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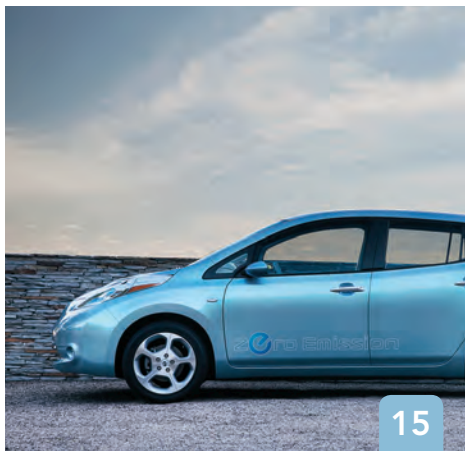
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The Magazine of the
**AmericanInternational
AutomobileDealers®**

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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.

From the Chairman's Desk

MY YEAR SPENT AS CHAIRMAN OF AIADA has flown by, and I will soon pass the gavel on to 2011 Chairman Jim Smail at our Annual Meeting in San Francisco. I'm looking forward to leaving our association in his capable hands, but also sorry to see my highly eventful term as Chairman come to an end. You can read more about Jim and his work as dealer on page 23.

Life as a dealer is never boring, but it seems that the past year was particularly exciting for our industry. Together we faced the Toyota recalls, achieved an exemption from consumer financial protection legislation, worked to promote dealer candidates in November's elections, fought for the U.S.-South Korea trade pact, and saw sales begin their slow climb up from historic lows.

I am proud to say that in taking the lead on these and other crucial issues, AIADA has firmly established itself as THE representative of the international dealer in D.C. and around the country. We remained focused on our goals, and refused to be sidelined on the issues that impacted the dealers' bottom line. The results have been overwhelmingly positive, and we can now safely say that international nameplate brands and their dealers will be the true leaders of our industry in 2011.

As proud as I am of what AIADA has achieved in the past year, I can't take credit for our success. That is due entirely to you — the dealer. We have seen a remarkable resurgence in dealer involvement recently, and the results are undeniable. In order to protect their businesses, employees, and customers, dealers are engaging with their legislators like never before. Thanks to that involvement, we are now a powerful force on Capitol Hill. And I would be remiss if I didn't mention our incredible staff, who are able to organize and mobilize dealers on a moment's notice. My hat is off to them.

My wish for the next year is simple: Keep it up. Stay active in AIADA, AFIT PAC, NADA, and DEAC and invite new dealers to do the same. If you haven't done so already, join AIADA's Legislative Action Network, invite your Congressman to your store for a Dealer Visit, and be sure to attend our Washington Summit in May. While these efforts may seem small, when combined with thousands of dealers across the country they make a big impact.

It's difficult to predict what the future holds, but for Jim Smail's sake I hope the next year is twice as successful and half as exciting as 2010. One thing I am certain of: it will pass in the blink of an eye. Good luck!

In closing, I'd like to note that in this issue you'll notice some changes to AutoDealer's design. I hope you enjoy the new format as you read about the latest events on Capitol Hill (page 7), or the international brand manufacturing facilities located right here in the U.S. (page 18). Please let us know if there is material you would like to see covered in future issues.



Rick DeSilva
AIADA CHAIRMAN

AIADA Affinity Partners



The 112th's Job: Boosting Business Confidence

BY KAREN KERRIGAN

To boost confidence among entrepreneurs and investors, America's political leaders need to send positive, pro-business signals. Members of Congress and President Obama have talked a good game of supporting small business, but the policies of the past two years have been downright hostile. Indeed, it's time for a major shift in direction.

Small business owners and entrepreneurs are looking for signals and incentives to innovate, invest, and add to their payrolls. To that end, paring back government regulations that are costly and unnecessary while advancing pro-growth measures that free up the time and resources of hard-working business owners need to be a priority. If our political leaders in Washington commit themselves to doing all they can to help American business early in 2011, confidence can be restored and healthy economic growth will follow.

Here are key issues the 112th Congress must focus on:

Tax reform: The tax system is a mess. Congress must work to secure a stable and competitive pro-entrepreneur tax system. An ever-changing tax code, as it now stands, with the potential for tax increases in 2012 does not instill full confidence in investors and the private sector. The tax mess needs to be addressed by locking in a pro-growth tax system.

Affordable health care: Paring back the most costly and damaging aspects of the new health care law (tax hikes, employer and individual mandates, anti-competitive regulatory measures, expanded 1099 reporting, etc.) is a necessary step towards encouraging job creation. Repealing Obamacare is the ideal solution, as its new taxes and regulations remain a source of anxiety for business owners. Currently, Obamacare is doing the opposite of what was promised — health care costs are rising, choices are being taken away, and — through an obscure waiver

process — only the powerful and politically connected are able to escape the law's grip, leaving small business owners left to comply with its costly consequences.

Government spending: Cut, cut, and cut more. The U.S. needs to get our fiscal house in order. Without such, our economy will underperform and investment and job creation will remain anemic.

Energy development and production: The U.S. needs to produce more energy — period. Gas prices are rising, and with diminished production we are on an unsustainable

Access to capital and credit: Existing government rules are undercutting access to capital. At the same time, new regulations being pursued under the auspices of the financial overhaul bill passed last year have the potential to further restrict access to capital and credit. Proposed Federal Reserve rules and forthcoming Consumer Financial Protection Bureau (CFPB) regulations could make a currently challenging environment for small businesses much worse. Congress must police the new CFPB to make sure the entity is abiding by the mandate that it



course, requiring us to import greater levels of oil and gas. Extreme anti-energy forces based at EPA (and lodged within the federal government in general) are hurting consumers, small business owners, and U.S. competitiveness. Reversing the anti-energy trend is critical to bringing about stable and affordable energy prices.

Trade: Congress must quickly pass the South Korea trade deal and existing trade accords must be completed. The U.S. needs to get back in the game on trade, as we are losing ground to competitors. Opening additional global markets will provide small business owners with growth opportunities. The bulk of U.S. exporters are small to mid-sized firms — increased market access means more business for our entrepreneurs.

determine whether proposed regulations will negatively impact entrepreneurs' ability to access affordable capital and credit.

Entrepreneurs are looking for signals that will boost their confidence. They would like to banish "uncertainty" from their vocabulary in 2011. The 112th Congress needs to do much more than unwind the policy mess of the last two years. It needs to advance measures that give business owners incentives to innovate, invest and create jobs. This is a tall order, but it can be done. **AD**

Karen Kerrigan is president and CEO of the Small Business & Entrepreneurship Council (SBE Council).

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Out with the Old, In with the New

111th Congress Completes Lame Duck Session Before 112th Congress Convenes

Following an eventful lame duck session, the 111th Congress finally adjourned at the end of December. It completed work on several major pieces of legislation, which were then sent to President Obama's desk.

Tax Cuts Extended

Dealers and other business owners scored a big victory in the tax legislation approved by the House and Senate. A tax deal between Hill Republicans and the White House extended the tax provisions enacted in 2001 and 2003 during the Bush administration, many of which directly impact dealers. You can read more about the tax deal on page 8.

SBA Loans to Continue

The final version of the Continuing Resolution contained language maintaining the

Small Business Administration (SBA) 7(a) loan program. It retains the maximum loan limit which was recently increased from \$2 million to \$5 million. Of interest to dealers, floorplan financing — created under the Small Business Jobs and Credit Act — remains an eligible loan category.

