Goodbye 2006 and a Cautious Welcome to 2007

Daniel B. McLeod

I am sure you are all as proud as I am to be part of an organization where the members do so much for their communities. Although the economic climate has been dim, in the last year and a half, NHADA, on behalf of its members, generously contributed $25,000 to the NADA Charitable Foundation to directly assist dealership personnel whose lives were devastated by Katrina; the Board of Directors then contributed $50,000 to assist those unfortunate individuals that were impacted by the floods in Atwood, New Hampshire; and a few months ago, NHADA contributed $10,000 to the Officer Michael Briggs Family Benefit Fund. I am not even touching on what our individual members do for their communities, but I am certain dealers collectively donate hundreds of thousands of dollars every year.
Flu-Shot Reimbursements

NHAD Services, Inc. - Insurance Division is assisting NHADA member companies with Anthem medical coverage through NHADA who wish to provide on-site flu shots to their employees by helping fund company-sponsored flu shots during the 2006-2007 Flu Season. Participating member companies will be reimbursed 50 percent of the charge for flu shots given to ALL of the company’s employees and their dependents, to a maximum of $15 per shot. You may download the Flu-Shot Reimbursement Form at www.nhada.com. Simply click on “Flu-Shot Reimbursements” under “Special Alerts.” In addition, Anthem has contracted with several Visiting Nurse Associations to provide flu shots at no cost. Please contact Jean Conlon at 800-852-3372 or jconlon@nhada.com with any questions.

NHAEF Center for Automotive Education and Training

Upcoming Seminars – REGISTER ON-LINE (www.nhada.com)

January 24 Performance Evaluations (HR Seminar Series)
February 5-9 One-Week Intensive Beginner Sales Training
February 14 Disciplining and Terminating Employees (HR Seminar Series)
February 21 Bookkeeping I
February 22 Phone Skills
March 20 Maximizing On-line Marketplaces
March 21 Workpl ace Harassment (HR Seminar Series)
April 18 Company Policies and Employee Handbooks (HR Seminar Series)
May 8 Service Advisor Training
May 9 Service Management
May 10 Service Advisor Training
May 16 HR Leadership and Series Wrap-up (HR Seminar Series)
May 22 Bookkeeping II
May 23 Service Cashier Training

Please contact Brendan Perry or Jean Conlon at 800-852-3372 if you have questions.

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Please contact Brendan Perry or Jean Conlon at 800-852-3372 if you have questions.
These acts of generosity are commendable, because the fact of the matter is that times are tough! Business is down, consumers have been shocked by $3 per gallon gasoline, and the future is uncertain. On the other hand, the stock market is up, interest rates have stabilized at relatively low levels, there continues to be job growth in New Hampshire, and unemployment continues to hover around a very favorable 4 percent.

The average car loan is more than 60 months, and consumer credit continues to be stretched. All motor vehicles produced today come with a much higher standard of quality and, in effect, longevity. Warranty work in service departments is down from past years, and retail work has slowed its pace. Competition in our retail industry is intense, and some motor vehicle manufacturers struggle to restructure toward profitability. There has been significant change going on in the motor vehicle industry, and this change will impact members of NHADA.

Speaking of change, the majority Party in the U.S. House and the U.S. Senate has switched control from the Republicans to the Democrats; and, for the first time in 140 years in New Hampshire, Democrats control the House, the Senate, the Executive Council, and the Chief Executive. Our world has changed, and we must adapt to these industry and political upheavals. I do not believe that many in our industry will look back at 2006 with a lot of fondness! Rather, each one of our individual members must look to the future challenges and create opportunities and work hard to achieve success.

The motor vehicle industry in New Hampshire is a huge force that makes up 2.5 percent of all retail sales, employs 13,000 individuals, and has a combined payroll of over $450 million. The reality is that dealers in New Hampshire are an economic force, and dealers understand what they need to do in order to make it through this tough economic cycle. All members know that success is not a fluke; success is a combination of dedication, hard work, and direction. Let’s all not wait for success in 2007; let’s go out there and make it happen!

Meet Your Association Partners

**Albin, Randall & Bennett**

“Auto dealer CPAs and consultants”

For more information, please contact Bart Haag or Cheri Walker at 207-772-1981.

