

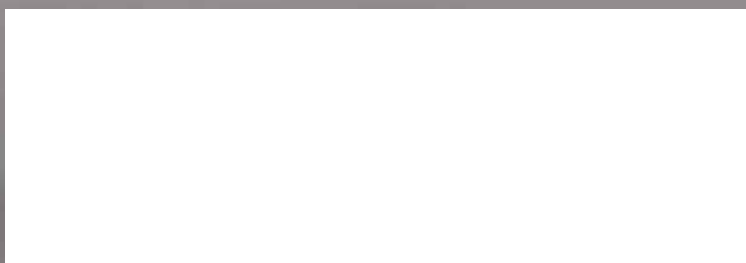
AutoDealer™

The Magazine of the
American International
Automobile Dealers®

VOLUME 4 NUMBER 2
SUMMER 2010

High-Performance Goes Green

Premium brands rev up their engines
for stricter fuel economy standards



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UAW Rallies Ignore Reality

BY MANNY LOPEZ

As the weather heats up around the country, I occasionally find myself humming the old Nat King Cole standby, "Those Lazy-Hazy-Crazy Days of Summer."

Of course, for dealers the days may be hazy and crazy, but they are anything but lazy.

Summer is always a busy time for auto retailers, and this year in particular has seen a lot of overtime. In

the face of a creeping retail recovery and the specter of a double-dip recession, dealers and their staffs are hustling more than ever to make sales and keep costs down. Unlike last summer, there is no Cash for Clunkers program to drive sales before the end of the model year. In 2010, dealers

are relying on our own experience and know-how to move inventory.

On top of the responsibilities at our stores, dealers have also been occupied with some very important legislation working its way through Congress. Since the beginning of the year, AIADA's grassroots network has been chipping away at a sweeping financial reform bill in an effort to secure an exemption for dealers from its burdensome new oversight.

After months of intense advocacy, a broad phone and letter writing campaign, a press conference, and more than 100 dealers meeting with their legislators. At the end of June, a Congressional conference committee finally agreed to remove most

dealers from the final bill and instead focus on actual lenders and financial institutions. The final bill was approved by both the House and Senate and recently signed into law by the President.

Dealers have won this battle with their constant and persistent efforts, but the financial reform war wages on. Questions remain over language in the bill that allows expedited rule making by the Federal Trade Commission and could impact dealers. AIADA will monitor this and other aspects of the law as it goes through the regulatory process.

Dealers may not be in a position to enjoy lazy summer days, but we also never have to deal with boredom. This industry of ours keeps us on our toes with new battles always on the horizon. AIADA is now turning its attention to issues like the U.S.-Korea Free Trade Agreement, union overreaching, and safety legislation.

There are many uncertainties in the auto retail industry, but one thing is definite: we will face these challenges as a unified front. Dealers have never had more influence in Washington than they do today, and that is due in great part to our powerful grassroots network. I am proud to lead a group of such unified and engaged business owners. More than that, I am confident that by working together we are capable of shaping our own destinies. As summer continues to heat up, let's keep the pressure on and the momentum going.



RICK DESILVA
AIADA Chairman

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 anti-competitive 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 industry-related matters.

AIADA Affinity Partners



Newly selected UAW President Bob King took a page right out of the red-meat rhetoric union playbook on Thursday [June 16] calling for boycotts of Toyota and blaming management for the union's failures to recruit, or even keep, its own members.

He promised to go after foreign automakers, demand that workers be given a choice about joining a union (ignoring that such freedom is not allowed in non-right to work states like Michigan), and calling on his cronies in the White House and the administration for help.

Predictably, the crowds were rallied and the troops forgot that he helped orchestrate the concessions they are now complaining about – and, by the way, helped save many of their jobs. They largely ignored that his sabre-rattling was filled with a lot of "if" conditions.

"...If we get Toyota and Honda and Kia ...," he said it would give the union the "power to win back concessions and sacrifices we made and win more than that."

Well, if only I could consistently hit my tee shots straight and long, I'd be doing something else for a living. But I'm a realist.

Unfortunately, the UAW is not.

For all of the improvement that's been made in reforming the auto industry recently, the entitlement attitude that still exists today stands in the way of real, permanent progress. That became clear when King and other executives from the UAW and others demanded that the auto companies restore perks that have rightly been put more in line with economic realities.

"The three major U.S. companies are making profits again," AFL-CIO President Richard Trumka said Monday at the UAW convention, to a standing ovation. "Just as there has been shared sacrifice in periods of

pain, there must be shared prosperity in periods of gain."

Hard to argue with that. Unfortunately, the industry isn't there yet. Not even close.

Yes, all three companies showed some form of profit in the first quarter, but Ford Motor Co. aside, the results are hardly a benchmark for prosperity. And demanding "givebacks" at the first blush of black ink isn't only unsound, it's bad business.

But primarily it's inappropriate because taxpayers bailed out GM and Chrysler and the companies are still billions of dollars in debt; and still haven't proven that their plans will put them on a long-term path to profitability.

Taxpayers – already upset about the auto industry bailout and particularly that unsecured creditors such as the unions got preferred treatment over secured creditors – aren't interested in seeing their own repayment delayed by bonuses and benefits handed out to the unions.

Taxpayers are still on the hook for \$43 billion invested in General Motors Co. and more than \$5 billion loaned to Chrysler Group LLC. Until those debts are retired, perks to auto workers – hourly and salaried – need to be held in check.

GM earned \$865 million in the first quarter of 2010, its first profit since 2007; Chrysler posted a first-quarter operating profit of \$143 million, but had a net loss with interest and taxes.

The results however came from significantly pared back operations after both companies emerged from bankruptcy. Certainly the first-quarter results were bolstered by cuts that salaried and hourly workers made and that should not be overlooked when the companies return to sustained profitability.

However, with the economy still shaky and stricter fuel rules that are estimated to cost the Big Three \$20 billion a year to meet, now is not the

time to open the checkbook. Additionally, President Obama and Congressional Democrats have vowed to increase the fuel rules again, which will add billions more toward the cost of building cars and trucks.

Part of the reason Detroit's automakers were in a financial bind is because they largely ignored economic realities until it was too late. When times were good it didn't matter what the UAW wanted and executives got paid fat bonuses and ridiculous perks. But those days are long gone.

Auto sales for all of last year totaled 10.4 million and are expected this year to still be around 12 million.

Picketing Toyota dealers, as King called for, and demanding further restrictions on the auto companies as a payoff to labor won't boost those numbers. The American International Automobile Dealers Association understands this and denounced King's speech.

"Attacking small businesses won't help Mr. King build back UAW membership," said AIADA President Cody Lusk. "If he wants to pressure the 28,000 workers at Toyota's U.S. manufacturing plants to unionize, he should consider some other method than hindering business at a randomly chosen Toyota dealership. A picket line will only hurt the dealership, its employees, and the community it serves. An assault on America's auto retail industry will only serve to highlight the disconnect between the UAW and reality."

Lusk is right.

Fiscal responsibility today will ensure that the domestic auto industry remains healthy and survives tomorrow.

If that happens, only then is the consideration of so-called givebacks, even worth considering for GM and Chrysler. **AD**

Reprinted with permission from The Detroit News. This article originally appeared on June 18, 2010.

Congress Pursues Packed Summer Agenda

Midterm elections are quickly approaching, and Capitol Hill, the White House, and political operatives alike are anticipating a big November. For some on Capitol Hill, there is pressure to complete legislative initiatives ahead of potential election losses, while others are attempting to hold out as they anticipate greater influence over the course of legislative events once the election results are in. While the drama of pre-election season plays out, AIADA will continue to monitor the issues that affect dealers, their employees, and their businesses.

Motor Vehicle Safety Act Moves Closer to Finish Line

Legislation to address concerns over the National Highway Transportation Safety Administration's (NHTSA) vehicle recall procedures is quickly proceeding through Congress. Both the House Energy and Commerce Committee and the Senate Committee on Commerce, Science, and Transportation have introduced and approved similar pieces of legislation. Both bills – titled the *Motor Vehicle Safety Act of 2010* – still face final votes in their respective chambers.