112th Congress Convenes

The elections of Nov. 2, 2010 brought about significant changes on Capitol Hill. Ninety-six new House members were elected swinging the House to Republican control. In the Senate, 13 new senators were elected, although the Democratic Party still retains a majority. On Jan. 5, both the House and Senate were sworn in, opening the 112th congress.

In the Senate, Sen. Mitch McConnell (R-Ky.) will once again serve as Republican

leader. Sen. Harry Reid (D-Nev.) is once again the Democratic majority leader. Although the Democrats retain the majority, the margins have narrowed, giving Sen. McConnell greater leverage, which AIADA expects him to exert in the coming months. Leadership on Senate committees will not change, and at the time *AutoDealer* went to print, Senate committee assignments had not been announced.

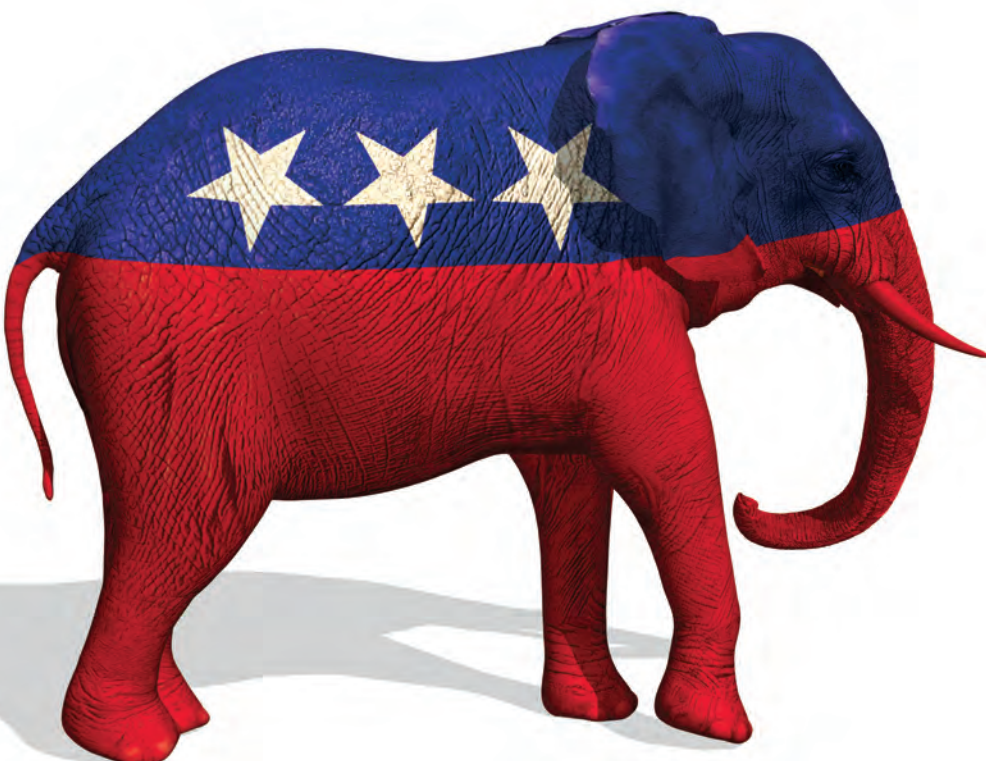
In the House, Rep. John Boehner (R-Ohio) was elected to the post of speaker. With a

CONTINUED ON PAGE 8

What's a Continuing Resolution (CR)?

The federal government of the United States operates on a budget calendar that runs from Oct. 1 through Sept. 30. Each year, Congress authorizes each department, agency, or program to spend a specific amount of money, and the President signs the bill into law. This money may not be spent, however, until it has been appropriated for a given purpose.

Because of this system, Congress is required to pass separate spending bills every year to ensure the operation of government. If Congress fails to pass such a bill, or the President fails to sign it into law, non-essential functions of the government will cease. In order to prevent the interruption of government services, Congress will often pass a continuing resolution. This authorizes government agencies to fund their agencies at the current level until either the resolution expires, or an appropriations bill is passed. A continuing resolution must be passed by both houses of Congress and signed into law by the President.



The Tax Deal: What It Means for Dealers

■ Extends all 2001 and 2003 income tax provisions

All of the 2001 and 2003 tax rates are extended for two years, through the end of 2012. Furthermore, the agreement maintains the current 15 percent top tax rate on long-term capital gains and qualified dividends, which otherwise would have risen to 20 percent and 39.6 percent, respectively, in 2011.

■ Modifies Death Tax requirements

In 2011, the "Death Tax" would have gone to a top rate of 55 percent with a \$1 million exemption. The agreement reflects the bipartisan "Lincoln-Kyl" compromise, increasing the exemption to \$5 million (indexed for inflation) and reducing the top rate to 35 percent for 2011 and 2012 — better protecting family owned businesses and farms.

■ Establishes a Payroll Tax reduction in place of the Making Work Pay Credit

A one-year payroll tax reduction will reduce the employee share of the payroll tax by almost one-third, down to 4.2 percent.

■ Renews "traditional" tax extenders for employers and individuals

The agreement extends through 2011 traditional tax "extenders" on both the business side (i.e. the Research & Experimentation tax credit) and the individual side (i.e. the deduction for state and local sales taxes).

■ Creates a new expensing provision for qualified businesses

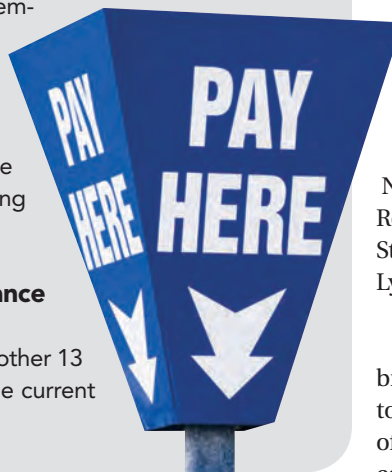
The agreement allows businesses (1) to immediately deduct 100 percent of property placed in service between September 9, 2010 and December 31, 2011; and (2) to take advantage of 50 percent bonus depreciation in 2012.

■ Continued select refundable tax provisions

The package extends a limited number of refundable tax credits expanded or initiated in 2009 aimed at helping business, individuals and energy programs.

■ Extended the Federal Unemployment Insurance (UI) Program

Renews the current Federal UI benefit programs for another 13 months — through December 2011, and maintains the current cap of 99 weeks of total benefits.



ing is a summary of key House committees, including their new Republican leaders and new members.

Committee on Ways and Means

Purpose: Oversees trade policy

Chairman: Dave Camp (Mich.)

New Members: Rick Berg (N.D.), Diane Black (Tenn.), Vern Buchanan (Fla.), Jim Gerlach (Penn.), Lynn Jenkins (Kan.), Chris Lee (N.Y.), Erik Paulsen (Minn.), Tom Price (Ga.), Aaron Schock (Ill.), and Adrian Smith (Neb.).

Committee on Energy and Commerce

Purpose: Oversees energy and commerce legislation

Chairman: Fred Upton (Mich.)

New Members: Charlie Bass (N.H.), Brian Bilbray (Calif.), Bill Cassidy (La.), Cory Gardner (Colo.), Morgan Griffith (Va.), Brett Guthrie (Ky.), Gregg Harper (Miss.), Adam Kinzinger (Ill.), David McKinley (W.Va.), Cathy McMorris Rodgers (Wash.), Pete Olson (Texas), Mike Pompeo (Kan.), and Greg Walden (Ore.).