**Albin, Randall & Bennett**

Bronze

For more information, please contact Bart Haag or Cheri Walker at 207-772-1981.
**Vehicle Inspections: Some Interesting Facts!**

Having sat through the DMV vehicle inspection licensing class, which is offered at the old DMV building on Hazen Drive in Concord, a few interesting points came up and are noteworthy. They include:

- A vehicle may pass a safety inspection without a seatbelt or airbag!
- A service manager must notify the DMV in writing, when a technician leaves your employment!
- An inspection facility must have a tint meter only if aftermarket tint is inspected!
- All motorcycle inspection stations must have a noise (decibel) monitoring tool!
- Motorcycles may not be louder than the original equipment manufacturer!
- All motorcycles must have their inspection sticker on their front left fork!
- All license plates must be mounted directly where the original manufacturer designated!
- The plate logo “Live Free or Die” may be covered; New Hampshire may not!
- Photo covers (clear or tinted) will not pass a safety inspection!
- Head lamp covers will not pass a safety inspection!
- Tail lamp covers will not pass a safety inspection!
- A third brake light may not be obscured!
- Windshield banner stickers will not pass a safety inspection!
- Any windshield crack longer than 2 inches will not pass a safety inspection!

These are just a few points that everyone involved with safety inspections should keep in mind.

A copy of the Motor Vehicle Inspection Manual should be on-site, available, and up-to-date at all times. A copy of it can be obtained through the Department of Safety, Division of Motor Vehicles, for $20. The State Motor Vehicle Inspection Rules (Saf-C 3200) may be obtained free of charge and can be found at: www.gencourt.state.nh.us/rules/saf-c3200.html.

If you have inspection questions, please contact NHADA at 800-852-3372 or the New Hampshire DMV Highway Patrol and Enforcement Bureau at 271-3339.

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**We Have Money to Give Away!**

Do you have students in your dealership who are planning to further their education in Automotive Technology? Do you or your employees have family members or friends who are considering becoming technicians?

The New Hampshire Automotive Education Foundation provides scholarships to students in the New Hampshire Community Technical College Automotive Technology, Mobile Equipment, or Collision Repair programs. Both first- and second-year students are eligible for scholarships.

We want to hear from these students. Please pass the word to either download the scholarship application at www.nhada.com (under “Special Alerts” click “Scholarship Opportunities”) or to contact either Brendan Perry or Jean Conlon at 800-852-3372 or at their respective email addresses (bperry@nhada.com or jconlon@nhada.com).

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**SAVE THE DATES**

2007 NHADA “Family” Convention
June 24-26
Newport Marriott – Newport, RI

2007 NHADA Fall Business Meeting & Partner Expo
November 14
Grappone Conference Center
Concord, NH
We offer specialized products and services for independent auto dealers. With more than 50 years of specialized experience, Zurich can provide you with the tailored programs and expertise to help meet the needs of your dealership. We offer knowledgeable sales professionals to provide personal attention and dedicated underwriters and claims specialists to service your account. Because of our reputation, our customers can feel protected.

www.zurichna.com

What if your insurance company understood your dealership as well as you do?

“Creating Liquidity in the Automobile Marketplace”

January 2007 page 5
At the December NHADA Board of Directors meeting, NHADA Chairwoman Sue Moynahan of McFarland Ford Sales in Exeter and Hampton Ford/Hyundai in North Hampton and NHADA Vice Chairman Bob Grappone (right) of Grappone Automotive Group in Bow and Concord presented NHADA President Dan McLeod with a special token of appreciation. The print, entitled “Misty Moorings – Sunapee, NH,” is inscribed as follows:

Presented to
Daniel B. McLeod
In Recognition of 26 Years
of Strong Leadership & Dedication to NHADA
With Sincere Gratitude from the NHADA Board of Directors 2006.

Meet Your Association Partners
BG Products/ Warehouse Distributors of New England Bronze

“Automotive preventive maintenance products and services”
For more information, please contact Steve Kelloway, Bill Stanyan, or Mike Hentschel at 603-543-8882 or visit their Web site at www.bgprod.com.
Universal Underwriters is proud of our partnership with the New Hampshire Automobile Dealers Association. New Hampshire dealers count on us, not only for insurance protection, but also to put more profit in their business. We’re the one company that offers the whole package – Property & Casualty Insurance, Business Life, and Vehicle Service Contracts. And the only company with more than 70 years of experience serving the specialized needs of auto dealers. It’s a powerful combination no other company can match. Let us stand behind you. Call Jim Walsh at (800) 633-8842 and ask for The Specialists.

Universal Underwriters
GROUP
The NHADA's Workers' Compensation Trust (WCT) recently signed a Strategic Safety Alliance with the Automotive Lift Institute (ALI). NHADA is the first state dealers' association to enter into this program, joining the Tire Industry Association (TIA) and BFS Retail & Commercial Operations LLC (BFRC). TIA works with many facets of the tire service and repair industry, and BFRC is the world's largest company-owned automotive service provider, operating through their family of household-name companies in automotive maintenance, repair, and tire service.