As both bills move forward, AIADA remains focused on several issues, including the safety features already in place that have made today's cars the safest in history. AIADA also opposes the House legislation's proposed Vehicle Safety User Fee, which would effectively create another level of government regulation. However, AIADA believes that other proposed measures, such as improvements to NHTSA's Vehicle Safety Database, would improve resources to help manufacturers develop a wider range of vehicle safety countermeasures.



Dealer Financing Still Gaining Steam

Dealers continue to struggle with the day-to-day battle of keeping their doors open to customers due to the steep decline in the availability of floor plan financing. Despite the Small Business Administration's (SBA) efforts to help dealers secure loans, more must be done.

Legislation is moving through Congress to expand the length and increase the maximum loan amount of the SBA's Dealer Floor Plan Financing Program. Due to objections of Small Business Committee Chairwoman Nydia Velazquez (D-N.Y.), the House-passed legislation failed to include the increased loan amount. AIADA is urging the Senate to quickly pass the *Small Business Job Creation and Access to Capital Act of 2009* (S. 2869) introduced by Sen. Mary Landrieu (D-La.) and Sen. Olympia Snow (R-Maine), which would increase the maximum loan size and the maximum guaranteed portion of SBA 7(a) loans from \$2 million to \$5 million, including a commensurate

increase in the statutory maximum guaranteed portion of SBA 7(a) loans.

The Death Tax

Currently, the Death Tax is dormant as it expired at the end of 2009, but if Congress does not take action this year, it will return with a vengeance in 2011. The top tax rate will jump to 55 percent with only a \$1 million exemption per person.

However, the legislation moving through the Senate could trigger debate over the future of the Death Tax. Senate Minority Whip John Kyl (R-Ariz.), who is working with Sen. Blanche Lambert Lincoln (D-Ark.), has said that he plans to push for a Death Tax amendment. Sen. Kyl and Sen. Lincoln have worked together for the past year on a proposal that would more accurately reflect today's small businesses. Their plan would implement a top Death Tax rate of 35 percent and a per-person exemption of \$5 million. It is difficult to gauge the proposal's likelihood for success or failure until it is brought before the Senate. **AD**

Dealer Involvement Key to Legislative Success

During AIADA's 4th Annual International Auto Industry Summit, more than 250 dealers converged on the nation's capital to take action on some of the industry's most pressing issues. Falling on May 19 and 20, the Summit took place during the height of Senate debate on a dealer exemption in its *Wall Street Reform Bill* (S. 3217), and provided urgency and relevance for the more than 100 AIADA dealers who met that week with their legislators on Capitol Hill.

As dealers began to arrive in Washington for the Summit, Sen. Sam Brownback (R-Kan.) was working to include an amendment exempting dealers from new oversight measures contained in the Senate version of financial reform legislation. Rep. John Campbell (R-Calif.) successfully championed a similar measure in the House version of the amendment last December.

AIADA's lobbying efforts kicked off on Wednesday, May 19, when Summit attendees traveled to Capitol Hill to join Sen. Brownback, Rep. Campbell, AIADA Chairman Rick DeSilva, and other dealer association advocates at a press conference supporting the Brownback Amendment. The message was clear: the Brownback Amendment would protect



Sen. Sam Brownback (left) and Rep. John Campbell (right) each authored and championed dealer exemption provisions in their respective chambers.

dealers from further, unnecessary regulation and preserve affordable finance options for consumers.

"It's important that the problems that contributed to the economic collapse don't happen again. But dealers weren't the problem. We still aren't the problem. In fact, as drivers of the small business engine that is powering our economic recovery, we're part of the solution," said AIADA Chairman Rick DeSilva.

On Thursday, May 20, 2010, dealers again headed toward the Capitol Dome. As part of the Summit, AIADA coordinated a record-setting 115 meetings between auto dealers and their members of Congress. Participating dealers were prepped with a Dealer Handbook that provided

guidance on how to conduct successful meetings, as well as briefs explaining the legislative issues currently impacting the industry. Dealers reiterated the importance of the Brownback Amendment, explaining that new dealer oversight would only stand in the way of economic recovery and failed to target the true perpetrators of the economic meltdown.

AIADA President Cody Lusk credited the unprecedented participation in the Summit's Hill Visit Program to the significance and relevance of Capitol Hill's legislative activity. "Having another issue [financial reform] so vital to the dealer body is really what encouraged more dealers to visit with their officials

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LEGISLATIVE
ACTION NETWORK
L·A·N
Dealers Making an Impact

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while in Washington, D.C., for our Summit,” he said. “Everyone wanted to be a part of making the dealer exemption a success.”

The Senate completed work on its financial reform bill the week after AIADA’s Summit. While the Brownback Amendment did not receive an up or down vote, the Senate did approve a “Motion to Instruct Conferees,” supporting the dealer exemption language that had previously been adopted in the House version of the legislation. While the motion was not binding, it was approved by a bipartisan vote of 60-30, sending a strong message to House and Senate conferees to support a dealer exemption in the final bill.

As House and Senate conferees hashed out details of the financial reform bill, dealers continued to make their voices heard by contacting conferees and reminding them that their small businesses played no role in the financial downturn and should not be a target of the final legislation. Meanwhile, the administration and several consumer groups continued to attack dealers and their businesses, insisting on new regulations.

The Conference Committee was chaired by House Financial Services Committee Chairman Barney Frank (D-Mass.), who worked closely with Senate Banking Committee Chairman Chris Dodd (D-Conn.).

Conference committee discussions rarely play out publicly, but in this instance the negotiations were televised live on C-SPAN. The Senate version of the bill was used as the base text for the negotiations. House conferees proposed language identical to Rep. Campbell’s dealer exclusion amendment that was adopted in the House bill, which was then

The message was clear: the Brownback Amendment would protect dealers from further, unnecessary regulation and preserve affordable finance options for consumers.

rejected by Senate conferees who offered new language. House conferees again rejected the Senate’s language before finally reaching an agreement exempting dealers from the bill’s consumer protection agency, but giving the Federal Trade Commission expedited authority to promulgate rules regarding deceptive auto lending practices. The bill’s new consumer agency would instead focus on the financial institutions that offer vehicle financing, as well as the small number of dealers who provide direct loans.

On June 25, conferees concluded their negotiations on the report – *The Dodd-Frank Wall Street Reform and Consumer Protection Act* (H.R. 4173).