Committee on Financial Services

Purpose: Oversees the financial industry, including banks and housing. The committee played a pivotal role in 2010 with the creation of the Consumer Protection Bureau.

Chairman: Spencer Bachus (Ala.) will return as chairman

New Members: Quico Canseco (Texas), Bob Dold (Ill.), Sean Duffy (Wisc.), Michael Fitzpatrick (Penn.), Michael Grimm (N.Y.), Nan Hayworth (N.Y.), Bill Huizenga (Mich.), Robert Hurt (Va.), Blaine Luetkemeyer (Mo.), Steve Pearce (N.M.), Steve Stivers (Ohio), and Lynn Westmoreland (Ga.).

No matter what the 112th Congress brings, AIADA will continue to closely monitor and advocate for the needs and interests of America's international nameplate dealer community. For up-to-date information on events in Washington through 2011, visit AIADA.org. **AD**

CONTINUED FROM PAGE 7

Republican House majority comes a slew of new faces to House committees. Not only will the Republicans hold the leading committee chair positions, they will also gain seats on each committee. Because of this, the Democrats must remove members from

prime committee jobs.

House Republicans have populated the committee seats and appear to be ready to get to work and start hearings. Freshman members have been added to top-flight committees and returning members are also receiving some prime assignments. Follow-

Campaign Season Is Opportunity for Dealers

With election season now behind, as well as December's lame duck session, AIADA is now turning its eyes to the 112th Congress and what dealers can expect in the next two years. Without doubt, a Republican majority in the House brings a new dynamic to Washington, and it remains to be seen how the policies will impact America's international nameplate dealers. Regardless of what the 112th Congress throws our way, AIADA remains committed to engaging Washington, D.C., on all fronts — including Congress, the administration, and our federal agencies — throughout 2011. In order to accomplish this, we will need the full force of our dealer members.

Join the L.A.N.

As the New Year takes shape, consider how you can get involved in AIADA's advocacy efforts. AIADA's message is far more effective when it is spoken from the first-hand experience of our members. The association's grassroots program, the Legislative Action Network (L.A.N.) is designed to help

dealers tell their stories and build the relationships with elected officials that are necessary to influence positive legislation and federal policy.

Building these relationships begins by ensuring dealers are equipped with up-to-date information. By joining the L.A.N., dealers have access to AIADA's weekly publication, *Capitol Insight*, which covers the latest news from Capitol Hill and what AIADA is doing on behalf of international nameplate dealers. Participating dealers also receive access to the L.A.N.'s Resource Center at AIADA's website, as well as regular call and action alerts and instructions on how to best contact their respective members of Congress.

Dealer Visit Program

Dealers looking to take their advocacy one step further can host their member of Congress at their dealership through AIADA's Dealer Visit Program. There is a new class of freshman Senators and Representatives that

dealers must get to know. It is also imperative that these elected officials know and understand international nameplate dealers and their unique issues. Visiting a dealership, talking with the employees, and witnessing first-hand the demands of running an international nameplate dealership communicates more to elected officials than a simple phone call, email, or letter can.

Want to host your own dealer visit? Simply let AIADA know. We will work to schedule a time that works well for both you and your elected official and extend an invitation on your behalf. We will also provide you with talking points and information you can share with your member to emphasize the role your dealership plays in your community and in the economy.

For more information on the program, to schedule a dealer visit of your own, or more on AIADA's Legislative Action Network, visit AIADA's website or call AIADA's grassroots team at 1-800-GO-AIADA. **AD**



AIADA's Dealer Visit Program



HOW DOES IT WORK?



A CUSTOMIZED VISIT that meets your dealership's needs

AIADA INVITES YOUR member of Congress on your behalf, and facilitates a time for the visit based on both of your schedules

AIADA WILL NOTIFY local media of your event, if you desire

AIADA PROVIDES THE INFORMATION and the talking points you need to discuss the issues with your member of Congress

AIADA Welcomes Dealers to Congress

THE FALL 2010 ISSUE of *AutoDealer* introduced members to four dealers pursuing Congressional seats in November's elections. Congratulations to Mike Kelly of Pennsylvania, Jim Renacci of Ohio, and Scott Rigell of Virginia for their wins on November 2. They will join three current and former dealers in the House of Representatives: Vern Buchanan (R-Fla.), John Campbell (R-Calif.), and Bill Shuster (R-Penn.). International nameplate dealers should be encouraged that the views of America's small business owners will be well-represented in the 112th Congress. To the right is a brief summary of each new dealer-Representative.

Stay tuned to AIADA throughout 2011 for the latest on how you can get involved in defending and advocating for your work as an international nameplate dealer. Visit www.AIADA.org today to learn more. **AD**



VERN BUCHANAN
Home District:
Florida's 13th District
Party: Republican



JOHN CAMPBELL
Home District:
California's 48th District
Party: Republican



MIKE KELLY
Home District:
Pennsylvania's 3rd District
Party: Republican



JIM RENACCI
Home District:
Ohio's 16th District
Party: Republican



SCOTT RIGELL
Home District:
Virginia's 2nd District
Party: Republican



BILL SHUSTER
Home District:
Pennsylvania's 9th District
Party: Republican





The 2011 BMW Z4 sDrive35i arrived in showrooms in 2010.

BMW

“The Ultimate Driving Machine” Has Ambitious Plans to Drive U.S. Market Share

REVS ITS ENGINE

Fifty years ago, Bayerische Motoren Werke AG, better known as BMW, was in dire financial straits and faced with bankruptcy. Competitor Daimler-Benz mounted an attack to gain control of the ailing company before an astute German investor, Herbert Quandt, bankrolled the development of the BMW’s first midsize sedan — the 1500 model — and developed a plan to rescue the automaker.

Quandt’s gamble paid off, and over the past five decades BMW’s growth has been unprecedented. Since 2004, the BMW Group has been the world’s leading supplier of premium automobiles. Its workforce has grown from 6,900 in 1959

CONTINUED ON PAGE 12

BY MARTY BERNSTEIN, AIADA Contributing Editor



BMW's factory in Spartanburg, S.C. produces up to 240,000 X3, X5, and X6 Sport Activity Vehicles every year.



BMW recently introduced a completely new X3 SAV.

CONTINUED FROM PAGE 11

to over 96,000 employees today. At the same time, the number of vehicles sold has climbed from 42,000 in 1959 to an estimated 1.4 million (BMW, MINI, and Rolls-Royce) in 2011.

“The BMW Group,” noted Ian Robertson — a member of BMW AG’s Board of Management — during a recent interview, “is well on its way to reaching its target thanks to our ongoing product offensive. We are out-performing the market and were able to expand our market share worldwide once again.”

Today “Bimmers,” as they are affectionately known, are sold throughout the world, but the U.S. and Germany vie for top honors in terms of sales volume. Surprisingly, BMW is a fairly new member of the U.S. auto market, first establishing a corporate entity in 1975. Prior to that, it used a distributor. However, despite its recent arrival to U.S. roadways, “The Ultimate Driving Machine,” is in the process of implementing an ambitious strategy to continue to grow its operations in North America.