For the past 60 years, ALI's primary mission has been to promote the safe design, construction, installation, maintenance, and use of automotive lift products. ALI is an American National Standards Institute (ANSI) accredited Standards Development Organization, recognized for both developing and offering automotive lift safety materials throughout the automotive industry. They also operate an ISO Guide 65 Accredited Automotive Lift Certification Program that requires testing and validation by an OSHA Nationally Recognized Testing Laboratory.

While OSHA doesn't have a specific category for automotive lifts and other unique equipment, they refer to the equipment manufacturer's recommendations on periodic maintenance and inspections. Virtually all of today's lift manufacturers recommend annual inspection by a qualified lift service person. Various service routines are also required at specific intervals. Some of these can be performed by the lift operator, but there are specific tasks that are also marked for a qualified service person.

The American National Standards Institute defines a qualified lift service person as one who meets the requirements for knowledge, familiarity, and experience with electrical, hydraulic, and mechanical components specific to the lifts being serviced. They must also be experienced in installation and field service work.

After some intensive research, we've found that several firms provide lift service. I spent several days shadowing lift service personnel, observing their performance of repairs and inspections.

Some of these firms provide lift service but fall short of offering a full inspection, since the inspection implies a higher degree of accuracy that the unit is serviceable and will remain that way for a given period of time.

Only one firm we checked out provides a full-blown annual lift inspection. AHC, Corp., the exclusive service provider for Windward Petroleum in Manchester, includes a guarantee with their inspection that all components (except the motor) will remain serviceable for one year from the inspection date. Part of their inspection process involves disassembling, cleaning, checking, and replacing specific components as needed, and lubrication of pre-determined wear points.

Newer building codes call for equipment installations being performed by qualified personnel.

In addition to vehicle lifts, AHC performs installation and service on compressors, tire machines, brake lathes, and other equipment commonly found in service shops.

AHC has agreed to provide special lift inspection pricing to NHADA members. The rates are incremental, depending on the number of lifts to be inspected. The lowest rate for annual inspection of one to four lifts is $159 per lift. Five to nine lifts will be billed at $120 per lift. For ten or more lifts, the rate will be $100. These rates do not include any repair labor and parts but include the warranty mentioned above.

To take advantage of this program, please call me at 800-452-3772 or e-mail me at rgodbout@nhada.com.
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Congratulations
on your new facility

ARE YOU READY TO BUILD?

JEWETT
CONSTRUCTION CO., INC.

January 2007
Most recently, ALI has developed a thoroughly updated training video, entitled "Lifting it Right." The video features Richard and Kyle Petty as narrators and depicts aspects of safe lifting of vehicles in service operations. Following the video, trainees take a short quiz to determine their level of understanding. Also provided with the training kit is a copy of ALI’s Lift Safety Manual, entitled “Lifting it Right,” and a “Safety Tips” poster for the shop area.

In addition to the lift safety video kit that is hosted by Richard and Kyle Petty, ALI offers other lift safety training materials for sale, including the annual "Vehicle Lifting Points Guide" that is now available on CD-ROM as well as ANSI standards for lifts, installations, etc. Special pricing for all available lift safety training materials is available through NHADA.

This training is presented at no charge to members of the WCT, along with a number of other job-related safety topics. A list of these training sessions can be found in the “Safety” section of our Web site at www.nhada.com. If you have any questions or wish to schedule training, please call the Loss Prevention Department at 800-852-3372 or e-mail me at rgodbout@nhada.com.

Compliant disposal/recycling of spent fluorescent lamps has been an issue that has affected our industry ever since the New Hampshire Universal Waste Rule (env-wm 1100) came into effect in October of 2001. Spent fluorescent lamps contain mercury, a harmful and dangerous metal. A variety of different options exist to properly recycle these wastes. Their costs and burdens vary as well. Vendors and haulers are one of the easiest options to utilize in order to ensure compliance and lower your environmental liability (Advanced Liquid Recycling and WebWaste are two NHADA Associate members who offer this service).

One of the most recent options is a new program being offered by the New Hampshire Department of Environmental Services (NHDES), Public Service of New Hampshire, the Vermont Department of Environmental Conservation, and True Value hardware stores. The four groups have teamed up to create an innovative arrangement to allow small business owners and homeowners to dispose of their fluorescent lamps properly. And it is free!

The recycling cost is covered by the NHDES. Homeowners and small businesses may bring up to six lamps at a time to a participating True Value store. More information may also be found at: www.des.state.nh.us/nhppp/Mercury/default.asp?link=lamp.

If you have questions concerning the program or for more information, please feel free to contact me at 800-852-3372 or at dbennett@nhada.com, or you may contact the NHDES Pollution Prevention Program at 603-271-6460.
Claim Corner

The Employer’s Supplemental Report of Injury

Does it Really Need to be Completed?

