

THE HORN



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2014 AACT CONVENTION: Charleston, SC

Mark your calendars!!! The 2014 AACT Convention will be held September 18-21, 2014, at the Marriott Charleston, overlooking the Ashley River in Charleston, SC. Convention Chair Sandy Crews, Jacksonville, N.C., will release the Convention schedule in next month's issue of "The Horn". Please join us and experience Charleston's fine dining and excellent shopping. This is our first Convention at The Charleston Marriott, so let's make it one of our best.

LEGAL/LEGISLATIVE

Frequently Asked Questions About the Right to Repair National Memorandum Of Understanding (MOU)

Who are the parties to the MOU?

The MOU is an agreement between two associations representing the independent aftermarket, the Automotive Aftermarket Industry Association (AAIA) and the Coalition for Auto Repair Equality (CARE); and the vehicle manufacturers represented by the Alliance of Automobile Manufacturers and the Global Automakers.

Why did AAIA and CARE take this action?

AAIA and CARE have been engaged in a battle with the vehicle manufacturers for the passage of right to repair since 2001. In 2012, the independent aftermarket came to agreement with the car companies on a right to repair law which ensured access to service information, tools and software needed to work on late model computer controlled vehicles. That law was enacted by the Massachusetts legislature in late 2013. As part of the agreement, AAIA, CARE, the Alliance and Global began negotiations to develop an MOU that would ensure that the new law in Massachusetts would apply across the country and which was hoped would end the expensive and often contentious state-by-state right to repair battles.

What will the MOU accomplish?

Under the MOU, the car companies agree to abide nationwide with the requirements of the Massachusetts right to repair law that was enacted in December of 2013. Specifically, the car companies will be required to:

- Immediately make available to consumers and the independent vehicle repair industry on "fair and reasonable terms", the same tools, software, and repair information that they make available to their franchised dealers.

- Beginning with the 2018 model year, establish web sites or "clouds" that will contain the same information and software that dealers have access to as part of their proprietary tools.
- Car companies provide access to the vehicles diagnostic computers using a standardized vehicle interface that meets either the Society for Automotive Engineers (SAE) J 2534 or International Standards Organization (ISO) 22900 standards.

How would a repair shop or car owner take action against a car company that fails to comply with the MOU?

Should a consumer or repair shop be unable to obtain information, software or a tool from an automaker, the complaining party would first be required to contact the car company either directly or through the National Automotive Service Task Force, to request access to the information, tool or software. A car company has 30 days to respond to this request. If the shop or consumer are still not satisfied, then the individual or shop can take the issue before a Dispute Resolution Panel (DRP) established under the MOU. The DRP would be comprised of two individuals appointed by the automakers and two appointed by CARE and AAIA. The panel also would be comprised of a fifth individual, unaffiliated with either the car companies or the aftermarket that would be agreed upon by all four parties and would chair the DRP. If the dispute cannot be resolved amicably, the panel will make a ruling based on the terms of the MOU.

What is the difference between an MOU and a law?

The MOU is a voluntary agreement that does not have the weight of law behind it. Therefore, under the MOU, an independent shop not located in Massachusetts would not be able to take legal action against a car company for failing to abide by the terms of the MOU. However, it is hoped that since the MOU is based on a law in place in Massachusetts, car companies will abide by the voluntary agreement for the other 49 states.

Does the MOU cover all vehicles?

The MOU applies to all automobiles under 14,000 pounds with the exclusion of motorcycles. It is hoped that groups will be able to negotiate a similar agreement with trade associations representing heavy duty truck manufacturers.

How does the signing of the MOU impact federal and state right to repair legislative efforts?

AAIA and CARE have agreed to work on implementation of the MOU through 2018 and to oppose other state efforts while the aftermarket and car companies implement the MOU. While AAIA and CARE would prefer a right to repair law, both groups believe that such a lobbying effort would take years to accomplish as well as significant resources. All groups felt that both the aftermarket and consumers would benefit more by devoting its resources to implementing a voluntary agreement.

What happens if automakers do not comply with the MOU?

Should the car companies fail to comply with the terms of the MOU, AAIA and CARE will notify the vehicle manufacturer that we are pulling out of the MOU and will be resuming right to repair legislative efforts both on the federal and state level.

What happens now?