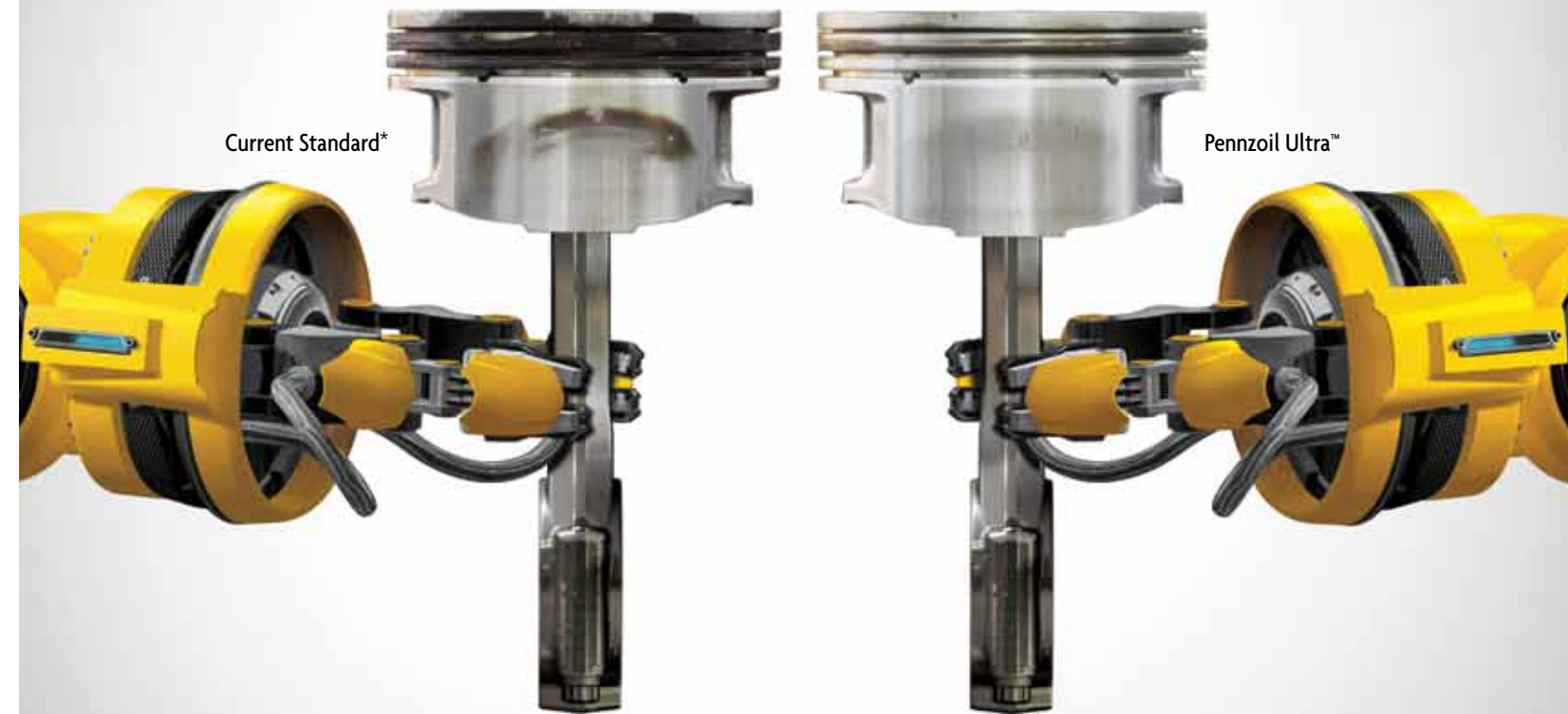
The House approved the Conference Report on June 30 by a vote of 237-192. On July 15, the Senate approved it on a 60-39 vote before it was sent to the President’s desk for final signature.

Financial reform has faced a long, arduous road through Congress. Along the way, AIADA has depended on dealers to tell lawmakers about the businesses they operate, the people they employ, and the contributions they make to their local communities. One thing is certain: without the constant and persistent efforts of AIADA members, dealers would have faced unprecedented and onerous regulation and oversight.

Although the dangers of financial reform legislation have been averted, international auto dealers continue

to face threats from federal policy and legislation. AIADA encourages its members to continue to engage their members of Congress. The Legislative Action Network’s Dealer Visit Program (DVP) is an exceptional way to achieve this. Hosting your member of Congress at your dealership provides a relaxed environment and first-hand look at the issues and people that drive your dealership. Visit www.AIADA.org, or call 1 (800) GO-AIADA to learn more and sign up today. **AD**

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Venture Lighting Helps Don Joseph Toyota/Scion Go Green, Upgrade Lighting and Look



Natural White™ – High Definition Lighting

A featured product used throughout the re-imaging project was Venture's *Natural White* pulse start metal halide systems, which enable customers to see more clearly, objects to look sharper, and colors to be crisper. Not only will customers see the true colors of the automobiles in the showroom but also on the lot at nighttime. This same lighting is used in the service bays and write-up areas to increase productivity with an improved working atmosphere. *Natural White* lighting systems also increase the sustainability of Don Joseph with each lamp earning 2 LEED Points (MR Credit 4.1), and providing higher maintained light levels and longer lamp life.

Energy Savings and Conservation

In an effort to conserve energy, Venture Lighting incorporated day-light harvesting control systems in the service bays and write-up. The exterior lot lighting also has a night light circuit operating 25 percent of the fixtures for security lighting after store hours resulting in a 50 percent reduction in energy use.

Don Joseph followed Venture's guidance in choosing the right lighting system to improve light quality and save energy. The best lighting design is not solely about the aesthetics of the lighting fixture, but also the proper lamp (light bulb) and ballast selection, resulting in the most efficient system. Don Joseph was able to achieve a new image while meeting the latest energy codes and regulations by using Venture's energy-efficient systems and designs to deliver better quality light and use less energy, thus reducing its carbon footprint and increasing sustainability. **AD**



With the grand re-opening of Don Joseph Toyota/Scion of Kent, Ohio, in October 2009, another dealership established a new image, meeting corporate standards and energy legislation while reducing energy costs and improving light levels throughout the facility. With the help of Venture Lighting located in Streetsboro, Ohio, Don Joseph incorporated all-new indoor and outdoor lighting systems to help reduce unnecessary energy consumption while brightening their dealership. The new systems reduce energy consumption by 40,000 watts per year, which equals 292,705 pounds of carbon dioxide emissions, and an annual savings of \$16,000.

"The dealership looks great. The lot and show room are not only brighter, the colors and finishes of the cars are crisper and clearer all because of the

lighting. And in addition, we'll save on energy costs at the same time," Jeff Joseph said of the new image.

Venture Lighting, an AIADA Affinity Partner, is a manufacturer of energy-saving lighting systems with lighting and electrical design services, and project management capabilities to assist automotive dealers, designers, and contractors with identifying the best lighting solution. With a dedicated project manager, Venture Lighting supported the contractors and provided the lighting products for Don Joseph Toyota/Scion. Venture also helped save the environment through its free SmartPac™ recycling program.

"At Venture Lighting we enjoy being a good corporate citizen by helping businesses reduce their carbon footprints while also helping them control the cost of energy," said Ken Hawley, Vice President of Sales and Marketing for Venture Lighting, North America.



Dealers Driving America

INTERNATIONAL AUTO DEALERS TURNED OUT IN RECORD NUMBERS THIS YEAR

for AIADA's 4th Annual International Auto Industry Summit held May 19th and 20th at the St. Regis Hotel in Washington, D.C. The two-day event provided dealers with the opportunity to hear from lawmakers and industry insiders on some of the most relevant legislative and policy issues facing America's international dealer community today. >>



During a briefing for the first 100 Summit registrants, Charlie Cook of the *Cook Political Report* provided insight and analysis on November's mid-term elections.



AIADA President Cody Lusk provided opening remarks during Wednesday evening's dinner featuring former CIA Director, Gen. Michael Hayden.



AIADA Chairman Rick DeSilva told attendees, "AIADA depends on dealers like you to help our message resonate in the halls of Congress, the White House, and the federal agencies."



TOP ROW (from left to right): Bryan, Texas auto dealer and Toyota National Dealer Council Chairman Paul Atkinson received AIADA's Grassroots Advocacy Award from AIADA Chairman Rick DeSilva during Wednesday night's program; AIADA Chairman Rick DeSilva, Gen. Michael Hayden, Chris Hosford of Hyundai Motor America, and *Automotive News* Editor Jason Stein (from left to right); Dealer Rob Cochran, NJ CAR's Jim Appleton, dealer Marcy Maguire, and AIADA Chairman Rick DeSilva; On Thursday morning, Sen. John Cornyn briefed dealers on events in the Senate and how they stand to impact America's international dealer community.



Rep. Kevin McCarthy (right) met with dealers Doug Eroh (left) and Steve Downs following his remarks at the Summit on Thursday morning.

Honda's John Mendel, Lexus' Mark Templin, Mazda's Jim O'Sullivan, and Hyundai's Dave Zuchowski (from left to right) participated in the Auto Industry Panel.

Automotive News Editor Jason Stein – who moderated the Summit's Auto Industry panel – talked with a dealer during a break in Thursday morning's program.



Bryan, Texas, auto dealer Paul Atkinson

TEXAS AUTO DEALER RECEIVES AIADA GRASSROOTS ADVOCACY AWARD

During the Wednesday evening program of the 4th Annual International Auto Industry Summit, AIADA presented its second annual *Dealers Making an Impact* Grassroots Advocacy Award to Bryan, Texas auto dealer Paul Atkinson. The award recognizes the member of AIADA's grassroots initiative – the Legislative Action Network (L.A.N.) – who exhibits dedication in advocating the organization's mission to members of Congress.