Pete Sheffer, NHADA WCT Claims Manager

Among the vast array of forms required for completion by the New Hampshire Department of Labor (NHDOL), one of the most important, yet underused, is the Employer’s Supplemental Report of Injury (LWICA). This form is to be used by members to notify the NHADA Workers’ Compensation Trust claims staff and the NHDOL that there has been a change in disability status of an injured employee. The Employer’s Supplemental Report of Injury is required to be completed when:

• Disability extends beyond four days;
• An employee returned to work following a period of disability;
• An employee becomes disabled from work after a period of no lost time;
• An employee’s work hours or wages change following a return to work.

NHADA members do a great job of calling and notifying us when there is a change in an employee’s work status, but they do need to remember to file the Employer’s Supplemental Report of Injury form. Repeated failure to file the form does subject the employer to an administrative fine of $100. In addition, the NHDOL will not administratively enforce that an employee repay an overpayment of Workers’ Compensation benefits.

Help us ensure accurate payment of disability benefits; please file the Employer’s Supplemental Report of Injury.

If you have any questions, please feel free to contact me at 800-852-3372 or at psheffer@nhada.com.
After gaining control of the House and Senate, Democrats have outlined their agenda for the next several years. Developments that could affect the retail auto industry and dealers are:

- Incoming Speaker of the House Nancy Pelosi (D-Cal.) and incoming Senate Majority Leader Harry Reid (D-Nev.) could get White House support for their plans to encourage the use of alternative fuels and establish small business health-care tax credits.

- Rep. Steny Hoyer (D-Md.) was chosen as Majority Leader by the Democratic caucus. Hoyer is known to be more pro-business and pro-free trade than many of his Democratic colleagues.

- The Democratic agenda also covers a variety of reforms intended to strengthen national security, energy independence, affordable health care, and retirement security; raise employee wages; and give students broader access to colleges and universities.

- NADA-supported total-loss disclosure bills are pending in the House and Senate.

Since the Gulf hurricanes last year, NADA has been pushing for federal legislation that would require insurance companies to disclose total-loss vehicle information in publicly accessible databases. An NADA-supported House bill would mandate that insurance companies make commercially available the VIN of a totaled vehicle, the reason for its being declared a total loss, and other data. Sen. Trent Lott (R-Miss.) has introduced a similar bill.

In other NADA news...

- NADA has won the American Society of Association Executives (ASAE) Award of Excellence for its Child Passenger Safety Month. The Award recognizes associations that "propel America forward" through innovative community service programs. Thousands of dealers nationwide participated in NADA’s Child Passenger Safety Month this past September.

- I hope to see you at the NADA Convention in Las Vegas on February 3-6, 2007. There will be more than 600 exhibitors; nearly 200 workshop sessions; and, of course, franchise meetings, networking activities, and many other events. Also, please plan to attend the NADA Dessert Reception, which will be held on Saturday, February 3 (see top right).

- Limited seats are still available for the NADA Dealer Academy successors class that begins in January. A successors class and a general managers class will also begin in February, and there are limited seats still available in each.

The NADA Dealer Academy program combines six class sessions (one week every other month, focusing on major dealership departments) at NADA headquarters in McLean, Virginia, with 45 weeks of work experience in the sponsoring dealership.

For an application or more information, please call 800-222-6232, option 5. As always, feel free to contact me at 888-0550 or at jack@tulley.com.

Newport, RI
2007 NHADA Convention
June 24-26

Did you know...

The pineapple has been Newport’s symbol of hospitality since the 1650s, when sea captains dropping in Newport from trade voyages placed them outside their homes to encourage visitors and welcome guests. Today, the pineapple can be seen in all forms throughout Newport from wood carvings, tapestries, chinaware, door knockers, welcome mats, and souvenirs.
Thank you to all who made contributions in 2006 to ADPAC (our state Political Action Committee) and to DEAC (our federal Political Action Committee). It is very much appreciated.