Now that all four trade groups have signed on, every vehicle manufacturer must sign individual letters pledging to comply with the terms of the MOU. Should every car company not sign the pledge, the MOU is not considered in effect.

Heavy Duty Aftermarket Works for Right to Repair Agreement

At the beginning of this year, major aftermarket and automotive OEM groups signed a Memorandum of Understanding (MOU) that unofficially expands the requirements of the Massachusetts "Right to Repair" law nationwide.

However, one aspect of the Massachusetts law has not made the transition to this nationwide agreement: the inclusion of heavy duty trucks. The HD vehicle manufacturers were not part of the group that drafted and signed the MOU.

The heavy duty aftermarket, however, hopes to address the issue in much the same way as the rest of the aftermarket, through a negotiated agreement between the OEMs and the repairers and distributors.

The Commercial Vehicles Solutions Network (www.cvsn.org), an alliance of independent parts and service aftermarket distributors for the transportation industry, hopes to forge a similar agreement with manufacturers soon.

As in the regular aftermarket, HD vehicle repairers need to be able to read diagnostic codes and correctly locate sensors on the vehicles. "We need those wiring diagrams, because the sensors aren't always located where the item that's reading the failure is," says Marc Karon, president of Total Truck Parts in West Palm Beach, Florida, and former president of CVS. "You also have to make sure the right parts gets replaced on the vehicle. Many parts look identical but perform differently. Most importantly, we have to be able to re-initiate the computer so that the system knows the repair is done, and that requires knowing the codes. The OEMs guard those codes like the family jewels."

Any delay in the repair due to a lack of repair information can be costly for a fleet operator. If the owner of a light vehicle or truck has to be without a car for a few days, they can get a rental or a loaner. That's not so easy if you operate a fleet of dump trucks.

HD vehicles almost didn't make the cut in Massachusetts. That's because two different laws were actually passed there, one by the state legislature and one by ballot initiative. Once the ballot initiative passed in Massachusetts, the automotive OEMs came to the table to hammer out an agreement, but the heavy duty manufacturers backed away. "Even though the original referendum that passed applied to all of these categories, the HD people felt they could sit on the sidelines because the auto group was going to cut a deal with the associations," Karon says. "They got together, and the HD people fell out. That's when we got engaged, because we realized we'd have to do this on our own."

But before the HD repairers could get started, the Massachusetts legislature began reconciling the original bill with the law passed by referendum. "In the end we won and were able to get Massachusetts to say that HD (commercial vehicles) are included," Karon says. "That changed the dynamic, because now we could talk to the manufacturers. We had been trying to reach out to the truck manufacturers since at least 2002, but we had no leverage before."

"Once you pass a law in one state, it's tough to build trucks differently for one state versus another," Karon continues. "Now we need to come up with something that will meet the ends of our dealers and that the manufacturers support as well as the independent repair shops."

For its part, the heavy duty OEM association, the Truck and Engine Manufacturers Association (EMA), originally opposed including heavy duty in the Massachusetts bill because it called for some interface technology that is not commonly used on commercial trucks. There is also proprietary information in some of the systems that is not necessarily owned by the truck manufacturers.

According to Karon, the industry associations are now discussing a potential nationwide agreement similar to the light auto MOU.

On the manufacturer side, the EMA is leading those discussions. "Most of the computers deal with engine issues, but they don't necessarily have complete authority to cut a deal," Karon says. "There are lots of vehicle manufacturers in this market, and some of them are not represented by that organization. It will be more difficult to get an MOU done on for HD than it was on the automotive side, but we think we can get around those issues."

(By Brian Albright - Courtesy of After Market Business)

Auto Manufacturers Join EPA in Moving Ahead with Low Sulfur Fuel Mandate while the Petroleum Industry Fights the Change

On March 3, the Environmental Protection Agency (EPA) announced their new Tier 3 rule that will cut sulfur levels in fuel, as well as strengthen vehicle emissions equipment requirements beginning in 2017. While EPA's announcement is supported by auto manufacturers based on the environmental benefits and low cost to consumers, the American Petroleum Institute (API) disagrees, alleging that the cost estimates from EPA and the automakers are far too low.

Intended to create a national standard to harmonize with the current California regulations, the Tier 3 standards would lower sulfur levels in baseline E10 fuel by two-thirds, from the current 30 parts per million to

10 parts per million. EPA originally suggested using E15 as the baseline for testing, but the negotiation settled on the current most commonly used fuel-ethanol mix.