As chairman of the Toyota National Dealer Council, as well as president of the Toyota Dealer Advertising Council for Gulf States Toyota, Atkinson has been at the forefront of dealer advocacy efforts during one of the international auto industry's most turbulent periods. During Congressional recall hearings in February and March, he helped lead a contingency of Toyota dealers who traveled to Capitol Hill to advocate on behalf of their brand, dealerships, and employees.

Atkinson has been a member of AIADA since 2000. In 1982, he left his job as a minister in his church to work as a fleet and lease manager in a small Chrysler dealership. Under his guidance, the dealership – which had previously averaged 12 to 15 units per month – was experiencing sales of 120 units or more every month.

Today, Atkinson is the Dealer and General Manager of Atkinson Toyota Scion in Bryan, Texas, and Atkinson Toyota Madisonville. His dealerships have received the Toyota President's Award for 10 consecutive years, as well as the Toyota Financial

Circle of Excellence Award in 2009. He remains active in his local church, as well as several other community service efforts, including the Boys and Girls Club, Habitat for Humanity, the President's Development Council at Harding University, and the Houston Livestock Show and Rodeo.

Award recipients are selected based on their active participation in the L.A.N., support for AIADA policies and initiatives before Congress, proactive communication with Congress even when not prompted by AIADA, participation in the Dealer Visit Program, and efforts to recruit colleagues and employees to join the L.A.N. and get involved in the political process.

For more information on how you can join AIADA's Legislative Action Network (L.A.N.) and get involved in AIADA's work to inform and educate Washington on the impact national legislation has on the international dealer community, visit www.AIADA.org. **AD**

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As dealers began to arrive in Washington on Wednesday, it became clear that the issue of dealer exemption in the Senate version of financial reform legislation was reaching a climax. On the afternoon of Wednesday, May 19, over 100 dealers – many of whom had rearranged their travel plans at the last minute – joined Sen. Sam Brownback (R-Kan.), Rep. John Campbell (R-Calif.), AIADA Chairman Rick DeSilva, and fellow dealer representatives on Capitol Hill for a press conference to show support for Sen. Brownback's dealer amendment.

Speaking to the crowd of dealers and reporters that had gathered, DeSilva explained, "As a dealer myself, I'm here to tell you that I, and others like me, weren't immune from the effects of the sour economy. The bottom line that I think we can all agree on comes down to the fact that over the past year and a half, Main Street has paid the price for Wall Street's failures. As dealers, we provide the lifeblood to our respective 'Main Streets' across the U.S. We provide jobs. We provide millions in tax revenue. We provide support for our local charities. My message is this: Don't punish Main Street for what happened on Wall Street."

Later in the day on Wednesday, the Summit continued as planned. The first 100 Summit registrants gained exclusive access to a briefing, sponsored by AFIT-PAC, with Charlie Cook of the *Cook Political Report*, on what to expect as the mid-term election season nears. The briefing was followed by the Summit's opening reception and dinner featuring former CIA Director, Gen. Michael Hayden.

Gen. Hayden provided attendees with his insights on global events and how the intelligence community interacts with and helps shape U.S. policy.

"Intelligence works at that intersection between the world as it is and the world as we want it to be," said Gen. Hayden. "The intelligence officer has to be true to reality as he sees it, but he also has to be relevant to the policy maker. He has to be the 'fact guy,' while still meeting the 'vision guy' on his own terms."

The next morning, dealers gathered for breakfast and a packed schedule of speakers, including Sen. John Cornyn (R-Texas) and Rep. Kevin McCarthy (R-Calif.). Both explained Washington's current environment and their views on several legislative items that impact dealers.

Jim VandeHei, co-founder and executive editor of the all-politics-all-

the-time site and newspaper, *Politico*, was next in the morning's lineup. As a long-time journalist and one of Washington's most knowledgeable insiders, he shared his unparalleled "inside the beltway" perspective on everything from the current political environment to the upcoming elections to what is really going on in the halls of Congress and at the White House when the news cameras stop rolling.

Later in the morning, AIADA Chairman Rick DeSilva and fellow board member Dave Conant took to the stage to talk to dealers about AIADA's Dealer Visit Program. Conant explained that the program gives dealers a unique and stress-free way to share with their elected officials about the people they employ and realities of running a dealership.

"It's not brain surgery," said DeSilva, urging dealers to get involved in AIADA's Legislative Action Network and stay connected with AIADA's grassroots dealer efforts. "AIADA does an excellent job of putting your dealer visit together."

Conant agreed with DeSilva, explaining "There's no greater way to participate than to have a representative come to your dealership."

As usual, Thursday's auto industry panel and question and answer session

was one of the most popular parts of the annual Summit lineup. Moderated by *Automotive News* editor Jason Stein, this year's panel featured John Mendel, executive vice president of American Honda Motor Co.; Mark Templin, group vice president and general manager of the Lexus Division at Toyota Motor Sales, U.S.A.; Jim O'Sullivan, president and CEO of Mazda North American Operations, and Dave Zuchowski, vice president of national sales at Hyundai Motor America.

Questions covered a range of topics, including fuel efficiency standards, pending vehicle safety legislation, the impact of federal involvement on the industry, increasing Buy American sentiment, and dealer-impacting financial reform.

When asked how federal action has impacted the way they do business, panelists agreed that the events of the past year had been a "game changer," and expressed the need for dealers to be in constant contact with their elected representatives.

"We have to be in front of our representatives," said Honda's John Mendel. "They are only as good as what they are told."

Taking the insight and knowledge they had gained from the Summit, 115 dealers traveled to Capitol Hill on

Thursday afternoon to visit with their Senators and Representatives. The number was the highest turnout in Summit history.

"This year's Summit was an overwhelming success. By traveling to Washington, these dealers, who are leaders in their communities, took an

important step in forging the relationships necessary for meaningful federal legislation and policy," said AIADA Chairman Rick DeSilva. "For those who haven't already, I hope AIADA members will consider making the trip to Washington for next year's 5th Annual International Auto Industry Summit." **AD**



Audi of America President Johan de Nysschen characterizes Audi as a progressive, sophisticated, high-end brand.

BY AIADA STAFF

STAYING THE COURSE:

IN A TREACHEROUS AUTO MARKET, AUDI IS PROVING THAT LUXURY STILL SELLS



Audi will introduce the all-new for 2011 A8 flagship sedan, which de Nysschen expects will be a benchmark in the luxury sedan market.

As Audi of America President Johan de Nysschen tells it, his company isn't your average luxury car brand. In fact, the automaker, spurred by an impressive portfolio of new vehicle designs and innovative performance technology, has witnessed impressive growth in 2010. AIADA recently talked with de Nysschen for an update on Audi's accomplishments, its expanding customer base, alternative fuel plans, and what dealers and customers can expect as the automaker continues to enact its philosophy of progressive, yet understated luxury vehicle design on U.S. shores.

AD: Audi has done remarkably well this year, posting the best first-quarter sales in its history. May's sales figures were up an unprecedented 23 percent, and in June you posted a half-year sales record in the U.S. market. What's made the difference?

JdN: It is nothing that we have done this year. Rather it is the culmination of several years of consistent execution of our strategy. The strategy has focused on building the brand, expanding the product portfolio to fill out the white space, working on enhancing the quality of the dealer organization, and focusing on the ownership experience.

The product portfolio, with the addition of a full sports-car range and two SUVs, in addition to our class-leading new Audi A4 and A5 models, has captured consumer imagination and is the mainstay of our success. Our dealers have, over the past several years, invested hundreds of millions of dollars in upgrading facilities and today we have 132 exclusive stores out of our total network of 270. Approximately 90 percent of all new car sales go through a dealer environment where the customer experiences Audi brand exclusivity. In addition, we have remained bold and confident throughout the recession, contrary to the actions of others who have cut investments in product development, marketing,

or in other important areas of the business. We stayed true to the course. We, in fact, increased our marketing investment and the momentum that the brand has built up as a consequence of keeping our foot firmly planted on the accelerator is visible today in the rapidly increasing market share that we are seeing this year.