2006 ADPAC Contributors

David Allen  Scott Holloway  Mark Piecanski
Thuy Allen  Paul Herbert  Wilford Piecanski
Joseph Koss, Jr.  Peter Ives  Kenneth Pottle
Michael Boden  Marshall Jaggi  David Pottle
Jack Benson  Richard Kell, Jr.  John J. Polte
Robert Branger  James Wright  Richard Polte
Michael Bernardy, Jr.  Kevin Kopf  Richard Prata
Marc Shyong  Michael Krop  Deborah Reed
Gary Blake  James Logana  Scott Reed
Edward Bonneville  Robert Laucie  Edward F. Reilly, Jr.
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Alla Carone  Linda Lowery  John Spear
Andrew Carone  Richard Lowery  Mark Schola
Rennell Carter  Remmy Later  Richard Shapran
David Caudenhouse  Peter Mason  Aaron Singer
Charles Chironis, Jr.  Victoria Mancher  Gary Singer
John Chirnside  Robert Martinez  Thomas Thayer
Kevin Devineen  Jay McFarland  John C. Tully, II
Baron Denton  David McDermott  David Walsh
William Denton  Edward Medlynn  Anthony Wellman
J. Michael Freeman  Douglass Miles  Robert Weinberg
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Robert Graffin  Susan Meghaile  David Windly
Scott Granger  Susan McManaman  George Milkin
David Hamner  Carol Miceli  Gary Milkin
Peter Heron  Richard Newell  Alan Young
Paul Holloway  David Putkunes  Paul Ziffer

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Thuy Allen  John Lambert  Linda Lowery
Joseph Koss, Jr.  Richard Lowery  Richard Ludlow
Michael Boden  Richard Ludlow  Richard Muser
Jack Benson  Remmy Ludlow  Remmy Ludlow
Robert Branger  Edward Muser  Howard Muser
Michael Bernardy, Jr.  Edward Muser  Howard Muser
Marc Shyong  Edward Muser  Howard Muser
Gary Blake  Edward Muser  Howard Muser
Edward Bonneville  Edward Muser  Howard Muser
Holly Carlson  Edward Muser  Howard Muser
Joseph Carone  Edward Muser  Howard Muser
Alla Carone  Edward Muser  Howard Muser
Andrew Carone  Edward Muser  Howard Muser
Rennell Carter  Edward Muser  Howard Muser
David Caudenhouse  Edward Muser  Howard Muser
Charles Chironis, Jr.  Edward Muser  Howard Muser
John Chirnside  Edward Muser  Howard Muser
Kevin Devineen  Edward Muser  Howard Muser
Baron Denton  Edward Muser  Howard Muser
William Denton  Edward Muser  Howard Muser
J. Michael Freeman  Edward Muser  Howard Muser
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David Hamner  Edward Muser  Howard Muser
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Paul Holloway  Edward Muser  Howard Muser
Edward Muser  Edward Muser  Howard Muser
Michael Muser  Edward Muser  Howard Muser
Scott Muser  Edward Muser  Howard Muser
Roy Muser  Edward Muser  Howard Muser
Peter Muser  Edward Muser  Howard Muser

January 2007
“State of the Industry” Meetings Wrap Up
With Non-Franchised Members

Spread out over a three-week period, Chrysler, Ford, General Motors, Import, Power Sports/Motorcycles, and Non-Franchised members participated in NHADA’s annual “State of the Industry” Meetings held in New Hampshire.

Attorneys Greg Holmes of Wiggin and Nourie was the featured speaker for each of the franchise meetings. His presentations focused primarily on New Hampshire’s Dealer Bill of Rights (RSA 357-C), addressing such issues as Relevant Market Area, Warranty Obligations, Relocating Dealerships, and Terminations. Greg’s ability to cite specific lawsuits as they relate to RSA 357-C created a vivid illustration of the importance the law plays in dealer/manufacturer relations. In addition, Greg provided valuable insight into the Motor Vehicle Industry Board and its role in dealer/manufacturer disputes.

The most well-attended meeting of the six was that of the Non-Franchised members. More than 30 members participated in an open and candid discussion with Division of Motor Vehicles Highway Patrol and Enforcement Bureau Officers on a myriad of topics, including motor vehicle inspection laws, OBD II, proper use of dealer plates, and frequently cited violations.

The overwhelming response by those in attendance was the Department’s genuine willingness to increase communication efforts with dealerships for the betterment of consumers. Representatives from the Department included Major Wayne Perreault, Lieutenant Carey Carlberg, and Lieutenant Steve Kace. The free-flowing conversation provided valuable information on critical matters and left both sides optimistic about the future.

Did you know…
Newport, RI
2007 NHADA Convention
June 24-26

Newport was the site of the first automobile arrest in the country in 1904 when the offender was charged with driving 15 miles per hour!
IT'S ANYTHING BUT CUTE.

See your New England Dodge Dealer and put Caliber to the test!

NEW ENGLAND DODGE DEALERS
The beginning of the New Year is a good time to examine your dealership’s document-retention practices to ensure you are compliant with the various laws and regulations that set forth record-keeping requirements. Among the records an automotive retailer is required to maintain are banking and accounting records; state and federal tax records; payroll and employment records; environmental, F&I and OSHA records; warranty claims; and even repair orders. Some of these records are required under laws or regulations which set forth a specific, mandatory retention period. Other records should be preserved as a matter of prudent business policy for your protection in the event of claims or disputes later.