Auto manufacturers believe the change will increase the price of gas by \$.0065 per gallon, but API predicts that the actual cost to consumers will go up six to nine cents per gallon. Additionally, API believes EPA's estimate of costs to refiners is far too low, contending that the new requirements will cost billions more than the agency believes.

The new regulation also requires model year 2017 through 2025 vehicles to phase in stronger tailpipe and evaporative emissions standards. Vehicle manufacturers believe these changes will increase the cost of new cars by roughly \$72 per vehicle, but ultimately help emissions mitigation systems function more efficiently.

The new regulation will go into effect 60 days after it is published in the Federal Register, which is expected to occur in the next several days.

To read the full rule, visit <http://www.epa.gov/otag/documents/tier3/tier-3-fr-preamble-regs-3-3-14.pdf>. EPA has also provided a fact sheet on the new rule here: <http://www.epa.gov/otag/documents/tier3/420f14009.pdf>.

(Source: Capital Report: March 10, 2014)

INDUSTRY NEWS

China's Aftermarket Poised for Growth According to GAAS 2014 Presenter

Chicago, Illinois - April 2, 2014 - China is widely considered to be entering its "aftermarket era," according to Steve Ganster, managing director, Technomic Asia and a presenter at the 2014 Global Automotive Aftermarket Symposium (GAAS), May 20-21 at the Hyatt Regency O'Hare in Rosemont, Illinois.

"China now boasts the largest auto market in the world and a repair industry that is growing at double-digit rate," said Ganster. "China will be a critical growth market for U.S. firms."

Ganster will present "**Opportunities and Challenges for U.S. Firms in China's Automotive Aftermarket,**" at GAAS 2014 from 1:45 p.m. to 2:20 p.m. on Tuesday, May 20. His presentation will describe the opportunity in China in terms of size, growth and market structure and highlight important developments in distribution. It will also include perspective on opportunities and challenges as well as some principles of success.

Based in Shanghai, Ganster has over 30 years in international market strategy and operational consulting, primarily in Asia. He has assisted over 250 multinational firms in their assessment of opportunities in Asia and their resultant business strategy development.

He is author of the book, "The China Ready Company" and is co-producer of the Emmy winning DVD, "On the Frontlines: Doing Business in China." Ganster is a frequent speaker on China related topics and has in depth experience in China's automotive sector. He has consulted many leading vehicle makers and parts suppliers and retailers on their China strategy development. He oversees Technomic Asia's annual industry report on China's automotive aftermarket now in its 8th edition.

"**Connected,**" is the theme for GAAS 2014 and a complete registration brochure for the event is available at www.globalsymposium.org. In addition, visitors to the site can view a copy of the current agenda, speaker bios and registration forms. The two-day Global Automotive Aftermarket Symposium, now in its 19th year, brings together industry leaders and experts to examine the issues and trends affecting the worldwide automotive aftermarket and influencing its future.

Each year the net proceeds of GAAS are invested in the organization's scholarship fund to help students get their automotive aftermarket career started. Additional scholarship funding comes from industry contributions from individuals, companies and foundations. To date, GAAS has awarded scholarships to more than 1,800 students representing \$1.8 million in aid. For more information on GAAS 2014, visit www.globalsymposium.org or phone 301-654-6664. You can also connect with GAAS through Facebook, YouTube, LinkedIn, and Twitter.

April Is National Car Care Month - Thought About How Your Business Can Participate?

It's here - National Car Care Month and time to think about ways to leverage the Car Care Council's national consumer media campaign to help grow your business. Participating in National Car Care Month is time well spent and gives you a chance to build awareness of your business, increase car counts and educate consumers on how much of their vehicle's maintenance is going unchecked. The Car Care Council suggests five quick and easy ways to get involved in National Car Care Month:

1. Suggest your customers sign up for the free customized service schedule and e-mail service from the non-profit Car Care Council at <http://www.carcare.org/car-care-service-schedules/custom-service-schedule/>.
2. Send your customers to www.carcare.org/car-care-guide to view the free digital Car Care Guide, available in English and Spanish or order a free printed copy for their glove compartment.
3. Print out car care tips at <http://www.carcare.org/car-care-resource/car-care-tips/> and leave them out for customers to read while they are in a waiting room or standing at the counter.
4. Hang a Car Care Month poster and banner, and place a Car Care Month mirror dangler on each customer's rear view mirror. Make your own signs or get a special point-of-sale kit from the Car Care Council at <http://www.carcare.org/pos-starter-kit/>.
5. Hosting a car care event in your community? Visit <http://www.carcare.org/industry-participants/host-an-event/> to list your event at no charge on the Car Care Council's website.

