

How has business in Washing-

ton, D.C., affected your day-today business?

I have accepted the fact that everything we do or touch in some way is a result of D.C. business. I lose sleep worrying about the ability of my sons to carry on in the future. The message I get from Washington is not healthy for small business, especially where free trade is concerned.

What is one thing you wish lawmakers knew about your dealership?

I would like them to realize that almost everything they do affects the traffic through the showroom door. Whether it's directly auto-related or consumer-related, it usually has some type of effect on showroom traffic both positively and negatively. Which leads me to my next point: I really don't think that D.C. really recognizes the economic impact we have as local businesses.

Any new additions to your business that we can highlight?

After 30 plus years in our Subaru location, we are moving to a new location. It will allow us to consolidate the seven pieces of real estate we are currently using to one location. The best part is the overhead savings.

What is your personal "dream car"?

My '66 Shelby GT 350.

Atkinson from page 19



costs, and we will get good, quality applicants in all areas whether parts, service, or sales.

What is the biggest mistake you have

made as a dealer?

Thinking that my way was the only way. It took a lot of growth and maturity and bad decisions to figure that out. You need to listen to every associate that you have.

What is the smartest choice you have made as a dealer?

Learn to listen to associates and empower them to make critical and meaningful decisions. You need to empower them to do their jobs.

When did you first get involved with AIADA and why?

I'm not sure what year, because I saw it as a means to be involved in how Washington, D.C., affects my business. I didn't realize it would get as big as it has recently.

What is one thing you wish lawmakers knew about your dealership?

We are an American car company. We provide jobs and taxes in our local community. We aren't an import. Toyota sells the only full-size American-built truck.

What is your personal "dream

My 1997 Toyota Supra. It is white with a black leather interior, automatic, twin-turbo. No modifications. All original.

Greg Gagorik Managing Partner Toyota Scion of Scranton Jaquar Land Rover of Annapolis Scranton, Pa.

Auto dealer Greg Gagorik began his career in the automotive industry as a Saturn sales consultant, shortly after graduating from the University of Maryland. In 2002, he formed Jaquar Land Rover of Annapolis, which received Land Rover's Pinnacle Award in 2003 and 2004. Gagorik joined Toyota's dealer community in 2007 with the purchase of Toyota Scion of Scranton, which has received the automaker's 2009 President's Award.



Has the way you approach and run your dealership changed over the years? If so, how?

The economic recession was a game changer for many of us dealers. Like many dealers, I was more

focused on the profit/loss side of the equation instead of the balance sheet. The recession reminded us all how cash supply and cash flow are critical to the survivability of our dealerships.

Do you have any special goals for your business in 2010?

I believe that the industry as a whole will improve in 2010 to a SAAR of 11.5 million. I see Jaguar and Land Rover having a great year both nationally and in my dealership in Maryland.

Both brands have the very best product line-ups that we have ever seen, offer more value for the dollar, and the company has committed significant funds to create, and, more importantly, sustain a viable marketing campaign.

Over your career, what manufacturers have most impressed you? Why?

I truly enjoy the franchises that I represent and believe that each of the three are among the best in the industry.

I have been a Land Rover zealot since day-one, and to this day believe that the brand's rich character and

adventure DNA makes it one of the world's most distinct brands. I am grateful to have had the opportunity to serve on the Land Rover national Dealer Council for several years.

The passion that the Jaguar brand evokes in consumers worldwide is legendary and today's XF, XK, and all new XJ continue our rich heritage of building beautiful, fast cars.

The relationship Toyota delivers through its distributors to our dealers should be a model for all volume manufacturers to aspire to and is often overlooked. Most only see the depth of product offerings and the history of building and delivering vehicles of the highest dependability, reliability, and safety.

What is the smartest choice you have made as a dealer?

Buying our Toyota dealership in 2007.

How are you active in your local community?

Throughout my career, I have been very active with charitable giving and event sponsorships. In the last few years, I have served on the board of ambassadors with the American Cancer Society in memory of my father who lost his battle to cancer.

When did you first get involved with AIADA and why?

My first experience with AIADA came from attending the Auto



Summits in Washington, D.C. More recently, I have become more active as we both offer our support to the Toyota franchise and Toyota dealers. Having attended the congressional hearings on Toyota, I witnessed firsthand the great work that AIADA has done on our behalf and am very appreciative of their efforts.

How has business in Washington, D.C., affected your day-today business?

We have seen that comments made in Washington and sensationalized by the media have had a real and measured effect on our Toyota business.

What is one thing you wish lawmakers knew about your dealership?

The economic and social impact of our dealership's direct investments, employee compensation and benefits, taxes remitted, suppliers paid, and charities supported are the backbone of small business in America.

What is your personal "dream car"?

I actually own my personal dream car right now, a black 2010 Jaguar XKR Coupe!

Any new additions to your business that we can highlight?

We have a Dunkin' Donuts franchise in our customer lounge!

Did You Know?

AmericanInternational / **Automobile**Dealers 1970-2010 CELEBRATING years





AIADA was founded in 1970

as the Volkswagen American Dealers Association (VADA), which expanded in 1972 to become the American Imported Automobile Dealers Association (AIADA).

On May 8, 1980, AIADA became the American International **Automobile Dealers** Association.

During 2009's Cash international brands held eight of the top 10 vehicle spots





AIADA spearheaded opposition and the eventual overturn of a 1989 U.S. Customs classification of imported passenger vans and SUVs as "trucks," which would have subjected them to a 25 percent tariff, often known as the

"chicken tax."



On June 15, 1999, AIADA testified before the U.S. International Trade Commission, calling for the elimination of the "chicken tax."

In 2004, an AIADA-sponsored poll, found that 84 percent of Americans felt that the Death Tax was unfair.

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American International Automobile Dealers 4 years

Join fellow dealers and industry leaders for two days of events dedicated to ensuring your voice is heard on Capitol Hill. Sessions will include a panel discussion with industry leaders, including Mark Templin of Lexus, Dave Zuchowski of Hyundai, Jim O'Sullivan of Mazda, and John Mendel of Honda.