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Resilient Retailers

When the going gets tough,
dealers stay strong.

BY MARY ANNE SHREVE

HOW ARE DEALERS HANDLING the emotional toll of this wrenching recession?

One dealer says his last thought at night and first thought in the morning is “My God, what are we going to do to survive?” Another dealer, with hundreds of thousands of dollars in liens against his store, suffered a fatal heart attack while apparently setting fire to cars on his lot.

Yet these dealers seem to be the exception, not the rule. Hard times are bringing out many dealers’ gritty determination and historic optimism. Virginia dealer Burke O’Malley has had to cut his staff in half over the past year and doesn’t know what’s going to happen to his three Saturn stores. Still, “it’s part of my job and my duty to lead our employees. If I see fear or discouragement, I need to help them with that. If I

have fear or anxiety, I have to do my best not to show that.”

And Dennis Fitzpatrick, Fitzpatrick Chevrolet/Buick/Hummer, Concord, Calif., is taking the long view: “You have to maintain a positive outlook. It’s about saying, ‘You know, there are a lot of wonderful things I have to be grateful for.’ The manufacturers can pull my flooring, but they can’t take my wife and children and grandchildren.”

‘TOUGH COOKIES’ LEARN TO COPE

Tough times weigh hard on retailers used to being at the center of their communities’ economy. But dealers are finding ways to cope. O’Malley does it by “taking things one day at a time” and by praying and turning to family and friends. Other dealers also can be mainstays. “When I talk to a dealer



Burke O'Malley copes with the uncertainties of being a Saturn dealer by turning to family and friends and "taking it one day at a time."

friend, we can vent, we can hear each other out. Sometimes another dealer will see a situation differently and help me find an answer."

Fitzpatrick agrees that dealers need to talk with one another. And he has another invaluable resource: his wife—"my biggest support and cheerleader." She helps with the dealership, so when Fitzpatrick talks about business, "she understands it. That's huge for me."

Some dealers have drawn on professional services. Norman Winegar, a licensed clinical social worker in Marietta, Ga., provides employee assistance programs (EAPs) to corporate clients, including dealers, automakers, and suppliers. "We're getting a lot of calls from people with marriage and family issues, conflicts with coworkers or bosses, substance abuse,

psychiatric problems. We're also seeing a lot of demand for legal services for things like bankruptcy, mortgage foreclosures, and other financial issues."

In fact, the California New Car Dealers Association recently added an EAP after dealerships reported a rise in staff problems. "They're seeing the strain on marriages, plus increased health and financial issues," says president Peter Welch.

"The ones who really tug at my heartstrings are longtime retailers who've stuck with GM through thick and thin," he says. "They feel they're being abandoned." One dealer told Welch he had to lay off a 20-year employee who has a handicapped child.

Yet "if there's a group that's prepared to handle these times, it's dealers," Welch notes. "They're pretty tough cookies."



Dealer Dennis Fitzpatrick: Managers and employees who survive layoffs feel some guilt.

As bad as the state of the auto industry is right now, most dealers are not letting it get them down. “This lot is extremely positive—their attitude is always ‘the glass is half full and filling up,’” says Terry Burns, executive vice president, Michigan Automobile Dealers Association. Dealers hold themselves to high standards and are acutely aware of their power over other people’s livelihoods, he says. They believe they can’t afford personal doubt.

Still, staff morale is hard to maintain when you have no answers or certainty to offer. If you’re concerned that rumors may be affecting employee performance, use your human resources person, says psychologist Stephanie Smith in Erie, Colo. Human resources is “closer to the ground and hears what employees are talking about.”

Unaddressed problems are like an elephant in the room, says social worker Winegar. “Managers should tell staff, ‘Here’s how the elephant is affecting us, and here’s what we’re doing to battle it, but here’s what could happen.’ Employees appreciate that; they feel respected and treated like adults.”

Staffers do want to be kept informed, agrees dealer O’Malley, but “once you give them the message and tell them

When You Have to Let Them Go

Laying off employees is a top stressor. And it’s not unusual to feel some guilt and shame, especially when the termination is not for cause, says Erie, Colo., psychologist Stephanie Smith. Some suggestions:

- *Be up front with employees about possible layoffs.* “Even people who are let go feel like they were treated more respectfully when management had been open all along,” says Marietta, Ga.–based clinical social worker Norman Winegar.