NHADA has previously advised that it is a good business practice to adopt a formal record-retention policy that identifies the types of records which must be kept, the format in which they will be kept (electronic, paper, or microfiche), confidentiality and security concerns, and disposal methods.

Part of this recommendation has now become mandatory. A federal regulation, which went into effect last year, the “Disposal Rule,” makes it mandatory to adopt a formal policy regarding the disposal of all confidential records governed by the Safeguards Rule. The “Disposal Rule” is just one area in which your record-retention policy must be coordinated with other policies.
According to the New Hampshire Department of Labor, the following are commonly cited violations at automobile dealerships:

- Failure to provide written notice to employees of their wage rate, pay period, payday, and a description of fringe benefits, including any changes. RSA 275:49 and Lab 803.4
- Failure to pay salespeople minimum wage for all hours worked per pay period. RSA 279:21 and RSA 275:42 VII
- Failure to keep a true and accurate record of all time worked. RSA 279:27 and Lab 803.4
- Illegal deductions from wages, i.e., deducting for purchases, tools, uniforms, and damages to vehicles. RSA 275:48 and Lab 803.03
- Failure to pay employees final wages, in full, when due. RSA 275:44 and Lab 803.02(e)(g)
- Employing illegal aliens (not having proper documentation). RSA 275-A:4(a)
- Illegal employment of workers under 18 (not having proper paperwork, hours violations, working in a hazardous environment, driving). RSA 276-A:4&5 and Labs 1002.01, 1003.01
- Failure to establish a Joint Loss Management Committee when having five or more employees and failure to file a Safety Summary Form every two years when employers have ten or more employees. RSA 301-A:5-a and 81 and Labs 602:02, 602:03(a)

Items 1, 4, 5, 6, and 7 are also among the Department’s top ten most-cited violations overall. NHADA can electronically link to the Labor Department’s Web site as well as other State agencies by visiting www.nhada.com and clicking on “Links” on the Site Map.
Safeguards Rule plan. Many records will contain confidential customer information that is covered by the Safeguards Rule, so your policy regarding storage and disposal must incorporate safeguards regarding security and proper disposal methods, such as shredding.

A "Records Retention Guide" is available on www.nhada.com under the Site Map. The Guide was prepared for members of the New Hampshire Automobile Dealers Association by Louis D. DeMato, Esquire, an associate attorney in the Business Law Group at Wiggin & Nourie, P.A. This is a basic guide to retention practices. It must be remembered that, in the current regulatory climate, these guidelines are the starting point—and not the end—of record-retention policy.

### Safety/OBD II Inspections Statistics

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<tr>
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<th>Nov 06</th>
<th>% of Total</th>
<th>YTD 06</th>
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<tr>
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<td>OBD II Results</td>
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<td>20,204</td>
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*Total numbers include OBD II inspections

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Winter Weather Can Bring Printer Problems

Most of the calls we receive about labels and forms not running smoothly through laser printers and copiers come as the seasons change. It’s hot one day and cold the next day or dry one day and humid the next day.

Paper is like a sponge. It absorbs the atmospheric conditions to which it is exposed. The storage area for many dealerships is an area where a few boxes will fit, unheated, limited ventilation, and may be exposed to various elements. That’s why we recommend storing printing paper in a climate-controlled environment.

As we move into winter and the atmosphere becomes dry, static electricity becomes a problem. If the laser printer wants to pull two or more sheets at a time, chances are the air is dry, and static is holding the sheets together. Feeding sheets to the computer room and fanning the stack before feeding will help alleviate the problem.

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June 24-26

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Dealers Need to Focus on CASH

Under the current economic climate, the old adage “Cash is King” has never been more true for auto dealers. Slowing sales and declining margins have made cash management a key focus for successful dealers. “Where can dealers find cash?” The answer is by monitoring certain key areas on their financial statements.

Receivables
Whether it is trade receivables (parts and service), warranty receivables, or factory receivables (rebates and incentives), the bottom line is that your cash is in someone else’s pocket. Owners need to be aware of all past-due accounts and supervise those accountable for their collection. Credit policies need to be established, monitored, and enforced. Contracts in transit should be collected within three days of sale. Any vehicle receivables should be paid on delivery. Stress the importance of proper preparation of warranty and factory claims to avoid unnecessary delays in payment. Negotiate with finance companies to reduce finance reserve retention.