BMW’s U.S. Commitment

BMW has invested billions of dollars in the American portion of its operations, as evidenced by its dealer base and U.S. manufacturing operation. Its headquarters in Woodcliff Lake, N.J., like most BMW buildings in Germany, has eye-catching architecture, and underwent a three-year, \$100 million expansion program that was completed in 2008. The campus covers 85 acres of prime corporate real estate and boasts more

than 1,000 employees.

There are 338 BMW dealers in the U.S. Since 2000, the automaker’s investment in dealer facilities is estimated to total \$3 billion. Sales through November 2010 were 154,732 units compared to 143,943 in 2009, an increase of 7.9 percent. The 3-series vehicles accounted for almost 48 percent of BMW sales last year.

BMW’s factory in Spartanburg, S.C. recently completed a \$750 million expansion, bringing the company’s investment in the facility to \$4.6 billion. The plant’s 7,600 employees currently produce up to 240,000 X3, X5, and X6 models. It is the largest single employer in the state of South Carolina. 70 percent of the vehicles produced at the

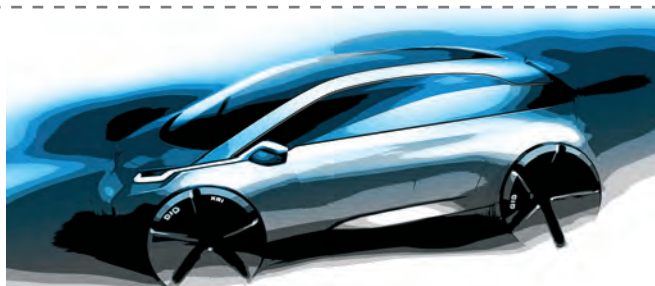
exactly what the market was looking for.”

Despite the past few years, BMW is now preparing to buffer its U.S. presence with aggressive new platforms, products, and propulsion technologies. And despite the existence and rivalry of competitors like Audi and Mercedes-Benz, “There aren’t many market segments in which we’re not dominant despite the fact we have not had the youngest fleet,” Peter Miles, executive vice president of operations, boasted recently.

Front Wheel Drive BMWs

Rumors have swirled that BMW is planning several front wheel drive vehicles in the coming years, the first in the automaker’s history. Peter Miles confirmed this fact at

BMW announced plans to market a small electric vehicle, named the Megacity Electric Vehicle.



Spartanburg plant are exported to foreign markets and account for \$8 billion in sales, making it the largest exporting plant of U.S. built vehicles.

BMW’s Plans for the Future

Just as they have for many of BMW’s fellow automakers, economic conditions in recent years have taken their toll. It launched the Z4, 7-Series, and the X5 Diesel, although, according to one executive, “We’re not

November’s Los Angeles Auto Show. *Automotive News* also reports that four models are in development. They include a small crossover, a roadster, and a compact van. All share product architecture with BMW’s fast growing MINI brand.

Despite the reaction of some loyal BMW fans at news that front wheel drive is on the way, Miles argues that “They are less expensive to make.” With new U.S. and European emission standards on the way, front wheel



According to Miles, the 5-Series will be all new during the next year.



There are 338 BMW dealerships in the U.S., with an estimated facility investment of \$3 billion since the year 2000.

drive delivers the space drivers demand along with a lighter vehicle weight.

BMW's Megacity Electric Vehicle

After six years of planning and development, BMW announced it will market a small electric vehicle. It is expected to feature body-on-frame architecture, 100 percent recyclable materials and components including use of new light weight carbon fiber, and improved battery technology. It will also be built in a new \$600 million factory in Leipzig, Germany. Regarding the Megacity Electric Vehicle, Miles commented, "We are expanding our product line-up, not cutting it down, by anticipating future potential, but how that's going to perform, no one knows."

New Engine Technology

BMW aficionados agree: What's under the hood is the heart and soul of every BMW, no matter the number or configuration of the cylinders. 2011 models will be the recipients of new engines and technology.

The new inline-6 engine is the first BMW inline-6 to combine turbocharged direct fuel injection and variable intake technology. It features a single, mid-sized turbocharger with "twin-scroll" housing to boost performance and minimize the response lag to produce the 300hp and 300 lb-ft of the previous engine. However, the fuel efficiency improves and the emissions are reduced. Select 1, 3, and 5 series models will receive the new engine which was named to *Ward's* "Ten Best Engines" list.

BMW is also in the process of developing significantly lighter, more efficient 4-cylinder

engines to replace 6-cylinders. According to Miles, many consumers — car buffs included — can't tell the difference in the number of cylinders in their engine. "But they're getting more efficiency with lighter weight, more horsepower, and better fuel economy. It's win, win, win all the way down the line," said Miles.

No Changes to Top-Selling 3-Series

According to Auto Data, almost half — 48.6 percent — of BMW's volume in North America is in its 3-Series vehicles. Sales through November demonstrate that the series has gained in terms of sales volume, with the sedan version 3-Series leading the way with a 17.9 percent improvement. With the exception of the wagon version, however, no plans have been announced to change, freshen, or modify existing design.

Sport Activity Vehicles

Although the industry may classify these vehicles as trucks, BMW prefers to designate several of its models — such as the X6 models — as "Sport Activity Vehicles" (SAV). Most consumers, however, classify them as SUVs for their looks, stance, driving characteristics, and mileage ratings. As a category, SAVs are the second biggest volume models in the current product portfolio. The X5 accounts for 83 percent of the category volume; the outgoing X3 amounts to 14 percent; and the X6 just 4 percent. But things are about to change.

A totally new X3 SAV was introduced last fall. According to Miles, the new X3 will compete more effectively with Audi's Q5 and Mercedes' GLK in a growing market segment.

"Look what we've got: We've got a car that's priced \$2,000 less than the old one, standard equipment is higher, it goes 0 to 60 in 5.5 seconds, an economical state-of-the-art engine, a beautiful luxury package, and the best fuel economy rating in its class."

The X5 SAV and its diesel cousin have been huge volume models according to Miles. "We had 6,000-plus volume in 2010 and an additional 6,000 more are planned for 2011." It's the hottest with dealers averaging only a six-day supply throughout the year.

5-Series Ambition

With just two models, the 5-Series accounts for 17 percent of current U.S. volume.

But according to Miles, the 5-Series category will be all new over the next year. "The new 535X1 was launched last fall and the big volume 528i is now in showrooms, while the 528xi comes to market in 2011. So once we're up to a full complement, we'll be back in business in this segment."

Bottom line

When questioned as to where he sees the premium, luxury market heading, Miles was cautious and reflective. "We're fueling our growth now with new products," he said. "I believe the company's U.S. 2011 sales will increase even more than in 2010 on growth from new products, such as the redesigned X3 sport utility vehicle, the 5-Series, and the new 6-Series. We're confident about fulfilling the promise that BMW will deliver efficient, dynamic products — the ultimate driving machine." **AD**

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VIN: 19UUA66294A025975
SEDAN 4 DR



-  No Accidents reported
-  CARFAX 1-Owner vehicle
-  8 Service records
-  \$160 Above retail book value
-  35,152 Miles

FOR SALE **FOR SALE** **FOR SALE**

It's Electric!

Electric vehicles are lighting up the automotive world, but what impact will they have on the electric grid?