AD: What would you say sets Audi apart from other luxury brands?

JdN: Audi is a progressive, sophisticated, high-end brand. We are very design driven and the aesthetic appeal of our vehicles is expressed in a very understated style. We attach great importance to craftsmanship, quality, accuracy of fit and finish, and, of course, absolutely bullet proof engineering, but all executed with elegance, sophistication, and understatement. We epitomize the new progressive luxury.

AD: Has Audi's consumer profile changed at all in recent years? Do you expect it to change?

JdN: Audi's customer demographic has evolved in parallel to the brand profile. The introduction of the Audi A3 and the range of emotionally charged sports cars have attracted a younger, yet more affluent demographic. Audi buyers today are increasingly selecting the brand for what the brand represents in terms of premium, progressive, sophisticated, yet understated motoring. We have seen a continued upward migration of average income levels as the Audi brand has successfully transitioned from achieving sales volume and market share growth driven by incentives, to today's reality where a combination of a superlative product portfolio and a very attractive brand profile is driving the buying decision.

AD: Can you explain for readers the effect that the past couple of years' events had on the luxury segment of the auto industry? How did your company react to these events?

JdN: The difficult headwinds that the U.S. economy endured these past two years certainly put a crimp on the luxury car sector and consumer optimism. At Audi, we responded by staying on course with our strategy of bringing out new models that grabbed the attention of consumers who were in the market and building the foundations for steady, long-lasting growth. We also joined our dealership partners in maintaining investments aimed at providing a more exclusive Audi car buying and ownership experience across the country.

The result has been a consistent improvement in our market share among imported luxury car brands in the U.S. Next, we will make inroads in the loftiest reaches of the luxury market with exceptional models like the all-new Audi A8 flagship arriving in showrooms later this year.

AD: Explain Audi's plans to increase its market share in the coming years. What role do you envision your company playing in the U.S. auto market?

JdN: One of the hallmarks of our growth in recent years has been the way we've avoided a reliance on costly sales inducements. Our aim is to win new customers organically and avoid chasing market share for market share's sake. Audi plans to rank as the number one premium automotive brand globally. In Europe, Audi reached this goal in 2009, a position we have maintained to date in 2010. In China, Audi is by far the leading premium automotive brand. In order for Audi AG to reach this global goal, Audi needs to significantly expand our presence in the U.S. as well. We have laid the groundwork for this, but there is still work to be done.

AD: Reports indicate Audi plans to bring several new vehicles to market in the next few years. Can you share with dealers some of what they might expect to offer in their showrooms?

JdN: By the middle of this year, Audi will have introduced 15 new vehicles or derivatives of vehicles since 2008, and at the end of this year, we will introduce the all new A8, our flagship model. This car will set the benchmark in the luxury sedan market for performance, fuel efficiency, as well as for craftsmanship in the interior. It goes without saying that this car will also incorporate a slew of new technology. In the year following, we will also introduce an all new A7 which will then be followed by an all new A6. This lineup will position Audi well to show the American population that Audi is a powerful force at the top of the spectrum for luxury vehicles.

Also, later this year, Audi will introduce the R8 Spyder which adds a V10 open air addition to our sports car lineup.

AD: Will we see the A1 on this side of the Atlantic in the future?

JdN: There are currently no plans to introduce the Audi A1 to the U.S. market. In Europe, market conditions are such that consumer acceptance of a high quality, compact luxury vehicle is at a high level. The cost of energy, a high level of urbanization,

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de Nysschen says the automaker plans a hybrid version of its Q5 in the near future.

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traffic congestion, and the practical reality of space constraints, all lend themselves to smaller, more compact vehicles. Yet the discerning, quality-oriented buyer does not wish to relinquish any of the benefits normally associated with driving a luxury automobile, such as high-quality, sophistication, refinement, safety, etc. The Audi A1 essentially represents all these Audi values in a compact, concentrated form. Conversely, the U.S. market still has a customer perception that very clearly links product size and price position and is therefore not yet ready for the concept of a compact, premium-priced automobile.

AD: Last December, the A3 TDI beat out stiff competition like the Toyota Prius and Honda Insight for *Green Car Journal's* Green Car of the Year Award. Is the A3 TDI indicative of the kind of cars we'll be seeing from Audi?

JdN: The A3 TDI is important for a variety of reasons. The segment-leading 42 mpg fuel economy it achieves on the highways demonstrates that driving enthusiasts don't have to surrender luxury appointments and performance to gain fuel efficiency. It has played a critical role in reminding Americans about the strengths of today's clean diesel technology – powerful torque, a smooth ride, lower greenhouse gas emissions and, of course, substantial fuel savings. For Audi, the TDI clean diesel technology in the A3 (as well as our Q7 TDI model) shows how we directly translate innovations developed for our championship Le Mans racing program into real advantages for everyday car drivers.

AD: Automakers differ in their approach to alternative fuels and vehicles. Do you still believe the future of alternative fuels lies primarily in diesel technology? How do you expect Audi to set itself apart from fellow automakers in providing the kind of high-performing cars Americans love to drive while working toward fuel efficiency?

JdN: TDI is definitely one of the technologies that Audi will pursue into the future. This can be seen by Audi's participation with TDI technology at the testing and proving grounds in the toughest endurance and efficiency race in the world, Le Mans. Audi finishing one, two, and three this year is a testament to the technology.

Audi is also following other alternative powertrains, such as electrification and hybrids. Audi has shown several iterations of electric-powered vehicles running on what Audi calls its e-tron technology. Audi is planning on making production vehicles based on e-tron systems by late 2012. A hybrid version of the Q5



de Nysschen accepted the 2010 Green Car of the Year award for the Audi A3 TDI at the Los Angeles Auto Show last December.

is planned in the near future as well.

It also goes without saying that Audi is constantly improving the technology in gasoline [engines]. Audi was the first brand to incorporate efficient yet powerful direct injection technology across its gasoline-powered engine lineup. This illustrates how seriously Audi takes the subject of sustainability with its current models and future research.

AD: What do you think is different about Audi dealers? What can the typical customer walking through the door expect to encounter?

JdN: Audi dealers who have invested in our new Audi corporate identity, through meeting the exclusive standards, present a uniform face to the customer which supports the premium position of the Audi brand. The customer therefore engages the brand in an environment which reflects the premium and sophisticated character of Audi. We have also invested very heavily into manpower development and this will in fact continue to be an area of increased importance now that we have the bricks and mortar of exclusive showrooms largely in place. People, after all, make the brand and surely determine the overall customer experience. I know that many of our Audi dealers and their dedicated personnel are Audi brand ambassadors and share our passion for the brand with the four rings. Our success will be achieved as a result of a partnership based on mutual respect, trust, and confidence and I fully believe that the future outlook remains a very optimistic one for the Audi brand. **AD**



Audi presented an Audi e-tron technology platform based on the R8 at the most important sports car race of the year – 24 Hours of Le Mans.



de Nysschen believes that cars like Audi A3 and the range of emotionally charged sports cars have attracted a younger, more affluent demographic.



GREEN & MEAN:

High-Performance in a High-MPG Future

THE FUTURE LOOKS BRIGHT AS PREMIUM BRANDS REV UP THEIR ENGINES FOR STRICTER FUEL ECONOMY REGULATIONS

BY JIM KOSCS, AIADA CONTRIBUTING EDITOR

Should enthusiasts and dealers of high-performance cars be worried that impending fuel economy standards will end the former's fun and the latter's profits? In a word: no. Newly introduced models and recent concept vehicles demonstrate that the world's best-known makers of powerful, speedy cars are preparing to meet the challenge.

"Some critics have said the regulations will limit choice, but if carmakers still perceive a market for such [high-performance] cars, we will see those cars," argues John O'Dell, Green Car Editor for Edmunds.com. "Remember, fuel economy standards are averages. You can build high-performance cars; you just have to build something to offset them."