Parts Inventory
Without proper supervision, parts inventories have a way of creeping up to levels that do not correspond with the sales they are generating. Parts managers need to be on top of their inventory. Credit policies need to be in place and enforced. Contracts in transit should be collected within three days of sale. Any vehicle receivables should be paid on delivery. Stress the importance of proper preparation of warranty and factory claims to avoid unnecessary delays in payment. Negotiate with finance companies to reduce finance reserve retention.

Used Vehicle Inventory
Is your used-car manager still convinced that a buyer for that Gremlin hatchback will be in any day now? Wholesale losses are hard to swallow, but moving aged units (generally anything that is more than 60 days old) frees up cash and allows you to “freshen” your inventory. Establish and implement a policy as to what age a vehicle needs to be wholesaled. The average used unit loses approximately $600 per month in value. Offering incentives to your sales staff to encourage the sale of slow-moving units (those in inventory for more than a month) is another effective method.

Conclusion
As dealers adapt to the changes that face the auto industry, effective cash management will be an important tool for successful dealers. Examining the above areas will help dealers maximize and improve their cash positions.

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Service and Parts: A Profitable Relationship

Service and parts are mutually dependent. Service needs parts in order to repair and maintain vehicles for its customers and to stock the used-vehicle department. Thus, a portion of the dollar amount of every service sale is a parts sale. Parts needs service because the service department is the parts department’s best customer. You can prove that for yourself by looking at your financial statement for the month.

Except for counter and wholesale sales, parts sales come from the service department. In the average dealership, 70 to 80 percent of the parts department’s business is generated by service sales patterns; and, thus, 70 to 80 percent of parts potential for profit comes from service sales.

The most successful dealers retain the following percentages of their gross parts sales:

- Repair orders: 41%
- Repair orders (body shop): 30%
- Counter retail: 41%
- Warranty: 28%
- Internal: 41%
- Wholesale: 25%

Overall, the parts department should be running at about 38 percent gross retention. If your parts department is not holding its gross, chances are the problem lies in internal, warranty, and/or counter retail sales retention. Finally, internal parts sales—parts sold to the used-vehicle department—are also a problem. They should be treated exactly the same as retail sales, as with internal labor, do not discount internal parts sales. Counter retail problems may be traced to discounting or high sales of such accessories as coffee mugs, key chains, etc.

If the percentage is low on warranty parts, the parts department may not be stocking sufficient parts. Monitoring parts orders to ensure availability is one of the service manager’s responsibilities. The service manager also must track labor sales but due to lack of parts, the parts manager needs to know what to stock. The parts manager can run a “Repair Order Fill Rate” report from the in-house computer system, parts must also track all lost sales.

Finally, let’s consider the parts-to-labor ratio. Using the data from your dealership’s financial statement, extract the figures for parts sales in each category (customer, warranty, and internal), and do the same for labor sales. Your parts sales divided by your labor sales gives you the parts-to-labor ratio. Parts cost about the same everywhere; labor rates can vary dramatically. You should aim for the following parts-to-labor ratios:

- Customer pay: 8.10 Parts/Labor (for every $1 of labor, you should sell $8.10 of parts)
- Internal: 8.10 Parts/Labor
- Warranty: 8.10 Parts/Labor

Parts and service are mutually dependent.
Have You Talked to Your Management Team Recently?

A client recently asked us to sit down with its department heads and explain the company’s newly revised employee handbook. What was supposed to be a three-hour meeting turned into a six-hour interactive dialogue. Though at times there were some “gasps” and “looks of horror” as the department heads explained their respective “interpretations” of policies, the meeting was extremely productive.

From the meeting, the client learned that:

1. Unacceptable activities are occurring within the organization;
2. Department heads need a basic understanding of the major employment and labor laws, such as the Fair Labor Standards Act; and
3. The organization needs to centralize more of its human resource functions.

The above is a good reminder to all employers that departments within an organization, while perhaps requiring operational autonomy, need to be consistent in their understanding and application of company-wide personnel policies. The following is a list of some things that employers can do to avoid such a situation:

- Whenever possible, standardize personnel policies for all departments. This helps ensure that similarly situated employees within the organization are not treated differently, which can harm morale and which could be used in discrimination claims. It is advisable for the employer to have an employee handbook that contains all the employment policies for all of its employees. Where operational needs require different policies for different

Warranty: Expense per unit repaired should be equal to or less than the zone average.

- Internal: $8.80 (assuming retail charges; certified used vehicles increase the Parts/Labor ratio)

It is to the advantage of both the service and parts departments that their managers understand how one department affects the other and work together to the benefit of both.

(This article is taken from NADA Management Education’s “A Dealer Guide to The Three Ps of Effective Service Management: Profit, Productivity, Personnel” (SP23).)

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Newport was the site of the first land grant for schools?

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departments, this can be addressed in the employee handbook so employees understand why the differences exist.