- *Prepare a script.* Preparation can reduce anxiety.
- *Don’t let the meeting drag on.* Be direct. “Explain what’s going on, why the decision was made, but don’t let it go on for hours,” says Smith.
- *Let someone else handle the emotions.* A human resources staffer can escort the employee out, help them gather their things, and put a reassuring arm around the person, says Smith.

Taking Care of the Boss

You’re keeping the doors open and the employees employed. But how is the pressure affecting *you*? Stress can be a killer. Here’s what to do:

- *Keep moving.* California dealer Dennis Fitzpatrick runs three times a week and lifts weights. “It’s important therapy to take care of yourself,” he says.
- *Limit your news intake.* Constant negative info about the economy can bring anyone down.
- *Continue activities you enjoy.* Go to a game with friends, listen to music, or read a good book.

- *Shifting into workaholic mode doesn’t help.* Cutting yourself off from family and friends is counterproductive, says clinical social worker Norman Winegar in Marietta, Ga.
- *Turn to peers for support.* Virginia Saturn dealer Burke O’Malley calls his 20 Group meetings “group therapy.”
- *Bring in a pro.* If necessary, ask your doctor for a mental health professional. Or find a local one online at such sites as the American Psychological Association’s www.apahelpcenter.org.

something, you don't want to worry them to death." He urges employees to think as a team. "We're in this together, trying to sell as many cars [as possible] and service our customers as best we can." (See also "Motivating Staff," page 10.)

SURVIVORS AND STRIVERS

Dealers and employees who avoid the ax have another kind of stress: survivor's guilt. Dealer Fitzpatrick has cut his staff by more than half in 18 months. He says the survivors are grateful they still have jobs and strive to be more productive, but also feel guilty. "They've had a lot of friends laid off, people they've worked with all day for years."

And some dealers are still doing well, notes ATAE Burns, but don't like to talk about it. "With the economy hurting everyone, you don't want to look like you're making money now," he says. "Just like consumers who don't want to buy a car because other people will say, 'How can you afford that? You must be making too much money.'"

Tom Kool, Kool Chevrolet/Buick/Pontiac/GMC/Cadillac, Sturgis, Mich., recently acquired a local store from another dealer about to go out of business (see "Dealing With

Loss," below) and knows his recent sales rise came from the other dealer's misfortune. "We've got all the [GM] product we need now, and [that dealer] really worked hard to make it happen. It's just a shame for her. I told everyone at the dealership, 'We've been given an opportunity, and we can't waste it.'"

Kool and his two brothers, with seven stores among them, have all had consolidations. "My brothers and I try to keep it light. We've got to laugh, or insanity is not far behind."

Such optimism is echoed by dealer Fitzpatrick: "When one door closes, another one opens. Dealers are a pretty resilient bunch—they understand the car business and the people business. Somewhere along the line, this thing is going to work out. I don't know what it'll look like, but there will be a place for businesspeople." [AE]

Mary Anne Shreve is a senior editor of AutoExec.

Hanging on in New Mexico

New Mexico dealer Bob Cockerham and his wife, Mary, are on the verge of losing their business, Car World, Inc. Their lender is yanking floor-planning, and the Cockerhams can't find another lender. They've already closed one of their three stores and cut employees from 80 to 17.



The Cockerhams

They haven't paid themselves in months, are living off savings, and had to put their house up for sale. Mary has made call after call to lenders and politicians, only to be left with the feeling that "nobody gets it." Last month, Bob testified on behalf of car dealers before the Senate Small Business Committee. "We don't have months for this—we have *days*," he told lawmakers. "And there are thousands of other dealers across the country with the same situation."

Dealing With Loss

When your business dies, a part of you dies, too, says psychologist Stephanie Smith. That's how Gayla Perry felt when she lost her dealership, Dave Smith Pontiac/Buick/GMC in Sturgis, Mich., at the end of 2008.

The end was brutal. She had sold 14 cars in five days during a sale, had contracts in transit, and went out of trust.

Perry kept things going long enough for a nearby Chevrolet/Cadillac dealer to



Gayla Perry

take over her brands, but not before GMAC—which Perry owed \$122,000—came and drove the cars off her lot while she watched from a restaurant across the street. She cried for two months and was "embarrassed to go out in public" in the small town where she grew up.

Dealer Tom Kool, who took over Perry's brands, says it's unbelievably hard to give up a business. "You don't just work the car business, you live it—and she lived it. She cared about the community and worked for it as hard as she could. I told her she got caught in a perfect economic storm."