Although the complexity of the government's Corporate Average Fuel Economy (CAFE) calculations is often confusing, a little trip back in time should help shed some light on what to expect from performance cars over the next decade, or – more accurately – what not to expect.

1975: CAFE and the Doomsayers

When the first CAFE standards were passed in the 1970s – on top of clean air standards already in force at the time – carmakers lacked the technology to give consumers everything they desired. Drivers reeling from the "oil shocks" of the 1970s were happy to get the kind of fuel economy the government was demanding from carmakers, and the prospect of reducing pollution seemed like a good idea to most.

Back in the pre-computer and carburetor days, however, something had to be sacrificed in the interest of improved fuel economy. Doomsayers predicted that government intervention would end performance cars as we knew them. For awhile, they appeared correct. At one point in the late 1970s and early 1980s, a horsepower rating over 200 was fairly rare. European automakers, which faced less stringent regulations in their home markets at the time, decided it was easier to leave the most powerful offerings out of their U.S. model lines.

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Audi has revealed three e-tron concepts. The second one, shown here, uses two electric motors at the rear wheels. A production e-tron, based on the brand's high-end R8 sports car, will be produced.

Ferrari's 599 HY-KERS hybrid is an "experimental car" based on the 12-cylinder 599 GTB production model. Ferrari has said it would produce a hybrid model in about three years, though not necessarily this one.

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O'Dell's prediction, although spoken in terms of today's fixation on fuel economy standards, rang exceptionally true 30 years ago. Back then, the customers for high-performance cars didn't go away. In fact, those with an affinity for speed and performance turned to gray market importers to get Europe's fastest machines, even if it meant taking their chances with service and warranty issues.

1980s: Performance Strikes Back

All that changed by the mid 1980s, when the technology needed to meet stricter emissions standards also revved up performance. Enthusiasts responded to the slightest increase in power with their wallets; if there was a "performance premium" in the cost of the car, they seemed willing to pay it.

Today, that trend has resulted in "entry level" performance figures of over 300 horsepower from small V6 and turbocharged four-cylinder engines; 400 horsepower is common; and 500-600 horsepower is available. The most powerful models from Porsche, Ferrari, and Lamborghini exceed even that.

Customers today also have the widest choice of performance offerings in automotive history. This is perhaps best exemplified by the Porsche 911. It offers 345 horsepower to start, then escalates to models with 385, 435, 450, 500, and 530 horsepower – peaking at 620 horsepower for customers willing to spend nearly \$250,000 for a new 911 GT2 RS.

"The U.S. is the most important sales market for Porsche cars in the world," says Porsche Cars North America spokesman Tony Fouladpour. "Porsche will absolutely sell vehicles here in the future and meet all upcoming fuel economy regulations that make that necessary."

CAFE 2016: Ignore the Doomayers

It is probably easier to explain quantum physics than the intricacies



BMW Vision Efficient Dynamics Concept predicts what a future high-end BMW hybrid sports car might look like. The concept car uses a turbo-diesel engine and two electric motors.

of CAFE calculations. In the end, the numbers that consumers see are not the higher "raw" EPA test numbers used to calculate CAFE. The nation's car fleet is already beating the current CAFE standard of 27.5 mpg by five mpg. Thus, the target of 37.8 mpg by 2016 doesn't seem too difficult, given the state of today's technology.

Under the new rules, however, each carmaker will receive its own CAFE target based on its model mix and the "footprint" of its vehicles (the wheelbase multiplied by the track dimension). This last point has generated a bit of controversy, with some critics charging that it will encourage carmakers to upsize. The more likely scenario is that the tactic will help preserve vehicle choice.

Enthusiast car magazines, long the most vocal CAFE critics, have analyzed the new standards and declared them fair and feasible.

"After wading through some 1,500 pages of documents, we can say that this overhaul of CAFE was carefully considered, involved extensive input from automakers, and – with the new size-based standards – takes into account customer choice in a way that the old system never did," declared *Car & Driver* in May.

Automakers have other strategies for dealing with CAFE, as well. "Some brands will be able to be counted with their corporate parents," says O'Dell. BMW, for

example, can count the MINI models in its calculation and will soon market its Megacity electric vehicles.

O'Dell asserts that startup electric car and hybrid car makers like Tesla and Fisker can sell fuel economy credits to other companies that need them to meet CAFE. *Automotive News* reported that Tesla has already sold about \$14 million in credits to other carmakers, including Honda, over the past two years.

"At the same time, some companies have been willing to continue paying CAFE fines," O'Dell adds.

Contrary to their actions in the 1970s, premium carmakers are not circling the wagons. Jaguar Land Rover North America, part of Tata Motors, faces a CAFE target of 34.7 mpg in 2016.

"We are working on a variety of technologies to meet the expectations of our present customers and future clients in building beautiful, fast cars that connect with people on an emotional level," says Jaguar Land Rover North America spokesman Jim Resnick.

This Time Is Different

Automotive technology is in a different place than it was 35 years ago. Today's models not only offer more than twice the power of their predecessors, but use significantly less fuel. Engine technologies like direct fuel injection, variable valve timing control, and electric-powered steering,

along with more advanced transmissions with up to eight ratios, have simultaneously improved performance and fuel economy – once thought to be mutually exclusive.

Hybrid powertrains, hold much promise for future performance models. BMW and Porsche offer performance-oriented hybrids today and Ferrari promises its first hybrid in about three years. O'Dell predicts that we'll also see more pure electric high-performance cars, like the Tesla. Audi and Mercedes-Benz have shown concepts for such cars and have stated production intentions.

"This year is essentially the public start of the 'hybrid era' for Porsche, with a Cayenne hybrid for the road coming soon, a Porsche 911 GT3 R with an innovative hybrid system specifically for use in racing, and a 918 Spyder concept, which shows we can build a super sports car and still help to preserve the environment," says Porsche's Fouladpour.

"There's still a lot that can be done to improve fuel economy of the conventional internal combustion engine while keeping performance high," says O'Dell. "We'll likely see more lightweight materials. The cost of some of these cars may go up a bit. But as long as there are customers, there will be a market."

Here's a look at what some premium brands are working on to preserve high-performance models.

Audi e-tron

Audi has demonstrated its commitment to electric power by introducing a mix of concept cars all bearing the name "e-tron." Based in part on Audi's mid-engine R8 sports car, the original e-tron debuted at last year's Frankfurt Motor Show. It featured an electric motor at each wheel and a liquid-cooled battery pack set in place of the R8's gasoline V10. Introduced at this year's Detroit show, the next e-tron was a scaled down version of the original with two electric motors driving the rear wheels and a smaller battery pack. Finally, the small A1 e-tron made the scene this past March in Geneva. Breaking ranks with its siblings, the A1 e-tron mated an electric motor with a gasoline powered Wankel engine/generator that keeps the battery charged for extended range driving. The first e-tron to see production will be a lighter version of the all-electric original, set to be built alongside the R8 next year. The four electric motors will deliver Audi's signature quattro four-wheel drive, and performance should excite – total system output is rated at 313 hp and 502 lbs.-ft. of torque.

BMW Vision Efficient Dynamics Concept Car

To help meet stricter fuel-efficiency and emissions standards in the near term, BMW will once again offer small-displacement, four-cylinder

gasoline engines in some U.S. models. Anticipating ever-stricter regulations, however, the carmaker plans to introduce lightweight carbon-fiber bodies and electric power – in both electric-only and full-hybrid models. While the broad application of these advanced technologies will take time, BMW may soon put portions to the test in a new high-end flagship sports car. If it's built, expect the new model to draw inspiration from the Vision Efficient Dynamics concept car. The concept is a plug-in hybrid that combines a three-cylinder turbo-diesel engine with two electric motors for a total net output of 356 hp and 590 lbs.-ft. of torque. When plugged into a household 220 volt power outlet, the lithium-polymer battery charges in less than three hours. Coasting and regenerative braking help keep the battery topped up while driving. BMW claims that accelerating from zero-to-60 mph takes just 4.8 seconds and average fuel consumption exceeds 60 mpg.