BY MARCY WATSON, AIADA Contributing Editor



ELECTRIC VEHICLES (EVs) have long been seen as a way to reduce greenhouse gas emissions as well as America's dependence on oil, yet they have struggled to gain acceptance by auto manufacturers and consumers. That is changing as the first mass-market electric vehicles came on the market late last year. The Nissan Leaf and the Chevrolet Volt are expected to be in high demand as they are the first mass-produced EVs available to the general public.

Growing Demand

Currently, the Nissan Leaf is produced in Japan where the plant has the capacity to build 50,000 units per year. These cars will be shared between the U.S., Europe, and Japan and the company expects to sell out. "We already have 20,000 consumers who have placed a \$99 deposit to reserve their space in line to purchase a Nissan Leaf," said Joshua Clifton, Nissan Product PR Manager. "We fully expect, based on the interest we've received here in the

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U.S. and abroad, that we will sell all 50,000 units for the Model Year 2011 and 2012.”

The company will start building the Leaf in the U.S. in late 2012 for the 2013 model year. “We will have the capacity to build 150,000 vehicles for the U.S. market per year as well as 200,000 battery packs so we fully expect to ramp up our sales by the 2013 model year,” Clifton said.

Demand for electric vehicles is expected to grow as incentives, such as the federal \$7,500 tax credit along with additional subsidies from some states and cities that can total another \$8,000, make the cars more attractive. Additionally, consumers likely will be more inclined to buy EVs as a network of charging stations are built across the country to accommodate longer drives.

Watch for other manufacturers to hop on the EV bandwagon soon. Over the next two years, Ford and Toyota plan to offer electric cars as part of their vehicle line.

However, there is concern about the impact these cars will have on the electric grid. The challenge for the over 3,000 electric utilities in the U.S. is whether they will have the resources and capacity necessary to deal with the additional demand that EV use is expected to generate.

EVs now on the market are designed to be plugged into a socket directly in the owner’s home. Depending on when the charging takes place and what else is running on the circuit, the surge in demand could knock out power to the home or, even worse, the neighborhood. The U.S. Department of Energy predicts that over 70 percent of the light duty vehicle fleet could be switched over to battery power today without affecting the grid at all — as long as they are plugged in at night when demand is lower. However, some experts say that even low levels of adoption of EVs will have a significant impact on the electric grid.

According to a white paper by Silver Spring Networks, a smart grid solution provider, a single EV plugged into a fast charger can double a home’s peak electricity demand. Therefore, it is crucial for utilities to manage EV charging in order to prevent power outages.

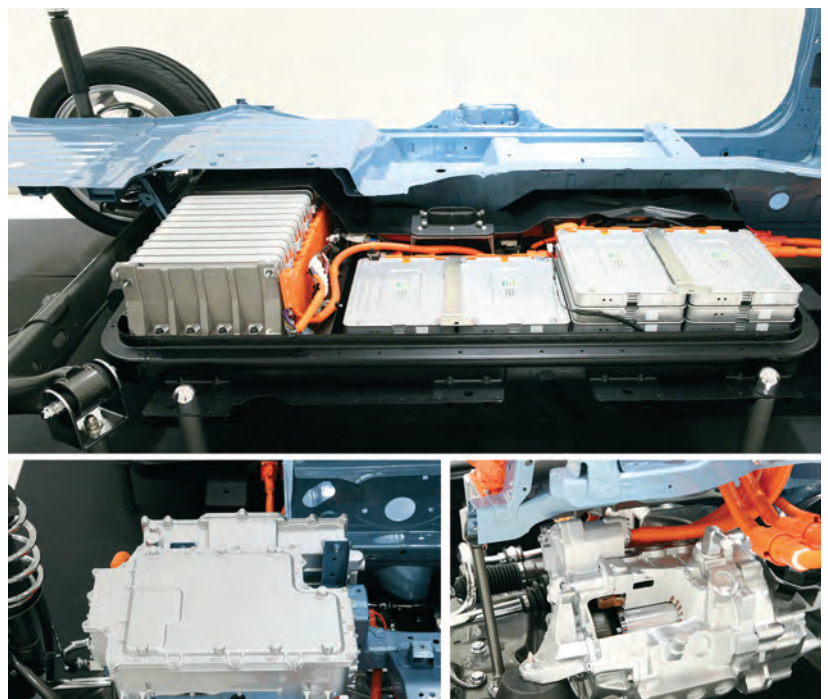
To better understand how an electric vehicle can impact electric utilities, Kevin Dasso, Senior Director of the Smart Grid for Pacific Gas & Electric (PG&E), says to think of one EV as the equivalent of two houses. If a neighborhood has one transformer that serves a few homes, then adding one EV would have a modest impact. However, if one transformer serves several homes, there might be a need for an upgrade to the transformer in order to prevent power outages.

Clustering Concern

The biggest concern initially for electric utilities revolves around piqued interest as the first EVs begin arriving in driveways. “With human behavior being what it is, when the first person in the cul-de-sac comes home with an electric vehicle, everyone in the cul-de-sac will likely notice,” Dasso said during a recent Greentech EV Conference. “If someone was thinking about getting an electric vehicle, now he probably will go out and get one in order to keep up with the Jones.”

Utility companies worry that such behavior will result in “clustering.” If there are five homes in a cul-de-sac powered by a transformer and two EVs are added to the neighborhood, from a grid aspect, there is now the equivalent of nine homes on that transformer. “The impact upstream on the feeder, substation, and transmission system is actually quite modest,” Dasso said. “However, for that transformer and that local neighborhood, the impact is significant. If the transformer overloads, then fuses blow, circuit breakers blow, and these customers are out of power.”

According to a technical brief by the Center for Entrepreneurship & Technology at the University of California, Berkeley, there is



Charging an electric vehicle is as simple as plugging it into a standard wall socket. Owners have the option of charging at home or at a electric vehicle charging station.

The introduction of mass-market electric vehicles like the Nissan Leaf could pose a problem for electric utilities in the U.S. as a single EV plugged into a fast charger can double a home’s peak electricity demand.

no clear solution to address the issue of clustering due to the high degree of regional variability. It will be up to individual utilities to respond to this concern in accordance with the structure and condition of their own local distribution grids as well as local EV clusters. The brief states that “in order to avoid serious or long-term degradation of electricity reliability, each utility should monitor where EVs are purchased and charged in order to identify these clusters as they develop.”

Not surprisingly, there are certain areas of the country where EVs are expected to be more popular. The technical brief notes that EV adoption rates likely will follow trends set by hybrid car adoption rates over the past several years. For example, in 2008, the national hybrid adoption rate per 1,000 residents was 0.887 nationally, while the average for the state of California was 1.88 — double the national average.

It appears that automakers agree with this assessment as Nissan is focusing its initial launch of the Leaf in five states — Arizona, California, Oregon, Tennessee, and Washington. “Many west coast markets are where we expect strong sales as they are very green-friendly cities,” said Nissan’s Clifton. “We also expect those areas where we’ve spent time educating and helping to build infrastructure will be strong markets as well.”

Home Charging

Timing is everything when it comes to power. The more items needing electricity, the more strain on the system. For that reason, utilities are encouraging drivers to charge their vehicles at night. Many are offering lower rates at off-peak hours in hopes of getting consumers to charge when most appliances are turned off and demand is lower.

The question is whether consumers will actually wait until off-peak hours to charge their vehicles. It is expected that a high percentage of EV owners will instinctively charge their cars when they get home from work. This could have a destabilizing effect on the grid.