In the public sector, it is common for operational departments, such as police and fire, to have their own personnel policy manuals. It is important to remember that these operational departments are, in most cases, subsets of the municipal government, which is, ultimately, responsible for the content of these policy manuals. As with employee handbooks, these personnel policy manuals should be reviewed periodically by counsel to ensure compliance with the law and to determine whether there are any conflicts between the department's personnel policies and the employee's personnel policies, and, if applicable, any collective-bargaining agreement.

Implement a process whereby discipline is not meted out until it is reviewed by others in the organization, preferably by someone (like an HR manager) with general access to disciplinary information who can assess consistent application of policies. While exceptions to policies are made, it is important that the reasons for exceptions are documented. Sharing disciplinary information among different department leaders helps to create a common understanding of how disciplinary infractions should be addressed.

Changing culture is hard. Often we hear department heads explain their behavior by saying, “We’ve just always done it that way,” even where practice is inconsistent with policy. While employees are often not well versed in the contents of an employee handbook, employees have every right to expect their managers to read, understand, and accept the handbook as the embodiment of company policy. If managers don’t support the handbook, they will be ineffective in communicating with employees about personnel policies.

Convey to your managers that it is better to tell an employee, “I don’t know,” in response to an inquiry regarding a personnel policy, than to provide incorrect information. The burden is then on the manager, not the employee, to find the correct answer and communicate it back to the employee or to direct the employee to the appropriate resource.

Inform managers that they face the responsibility to immediately inform human resources and upper management when there is a claim of discrimination, harassment, and retaliation.

Provide training to the managers on the state and federal employment and labor laws, especially, sexual harassment.

At least once each year, meet with department heads and supervisors to review personnel policies and any recent changes in policies. Make this an interactive discussion. Find out which policies work and which do not. Policies that supervisors struggle to administer or enforce, which are impractical, or which no longer meet operational needs should be revised. Otherwise, managers will informally edit your policy manual by selective enforcement.

While this might be a practical approach for managers, it sends mixed signals to employees, who can easily lose track of which policies the employer enforces and which it does not.

(The above article was submitted by the Devine, Millimet & Branch Labor, Employment and Employee Benefits Group and was written by Jennifer M.N. Koon, Esquire.)
### 2007 State Holidays

<table>
<thead>
<tr>
<th>Date</th>
<th>Holiday</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday, January 1</td>
<td>New Year’s Day</td>
</tr>
<tr>
<td>Monday, January 15</td>
<td>Martin Luther King, Jr./Civil Rights Day</td>
</tr>
<tr>
<td>Monday, February 19</td>
<td>Presidents’ Day</td>
</tr>
<tr>
<td>Monday, May 28</td>
<td>Memorial Day</td>
</tr>
<tr>
<td>Wednesday, July 4</td>
<td>Fourth of July</td>
</tr>
<tr>
<td>Monday, September 3</td>
<td>Labor Day</td>
</tr>
<tr>
<td>Monday, October 8</td>
<td>Columbus Day (State Offices open)</td>
</tr>
<tr>
<td>Tuesday, November 12</td>
<td>Veterans’ Day*</td>
</tr>
<tr>
<td>Thursday, November 22</td>
<td>Thanksgiving Day</td>
</tr>
<tr>
<td>Friday, November 23</td>
<td>Day after Thanksgiving</td>
</tr>
<tr>
<td>Tuesday, December 25</td>
<td>Christmas Day</td>
</tr>
</tbody>
</table>

*Whereas Veterans’ Day, the calendar holiday, falls on a Sunday, State offices will be closed on Monday, November 12.

(Tables from the New Hampshire Department of Administrative Services)

### New Hampshire Department of Safety, Division of Motor Vehicles

#### Title Statistics Report

<table>
<thead>
<tr>
<th>Category</th>
<th>November</th>
<th>06 YTD</th>
<th>05 YTD</th>
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<tbody>
<tr>
<td>Titles Issued for New and Demo Vehicles</td>
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<td>113,251</td>
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<td>63,659</td>
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<td>Salvage Titles Issued</td>
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<td>Salvage Tags Issued</td>
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<td>Titles Issued for Heavy Trucks More than 15 Years Old</td>
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<td>563</td>
<td>488</td>
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<tr>
<td>Titles Issued for Heavy Trucks 15 Years Old or Less</td>
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<tr>
<td>Titles Issued for Trailers</td>
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<td>12,775</td>
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<td>Titles Issued for Trailers More than 15 Years Old</td>
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<td>Titles Issued for Motor Homes</td>
<td>69</td>
<td>1,268</td>
<td>1,107</td>
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</table>

*Increased numbers due to backlog catch-up*