Ferrari 599 HY-KERS Concept

Ferrari sports and GT cars adhere to one principle: performance without compromise. Ever-tightening requirements for fuel economy and CO2 emissions pose the greatest challenge to that inviolate standard.

Introduced at the 2010 Geneva Motor Show, the 599 HY-KERS Experimental Vehicle demonstrates

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The plug-in Porsche 918 Spyder showcases the technology Porsche is developing to keep supercars on the road. The concept combines a 500-hp V8 with two electric motors to deliver blistering performance and high fuel economy.

Porsche 918 Spyder Hybrid Concept

Unveiled at this year's Geneva Motor Show, the plug-in Porsche 918 Spyder showcases the parallel-hybrid technology Porsche intends to use to keep supercars on the road – and its core customers happy.

Motivation comes from a gasoline-powered 3.4-liter V8 making 500 hp, plus an electric motor at each axle producing a combined 218 hp. Four performance modes are available, ranging from maximum green (E-Drive) to maximum go (Race Hybrid). In E-Drive, the liquid-cooled battery can power the car on its own for up to 15.5 miles, while in Race-Hybrid mode pushing a button on the steering wheel delivers supplemental electric energy for a boost during acceleration. Porsche wrapped all this advanced technology in a lightweight carbon-fiber bodyshell. Zero-to-60 mph in 3.2 seconds, a top speed of 198 mph and a maximum fuel economy rating of 78 mpg are claimed.

Porsche already has a similar gas-electric powertrain setup available in its 2011 Cayenne S Hybrid, and a hybrid version of the Panamera sedan should follow. Porsche entered a hybrid version of the 911 GT3 racer in this year's Nurburgring Long Distance Championship; the car earned a podium finish in just its second race. **AD**

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Ferrari's way forward. The show car features the same Kinetic Energy Recovery System (KERS) Ferrari used on its Formula One cars during the 2009 campaign. This hybrid setup combines the 599 GTB's gasoline 612-hp V12 with an electric motor that adds 107 hp and 111 lb.-ft. of torque. Under deceleration or braking, the system recovers energy and stores it in lithium-ion battery packs positioned under the chassis for a lower center of gravity. Connected to a seven-speed dual clutch transmission, the electric motor can draw on stored energy to boost acceleration, fine-tune brake bias, and smooth out torque delivery. The system also works in full-hybrid mode, letting the car run solely on electric power at low speeds and under light-load driving conditions. Ferrari boss Luca Di Montezemolo has said to expect a Ferrari hybrid production model in about three years.

Mercedes-Benz SLS AMG eDrive

When styling the SLS AMG supercar, Mercedes-Benz took inspiration from its iconic 1955 300SL Gullwing Coupe. Once again, the past was prologue when Mercedes introduced the zero-emission SLS AMG E-Cell prototype at last year's Frankfurt Motor Show. Using the same lightweight aluminum body and structure as the

SLS AMG, the E-Cell forgoes an internal combustion engine in favor of an electric motor at each wheel and one transmission per axle. Power is stored in three modular lithium-ion batteries to make 526 hp and 649 lbs.-ft. of torque. The E-Cell's performance is on par with its gasoline-fueled sibling, with AMG claiming zero-to-60 mph in less than four seconds. Range should be about 90 to 110 miles, and a full recharge takes about eight hours.

Lessons learned from the SLS AMG eDrive are sure to trickle down to future electric Mercedes models. But AMG Chairman Ola Källenius vows this is no mere experimentation rig; he calls the E-Cell a milestone in the brand's "AMG Performance 2015" strategy.



The Mercedes-Benz SLS AMG E-Cell hints strongly at a high-speed all-electric model to come in the next few years. It shares its design with the new gasoline-fueled SLS AMG model, but almost nothing mechanically.

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Dealers Check In

Corina S. Diehl Diehl Automotive Group, Inc. Butler, Pa.

Corina S. Diehl has been a member of the auto industry in multiple capacities for the past 20 years. She currently serves as president of Diehl Automotive Group, which has received the Toyota Signature Dealer award, as well as the Chrysler Five Star Dealer award. She reports that Diehl Automotive Group is very active in the local community, primarily through children's programs, including athletic teams, academic programs, and extracurricular activities.

Who or what first got you into the auto retail business?

My husband, Matt Diehl, had always been involved in the automotive industry. As a newlywed, my husband's passion for the automotive business rubbed off on me, and I, too, found a job in the business as a sales consultant. Then, when the Berlin Wall came down, someone who knew that I was fluent in German approached me with a job offer to export cars to Germany. During the next 10 years or so, my husband and I both held different positions within the industry that eventually led to the acquisition of our own dealership. However, it wasn't until my husband passed away three years ago that I assumed the responsibility of president and owner of Diehl Automotive Group.

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

As a result of the recent recession, we have analyzed every expense to determine whether or not it is necessary. We have curtailed expenses in some areas and invested in others. For example, we have reduced our total staff, primarily in the sales area, to compensate for decreased traffic and sales. But in terms of evolving the dealership to keep us among the

highest performing dealers in the region, we invested over \$3 million in a state-of-the-art collision center that uses eco-friendly, water-based paints – making it one of only three such facilities in Pennsylvania.

When did you first get involved with AIADA and why?

I got involved with AIADA over the past year because of my belief that Toyota was being mistreated by the government. In addition, I have become extremely impressed by AIADA's ability to organize dealers and look out for our best interests.

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

We are in an area that has indeed been affected by the recession, but not to the same extent as the more coastal and growth regions. Nonetheless, business in Washington, D.C. has had both positive and negative effects on our day-to-day business. For instance, tax hikes on our business affect everything about our day-to-day operations and have proven to seldom be a solution in tough times. On the other hand, I do commend the Cash for Clunkers program because it gave many dealers the opportunity to break even in 2009 and many others the opportunity to stay in business.

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

I would like lawmakers to know that we strive to support our community in ways that no other business can. Additionally, we employ many families and always take care of their needs. Subsequently, to harm or strain our business will ultimately affect our employees and their families, as well as the community – it truly has a ripple effect.

What was your most memorable sale?

As dealers, we are able to work with individuals during one of their most important purchases. Whether it is a teenager buying their first car after working every summer in order to be able to afford the purchase, or a couple buying a new car for their new family, most every sale has a special story and meaning. However, one of my most memorable sales occurred not too long ago when a gentleman who was terminally ill with cancer came to our dealership looking to fulfill a childhood dream of his: owning a Dodge Challenger. Ultimately, we arrived at a price point that was manageable for him and ended up being able to help him make his dream come true. He left our dealership with the kind of excitement you only see in little kids. It was truly touching to see the joy that buying the Challenger brought him and to know that we helped relieve his pain and struggle, if only a bit.

What is your personal "dream car"?

A Rolls Royce Phantom Drophead Coupe



William P. Underriner Underriner Motors, Inc. Billings, Mont.

A 26-year veteran of the automotive business, William P. Underriner credits his father-in-law with leading him into the industry. In addition to overseeing operations at his award-winning dealerships, Underriner is also very active in various charities, including the St. Vincent's Hospital Foundation, the Montana State Billings College of Technology, the Billings Chamber of Commerce, his local United Way Chapter, and the American Cancer Society. In 2008, he received the American Cancer Society's highest volunteer recognition, the St. George Award, and in 2005, he was honored with United Way's Volunteer of the Year award.

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

The answer to this is yes and no. Yes, we've changed because we've had to change with the times. The internet now plays a big part in our dealership, as well as Facebook, Twitter, and those things.

The no part of this is that we haven't changed the way we've done business. We do business different than a lot of dealers. We are not high pressure. I've had the same sales staff and employees for an average of 13 years. So we treat people like they would like to be treated or how we would like to be treated if we go somewhere.

How have you dealt with the economic challenges of the past year?

Like all dealers, we've tightened our belt. There were three or four people who quit and we didn't backfill their jobs. We cut out some things we felt we could do without. We looked at our advertising budget. We went through anything that has to do with expenses and evaluated it.

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

With our average employment of 13 years per employee, we don't have a lot of turnover. When we do, we make sure we

get the best that we can.