While an electric vehicle can receive a normal charge by simply plugging into a standard wall socket with an adapter, the owner may want to invest in a home charger that will allow for faster charging. A home charger needs to be installed by a professional electrician, but it provides double the charging capability and is the equivalent of running a clothes dryer.

Charging Stations

The Nissan Leaf can go 100 miles on a charge, so most owners will only be able to drive their car locally. However, there is a push to build charging stations in public places that will allow EV owners to charge their vehicles away from home.

“We’ve been working over the past two years with dozens of cities, municipalities, and government agencies to help initiate the launch of a charging infrastructure,” according to Clifton. “By this time next year, there will be over 13,000 chargers installed around the country in a variety of locations including rest stops, highway corridors, and retail outlets.”

A recent Pike Research report says that access to vehicle charging will be available at nearly one million charge points in the U.S. by 2015. However, analysts say that electric vehicles in the U.S. will be primarily charged at home as early adopters will prefer the convenience.



Cost Considerations for Consumers

IT CAN BE RELATIVELY INEXPENSIVE to charge an EV, but it also can cost thousands of dollars. The cost depends on the type of electric vehicle, the wiring in the home, and how quickly the owner wants to charge the car.

The Nissan Leaf can go 100 miles on a charge. While it can be plugged into a standard wall socket with an adapter, the process can take several hours. If the driver has a short commute or there is a charging station available nearby, the normal charge may be enough.

“The Nissan Leaf does have a special adapter, which is the same universal adapter that can be used on other EVs,” said Joshua Clifton, Nissan Product PR Manager. “Charging is as simple as plugging in any other appliance.”

There are a few things consumers should consider:

>> A standard 120-volt wall socket will give an electric vehicle about five miles of driving for every hour of charging. For someone who drives a 40-mile roundtrip commute, it would take about eight hours to charge his car. Those who have a longer commute or don’t have access to a charging station may need to install a home charger with a higher voltage.

>> The home charger is 220 volts, which is the equivalent voltage needed to run a washing machine or dryer. It cuts charging time roughly in half and reduces the chances of tripping a circuit. It will need to be installed by a professional electrician and will likely cost \$2,000 or more.

>> Electric vehicle owners will see savings when it comes to actually powering their cars. Driving 10,000 miles on electricity will use about 2,500 kilowatt-hours. At an average utility rate of 11 cents per kilowatt-hour, the cost to fuel the car will be \$275 for a year, which equates to 70 cents per gallon of gasoline.

The Future is Unclear

While it appears that interest in electric vehicles is greater than ever before, it is unknown how accepted these new cars will actually be over the long term. Electric utilities want to make sure that the first crop of buyers doesn’t encounter brownouts or blackouts because any difficulties could slow the adoption of EVs.

Automakers are confident that electric vehicle owners will not encounter any problems. “We don’t expect there to be any grid issues,” noted Clifton. “We’ve been working with utility companies to help plan for the EV infrastructure, so we feel their valuable support will not create any conflicts for utility customers.” **AD**

MADE IN AMERICA



International Automakers are Manufacturing
a Record Number of Vehicles Here at Home



BY AIADA STAFF

TOYOTA'S SAN ANTONIO, TEXAS PLANT IS THE AUTOMAKER'S NEWEST U.S. OPERATION. IT PRODUCES THE TOYOTA TUNDRA AND TACOMA PICKUP TRUCKS.



Economic conditions in recent years have contributed to an increased interest on the part of many Americans in buying products made here in the United States. The desire to “buy American” has gained speed as Congress has sought ways to implement measures promoting “American” goods over those believed to have originated from “foreign” sources. In 2009, AIADA tracked multiple attempts to insert “Buy American” language into federal legislation.

There are few places where the debate between “American” versus “foreign” is more dynamic than in the auto industry. Allegiances to particular brands, models, and countries of origin have always run deep, resulting in a diverse U.S. auto industry. In recent years, international brands have come to occupy a large share of the market. In 2009, they finished the year with a record-setting 55.8 percent of the market. In 2010, they continued the trend, averaging 54.8 percent of the U.S. auto market.

However, there is evidence that the desire to buy American is factoring into car buying decisions more often. A November 2010 Rasmussen Reports national telephone survey found that buying an American-built vehicle tops the list of purchase criteria for 41 percent of Americans. Twelve percent say they prefer “foreign built cars.”

Statistics like this beg the question: What is actually an American car? U.S. opinion on the issue varies. Rasmussen reports that 59 percent of adults consider Ford, GM, and Chrysler to be the only “American” auto companies. Forty-one percent consider an



Toyota's Georgetown, Ky. plant produces the top-selling Camry, as well as the Camry Hybrid, and Avalon (pictured).

The Toyota Camry has ranked at the top of Cars.com's "American Made Index" for the past two years.



CONTINUED ON PAGE 20

VW's Chattanooga, Tenn. Plant at a Glance



OPENED: Expected grand opening early 2011
INVESTMENT: \$1 Billion
ANNUAL PRODUCTION CAPACITY: 150,000 vehicles
VEHICLES PRODUCED: Volkswagen's New Midsize Sedan
JOBS CREATED: 2,000 direct jobs, 9,500 supplier-related jobs

American car to be one that is built in the U.S. On the other hand, 42 percent say they disagree with that assessment.

When it comes to the legal matter of who can claim the label "Made in the U.S.A.," federal guidelines are spelled out in a 40-page document from the Federal Trade Commission. However, generally speaking, for a product to claim the U.S. as its country of origin, "all or virtually all" of it must be produced in America. Under this standard, both the Detroit Three automakers, as well as the international nameplate brands AIADA represents have a considerable mix of both American and "foreign" sourced cars in their lineups.

Car buyers might be surprised to discover just how American many international brand nameplate vehicles are. Eleven international brands operate manufacturing facilities in the U.S. that employ approximately 76,000 Americans and represent an overall annual production of more than 2.6 million units. Volkswagen helped pioneer U.S. manufacturing in 1978 when it opened a plant in New Stanton, Penn. to produce its Rabbit model. The plant went on to close in 1987 amid a slumping auto industry. Honda also helped pave the way for U.S. manufacturing in 1982 when it opened its Marysville, Ohio plant. The Honda Accord was the first vehicle off of its production line. Since then the Marysville plant has produced more than 10 million vehicles. Nissan wasn't far behind; in 1983, it opened a manufacturing facility in Smyrna, Tenn.

Today, Toyota's Georgetown, Ky. plant — with 8,239 employees — is the largest

international manufacturer's plant in terms of manpower. It produces Toyota's Avalon, Camry/Camry Hybrid, and Venza models, as well as engines and powertrain parts. In terms of production, Honda's Marysville, Ohio plant is the largest, with an annual production capacity of 440,000 and production of the Honda Accord Sedan and Coupe, Acura TL, Acura RDX, engines, and VTX 1200-V Twin Cruiser (motorcycle).

It is worth noting that international nameplate cars aren't just being built in America. Much of their research, development, and parts also happen here. Honda reports that one-third of its Honda and Acura models sold in U.S. showrooms today and more than half of light truck models were researched, designed, and developed in the U.S. For the past two years, the Toyota

Camry, which is comprised of 80 percent U.S. parts, has been recognized by Cars.com as the "most American" car sold in the U.S. The 2010 list also includes the Honda Odyssey at number three, the Toyota Sienna at number six, the Toyota Tundra at number seven, and the Toyota Venza at number ten.