There are two things that I believe I don't have anything without. The first are my employees. I have to treat them right or they won't treat the customer right. I treat my employees like family. I have 65 families to take care of, so they're part of the dealership. And the second are my customers because they write the paychecks for all our employees.

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

I think the two that jump out are Honda and Hyundai.

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Mike Reinhardt Reinhardt Lexus Montgomery, Ala.

As General Manager of Reinhardt Lexus, Mike Reinhardt is part of a family team with deep roots in the auto industry. While he was a student at Auburn University, Reinhardt intended to pursue a career in aerospace engineering before he made the decision to join his father in the family car business in 1970 and get his business degree instead. In addition to Reinhardt Lexus – a multi-year recipient of the Elite of Lexus dealership award – his family business also includes Reinhardt Toyota, which has received the Toyota President's Award.

Do you have any special goals for your business this year?

We are looking forward to a great future with Toyota and Lexus. They continue to support and partner with their dealers in every way possible.

As an example, I had the opportunity two years ago while in Washington to visit Sen. Richard Shelby's (R-Ala.) office on Capitol Hill. Toyota Group Vice Presidents Bob Carter and Josephine Cooper went with me. It was an easy visit, and I think it highlights their interest in what we do. The manufacturer used to recognize us as something of a "necessary evil," but I think now they recognize us as a partner. It's a relationship business now more than ever before.

How have you dealt with the economic challenges of the past year?

We've reduced employee expenses without reducing the number of employees, as well as consolidated our vendors and vendor services.

But more than that, our employees have participated. They've come to work every

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John Oh
Lexus of Westminster
Westminster, Calif.

John Oh jumped into the car business 21 years ago as a way to help pay for college at his alma mater – California State University Fullerton. Today, as General Manager and Partner at Lexus of Westminster, John Oh has helped lead one of Lexus’ Charter dealerships and a 13-year recipient of the Elite of Lexus award. In addition to his dealership duties, he also serves on the Lexus Western Area Dealer Council, and the board of directors for The Boys and Girls Club of Westminster and ABRAZAR Community Center.

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

I am constantly looking for ways to improve dealership operations while elevating the customer’s experience. I believe that focusing on the basics and listening to customer needs will dictate how the business needs to be changed. This is still a people business and we are providing a service to the public, and when we rely too



heavily on systems and software we lose sight of what our mission really is – taking care of the customers.

How have you dealt with the economic challenges of the past year?

Our goal has been to maintain or elevate the customer experience, while reducing expenses to match the current challenging business climate. It is clear that we had been carrying more expenses through the good years than what is optimal to run the business. It has been important to maximize productivity without sacrificing the quality of service.

Do you have any special goals for your business this year?

Our focus over the last couple of years is to do everything better and more efficiently. We found that we are able to accomplish more with fewer resources. Our goal is to maintain a higher level of focus as the business climate improves and maintain a more balanced operation.

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

I believe that employee satisfaction is directly proportional to customer satisfaction. We provide our employees with industry-leading training and compensation which leads to lower turnover. The dealership associates are the back bone of the business and the face of the business. It is also important to foster a culture of good communication and to ensure that the employees have all the tools to do their jobs to the best of their ability.

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

Toyota and Lexus are the most impressive manufacturers in the industry. They are able to use their extensive resources to change and improve their processes with the constantly changing business climate. They listen to the needs of their dealers and customers. They understand the importance of dealer

profitability and have been a great business partner.

What is the biggest mistake you have made as a dealer?

My biggest mistake as a dealer was underestimating the severity of the downturn in the market. We had undergone the longest period of continuous growth in the history of car business. We started to think that our skills could overcome any adversity in the economy. We are only as smart as the market conditions and the strength of the product and the brand.

When did you first get involved with AIADA and why?

The dealership has been involved since the early ‘90s because of the threats of protectionism during the Clinton presidency. I believe it is even more important with our current economic situation to be a part of AIADA in order to ensure that we have a voice in the government.

How has business in Washington,

D.C. affected your day-to-day business?

I understand how much the government influences how we conduct business every day. I appreciate the importance of letting our lawmakers know who we are and how we affect our local communities and economies.

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

I would like our lawmakers to know that our dealership is proud to be an American company that is part of the community, and not some faceless corporation. We provide our employees with industry-leading training, a working environment, and benefits.

What was your most memorable sale?

My most memorable sale was my very first: a used 1982 Toyota Starlet for \$3,250 plus fees. It was my second day in the car business in June of 1989.

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We’ve been a Honda dealer since 1975. The way Honda has conducted itself from all the way back in 1975 until now in 2010 has impressed me.

Over the past five to six years, the difference in Hyundai was overnight. They decided that they were going to be a part of the U.S. market and they needed to change their vehicles and their way of making things. They did it in a short amount of time.

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

Back in 2004, I bought 10 acres of property in west Billings, right off the interchange, and that’s where I built my new Honda dealership. It’s a booming area, and when I bought it, I was the only one that bought property in that area. Last year, when I decided to build the new Honda store, my savings on the building project was about 34 percent. It was a smart move.

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

We are independent business people; manufacturers really don’t support us financially.

When did you first get involved with AIADA and why?

I think we’ve been a member for a long, long time. We got involved because we felt there was an organization that as an import dealer could help us with some of the things that were happening. The federal government was trying to put tariffs on the cars when they were coming in.

What was your most memorable sale?

An older couple, about 80 years old, bought a Buick Park Avenue. Shortly thereafter, the husband passed away and the wife just couldn’t handle that big of a car. She came back and bought a Honda instead. I resold the Park Avenue for much more than she’d gotten back for it, so I

took her a check for a thousand dollars.

What is your personal “dream car”?

A 1975 Buick LeSabre Convertible. I’ve owned it for 26 years and I’ve completely restored it.

Any new additions to your business that we can highlight?

We opened a new LEED certified Honda store on March 8. We are also moving our Buick, Hyundai, and Volvo franchises in July to a new store. So we’ve had two new stores this year.



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day. They appreciate the relationship we offer them. We believe that if we treat our employees well, they will in turn treat our customers well. By keeping the same group of people in front of our customers, we encourage customer loyalty and the knowledge that they can continue to do business with us.

We are not dedicated to a bottom line so much as we’re dedicated to staying in business for the long haul, which is the case for many other family-owned dealerships. We need to make a profit, but we need to keep our customers, too.

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

Toyota and Lexus offer good, quality products; devoted concern for the customer experience; and devoted concern for dealer well-being.

When did you first get involved with AIADA and why?

We first got involved in the early 1990s. My dad was committed and recognized the role AIADA plays. Trade embargoes such as the Chicken Tax have always presented a problem, which I believe promote inefficiency. I believe in an open market, and I don’t like a lot of regulation.

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

There is not a part of our business that is not affected in a generally unfavorable and inefficient way. The government affects us every day; it seems there’s a new regulation every moment. Some of the

safety standards being discussed are probably good for us, but some other things are redundant and expensive. Our customers should be the reason we change things.

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

Our employees are intelligent, and they are voters who relate to other voters every day. Lawmakers need to know how these voters live and survive.

What was your most memorable sale?

My first one as a sales consultant; I sold a blue 1972 Toyota Carina.

What is your personal “dream car”?

One that’s paid for. Beyond that, the Lexus LFA supercar. I got to sit in one recently, and it truly is a benchmark vehicle. I also think the Toyota Sequoia is a great ride. I guess of each of those, one is a car I would never drive to work and the other is one my family would use every day.



Did You Know?

An airbag takes **only 40 milliseconds** to inflate after an accident.

Just 10 years after the introduction of gas-powered cars, **the first case of car theft** was documented.



Volvo is credited for inventing the **three-point seatbelt**, which was made part of its standard front seat lineup in **1963**.

Each human being spends an average of **two weeks of his or her life waiting for traffic lights to change.**



An estimated **80 percent of children** placed in child safety seats are **improperly restrained.**

Automakers began **using auto glass** for their windshields in **1927**.

82 percent of teen accidents are caused by **driver error.**

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To AIADA and its dealer members,
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