The vast majority of these international nameplate vehicles share a reputation for quality. In *Consumer Reports'* Reliability Survey, released in October 2010, international brands accounted for five of the top six brands. When J.D. Power and Associates released its Customer Retention Study in December 2010, Honda tied with Ford in its ability to retain customers, followed by Hyundai, Lexus, and Toyota. It's clear that not only are many international nameplate cars engineered and built right here in the U.S., they are also some of the most favored vehicles on American roads today.

International brands have built a strong presence in American manufacturing. Their contribution to the economy is often overlooked and undervalued. But don't take our word for it. To help you understand just how significant their contributions are to U.S. communities in terms of jobs and economic investment, AIADA has compiled a rundown of several international nameplate facilities operating right here at home.

Volkswagen: Chattanooga, Tenn.

Volkswagen's Chattanooga plant is the newest international brand production facility to be located here in the U.S. The facility — the first from VW since it shut down its Pennsylvania plant in 1988 — is part of the



Kia's West Point, Ga. Plant at a Glance

OPENED: February 26, 2010
INVESTMENT: \$1 billion
ANNUAL PRODUCTION CAPACITY: 300,000 vehicles
VEHICLES PRODUCED: Kia Sorento CUV
JOBS CREATED: 2,500



automaker's strategy to triple its share of the U.S. auto market to 6 percent by 2018. It's an ambitious plan, although Volkswagen is proving its commitment to the project, with an overall investment of \$1 billion.

Construction on the plant began in April of 2009, and production of its Passat midsize sedan is expected to commence this year. According to VW, more than 85 percent of the production material used at the plant will be sourced from North America. Although not in full operation yet, the project has already proven to be a boon to the local economy. To date, \$686 million worth of state and local contracts have been awarded to construction contractors and subcontractors, as well as local and state parts suppliers.

Kia: West Point, Ga.

As a value-brand, Kia was well-positioned to take advantage of economic conditions in recent years. In 2009, the brand increased its U.S. market share for the 15th consecutive year. It also has worked to restyle several of its models, moving away from the bland styling that it was known for, and toward an edgier, more expressive design approach.

Kia's West Point, Ga. plant is the first Kia manufacturing site in North America. Kia has invested \$1 billion in the 2.2 million-square-foot and 2,200 acre plant that includes stamping, welding, paint, and assembly shops. On Nov. 16, 2009, the facility began producing the all new 2011 Kia Sorento CUV, although the grand opening was held on Feb. 26, 2010. On Sept. 2, 2010, the plant marked production of its 100,000th vehicle.



Honda's Greensburg, Ind. Plant at a Glance

OPENED: 2008
 INVESTMENT: \$550 million
 ANNUAL PRODUCTION CAPACITY: 50,000
 VEHICLES PRODUCED: Honda Civic Sedan and Civic GX Natural Gas Vehicle
 JOBS CREATED: 1,000



Honda: Greensburg, Ind.

As one of the most respected brands in the U.S. today, Honda has been making cars here for over 25 years. Honda has a significant manufacturing presence in North America, operating seven plants, four of which are in the U.S. However, its Greensburg, Ind. plant is the newest. It opened its doors in 2008 and produces the ever-popular Civic Sedan and Civic GX Natural Gas Vehicle. On February 25, 2010, the plant marked production of its 100,000th Civic.

With a production site totaling 1700 acres, the plant represents a combined capital investment of \$550 million. It is also leading the way in green technology, and in November 2010 it received LEED Green Building Certification for its Welcome Center.

Hyundai: Montgomery, Ala.

Like its Korean counterpart, Kia, Hyundai has experienced several successful years in the U.S. auto industry. In 2009, a year that saw unprecedented downturns for the majority of automakers, Hyundai was one of just a few to post year-over-year sales gains. Between 2001 and 2004, the brand jumped from 32nd place into the top tier of automakers in J.D. Power and Associate's Initial Quality survey. It's been at the top of the pack ever since and made headlines in 2010 when it unveiled its fresh and redesigned Sonata midsize sedan to rave reviews.

Hyundai has taken a multi-prong approach to growing its presence here in the U.S. In 2004, it opened a plant in Montgomery, Ala., which has produced its Sonata sedan and Santa Fe SUV. The 2.3 million-square-foot facility sits on 1,744 acres and has a capital investment of \$1.4 billion, according to Hyundai. It has an annual production capacity of 300,000 and on November 30, 2009, it celebrated production of its millionth vehicle. **AD**

Cars.com's 2010 American-Made Index

- Toyota Camry
- Honda Accord
- Ford Escape
- Ford Focus
- Chevrolet Malibu
- Honda Odyssey
- Dodge Ram 1500
- Toyota Tundra
- Jeep Wrangler
- Toyota Sienna

Hyundai's Montgomery, Ala. Plant at a Glance



OPENED: January 5, 2004
 INVESTMENT: \$1.4 billion
 ANNUAL PRODUCTION CAPACITY: 300,000
 VEHICLES PRODUCED: Sonata Sedan and Santa Fe SUV
 JOBS CREATED: 2,750

For more information, visit AIADA's www.whatisanamericancar.com.

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Dealer Spotlight

JIM SMAIL >> President, Smail Auto Group, Pittsburgh, Penn.

Jim Smail has spent most of his life in the auto business, and is taking the reins as AIA-DA's 2011 chairman at the 41st Annual Meeting and Luncheon in San Francisco. Hailing from the Pittsburgh, Penn., area, Jim is president of several dealerships spanning Acura, Cadillac, Ford, GMC, Honda, Kia, Lincoln, Mazda, and Mercedes-Benz franchises. Together, they have been the recipients of numerous awards, including Acura's Dealer of Distinction and Precision Team Award; Honda's President's Award and Council of Excellence; Mercedes-Benz's Best of the Best; and Mazda's Gold Cup Dealer award. He says his personal "dream car" is the next Acura NSX, but until then, "the Ferrari 458 Italia and the Audi R8 Spyder would do nicely, alternating every other day!"

How long have you been involved in the auto retail industry?

I have been in the retail auto



Jim Smail



industry virtually all of my life. I grew up in it. My father had a small Lincoln Mercury store, and as a youngster I would go to the dealership after school, as we lived in the country, and I would wait for a ride home. I would sweep floors and roll up technicians' air hoses. Through high school and university, I worked in every aspect of the business. Working with my father and brother, I started a Yamaha motorcycle and snowmobile dealership in late 1971, acquired the Honda motorcycle franchise in 1975, and then acquired the Honda automobile franchise in 1976.

When did you first get involved with AIADA and why?

My first involvement with AIADA was in 1982 during the AIADA Congress. Japanese manufacturers that were selling automobiles and trucks here in the U.S. had to agree to volun-

tary export restraints because of a protectionist mood in Congress. Companies like Honda, Toyota, and Nissan were being penalized for building and selling products in the U.S. that consumers wanted to buy. GM, Ford, and Chrysler ignored the upstart Japanese companies in the U.S. until, of course, they could not compete. As a result, they lobbied Congress for protection and the Voluntary Export Quotas were established. This inhibited my brother and me from growing our business with Honda and with any other international nameplate brand we may acquire. It was simply wrong. Competition is what business should be about.

What is one thing you'd like lawmakers to know about your business?

The retail automobile business is one of the most regulated businesses in the U.S.A. Lawmakers in general do not

understand the contributions that automobile dealers make in the way of job creation, paying taxes, and community service. The over-regulatory requirements we are subject to create a vast amount of inefficiency and waste.

In your opinion, how have events in Washington, D.C., impacted your business?

Calvin Coolidge once said that the business of America is business. Washington, D.C., (a.k.a. the federal government and regulatory bodies) must allow business to flourish, grow, and invest. The idea that people cannot be accountable for their own actions, that we must protect everyone from everything, is ludicrous. We must find a way to reduce the size of government and waste, so all types of businesses have the opportunity to prosper and grow our economy. **AD**

Dealer Spotlight

STEFAN SMITH >> President and COO, Lexus of Memphis, Memphis, Tenn.

Stefan Smith is the President and COO of Lexus of Memphis, which was recognized as an Elite of Lexus dealership from 1999-2009. He initially joined the auto



Stefan Smith

industry 40 years ago when he began working for Ford Motor Co. after serving in the United States Marine Corps. Stefan's leadership in the industry involves his two-time chairmanship of the Lexus National Dealer Council, in addition to serving on the Lexus National Advertising Board from 1995 to 2009.

How are you and your dealership involved in your local community?

We are involved with and support the following: National Civil Rights Museum, Memphis Grizzlies, Martin Luther King Day, Le Bonheur Children's Hospital, Dream Factory, and the National Civil Rights Freedom Awards.

When did you first get involved with AIADA and why?

I got involved during the early 90s when Bill Clinton was president and they were trying to place a luxury tax on luxury

vehicles. I was serving my first term as Chairman of the Lexus National Dealer Council.

What do you believe is the most important factor(s) in running a successful dealership?

- 1.) Good business management policies
- 2.) Ability to attract good people to work with you
- 3.) Community Involvement.

As a dealer, what has been your biggest challenge?

The current economic situation is, without a doubt, the most challenging time since I have been a dealer. It happened so fast that matching costs and revenue was extremely difficult.

What is one thing you would like lawmakers to know about your business?

The amount of investment and risk involved.

What is one thing you'd like to see accomplished during the 112th Congress?

Do something permanent with the Death Tax; permanent income tax reform; and get a



handle on government spending.

In your opinion, how have events in Washington, D.C., impacted your business?

Due to the current lack of trust that most people have with our government, consumer confidence is at an all time low and that is making recovery from the current economic slow-down very difficult.

What are some ways you're "greening" your dealership operations?

We are currently replacing all of our exterior lights with a product that utilizes LED lights.

These use 85 percent less electricity. Our facility is only eight years old so we have the latest technology with heating and air conditioning.

What is the biggest mistake you've made as a dealer?

Not getting my son involved in the business sooner.

What is the smartest choice you've made as a dealer?

Getting my son involved in the business.

How do you find and retain the best employees?

It all starts with making a good hiring decision and then treating all your employees with respect.

What is your personal "dream car"?

The Lexus LFA.

What is your most memorable sale?

My first LS400 in 1989. We were not sure anyone would buy them. **AD**



The Lexus LFA

Dealer Spotlight

ARTHUR WRIGHT >> Owner, Lehigh Valley Acura, Honda, Hyundai, Emmaus, Penn.

In 1973, Arthur Wright began work as a salesman. Since then, he has worked his way through the ranks and now owns Lehigh Valley Acura Honda Hyundai in Emmaus, Penn. His dealership accolades include being a multi-year recipient of the Honda President's Award and holding one of the longest-running streaks as a recipient of Acura's Precision Team Dealership of Distinction Award. Art remains highly involved in the industry; he is the immediate past-chairman of Honda's National Dealer Advisory Board, has served multiple terms on Acura's National Dealer Advisory Board, and been a zone-level dealer council representative for Hyundai in the Eastern Region.

How are you and your dealership involved in your local community?

We are involved in numerous charitable ventures. We have a longstanding relationship with the local chapter of the American Red Cross. Recently, we were honored with their Good Neighbor Award for our years of commitment to their cause. We are active supporters of the Lehigh Valley's Dream Come True chapter, as well as the American Cancer Society, the Burn Prevention Foundation, KidsPeace, and many others. Every year we donate a car to the charity of our choice to help them raise much needed funds and awareness.

When did you first get involved with AIADA and why?

I got involved with AIADA several years ago. I've always

been active politically so it was a natural fit for me to get involved with our trade association's political advocacy group. Of course, it didn't hurt to have the encouragement of my friends and fellow dealers that I respect. Active AIADA members like Al Courter, Larry Kull, and Jim Smail were always after me to get involved and support AIADA. With guys like that involved, I knew it had to be something good for our business. No sooner did I get involved that I realized that they were all right and that dealers should be supporting AIADA.

What is one thing you would like lawmakers to know about your business?

Car dealers are responsible for a lot of jobs and the livelihoods of many people in the communities they operate in. In

very important to local economies and communities.

What are some ways you're "greening" your dealership operations?

We've tried to be more responsible with respect to energy use. Moreover, we launched an organization-wide recycling effort in 2009 so items such as paper, plastic bottles, and aluminum cans are all recycled. We now heat our shops with waste oil which has helped us save money and put an otherwise disposable byproduct to good use.

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

Becoming a Honda dealer in 1984, then becoming one of the original Acura dealers, followed



Arthur Wright

What do you believe is the most important factor(s) in running a successful dealership?

I believe the most important factor in running a successful dealership is motivating and leading people. I believe that if a leader gives his or her people a clear direction with good processes and clear, attainable goals, the sky is the limit. Loyalty is a two-way street. If a dealer is successful at creating loyalty, it is usually because his or her people believe in the leader as much as the leader believes in the people.

As a dealer, what has been your biggest challenge?

The biggest challenge for us continues to be the ability to attract, hire, and retain good people. We are looking for the best and brightest people the market has to offer. In the end, everyone must be motivated and challenged to be the very best in the job they are performing. **AD**



many instances, car dealers are the largest employers, the largest advertisers, and the largest supporters of local sports teams and charities. Car dealers are

by the addition of the Hyundai franchise in 1990. All of these decisions either started our growth as a business or accelerated it.

The Final Word



“For Audi, 2010 was a groundbreaking year. Audi is one of the best performing franchises in the business today.”

—**Audi of America President Johan de Nysschen**, reacting to news that 2010 shattered the automaker’s sales records

“Sonata has delivered some pretty incredible results for us this year . . . Sonata is the Hyundai brand and it’s appropriate that it has led our best year ever.”

—**Hyundai President and CEO John Krafcik**



“Hard work and tough decisions will be required of the 112th Congress. No longer can we fall short. No longer can we kick the can down the road. The people voted to end business as usual, and today we begin carrying out their instructions.”

—**House Speaker John Boehner** in his opening address to the 112th Congress

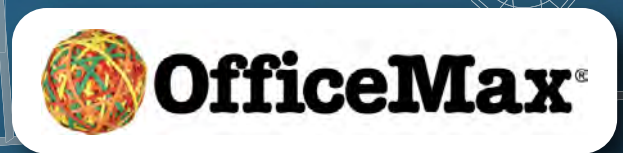
“Last year was one of recovery for dealers and for our industry. While our economy still has long way to go, last year’s steady improvement in sales gives us reason to be optimistic in 2011.”



—**AIADA President Cody Lusk**, responding to 2010 auto sales figures that point to an industry recovery

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