Many auto repair shops and parts stores throughout the country celebrate National Car Care Month by hosting community car care events. At these events, businesses volunteer their time to check components on vehicles that typically get overlooked, including tires, air filters, lubricants and fluids, belts and hoses, battery cables and lights. These free vehicle inspection events emphasize the importance of preventative maintenance and educate consumers about how to take proper care of their cars. For more information, visit www.carcare.org.

ASE Registration & Testing Schedule

<u>Registration:</u>	<u>Testing:</u>
March 1, 2014 - May 21, 2014	April 1, 2014 - May 31, 2014
June 1, 2014 - August 21, 2014	July 1, 2014 - August 31, 2014
September 1, 2014 - November 21, 2014	October 1, 2014 - November 30 2014
December 1, 2014 - February 21, 2015	January 2, 2015 - February 28, 2015
March 1, 2015 - May 21, 2015	April 1, 2015 - May 31, 2015
June 1, 2015 - August 21, 2015	July 1, 2015 - August 31, 2015
September 1, 2015 - November 21, 2015	October 1, 2015 - November 30, 2015

MANAGEMENT NOTES

The Important Qualities Veterans Can Bring to a Job

Veterans face many transitions when returning to civilian life. One of the biggest transitions veterans may make is rejoining the civilian workforce. While doing so is often challenging, employers are recognizing just how valuable veterans can be to their company and are taking steps to recruit them.

According to a Career Builder study, 66% of employers say that if they had two equally qualified candidates for a job, and one is a U.S. Veteran, they would be more likely to hire the veteran. Forty-three percent pay more attention to applications submitted by U.S. Veterans.

Qualities that stand out

Employers looking to hire military veterans are looking for important qualities they know a veteran can bring to the organization, including:

- Disciplined approach to work - 63%
- Ability to work as a team - 60%
- Respect and integrity - 56%
- Ability to perform under pressure - 51%
- Leadership skills - 51%
- Problem-solving skills - 47%
- Ability to adapt quickly - 45%
- Attitude of perseverance - 41%
- Communication skills - 40%
- Strong technical skills - 31%

Employers vocal about wanting veterans

Companies looking to hire veterans typically are very vocal about it, with 80% saying they promote the fact that their company hires military veterans. Some of the ways they publicize this fact include:

- In job listings - 42%
- On corporate career site - 40%
- In recruitment materials - 35%
- On social media - 26%

Challenges of hiring veterans

While companies are eager to hire veterans, they often face some challenges when recruiting them. Forty-three percent of employers say the biggest difficulty in hiring military veterans is deciphering which military skills can translate to civilian work opportunities. Other employer difficulties include:

- Veterans don't always market themselves as veterans - 28%
- Concern about National Guard members leaving for active duty - 16%
- Veterans are often overqualified - 11%

While veterans may face obstacles when transitioning to the civilian workforce, it's clear that companies see their value and want to hire them. If employers continue to be vocal about their desire to recruit veterans, and veterans take the necessary steps to prepare themselves for the civilian job hunt, hopefully more and more veterans will find fulfilling, post-military careers.

How to Reform 4 Types of "Problem Employees"

No matter how hard you strive to recruit and hire overachievers, you may occasionally miss the mark. Given the high cost of turnover, your best bet is to try to reform poor performers before considering termination. Here are four common types of "problem employees" - and what to do if one of them works for you.

- 1. The Whiner** - They may be an overt complainer or simply someone who puts a negative spin on every idea that's floated. In either case, as their negativity spreads, they bring down morale and productivity.
Action steps: The Whiner often just wants to be heard. Acknowledge their feelings and empathize with them. Never dismiss their emotions (or they'll whine louder). Make it a standard rule that anyone who complains about something must also provide at least one workable solution to the problem - and hold the employee to it when they come to you to gripe. Say things like, "I understand how frustrated you are. What are your solutions for resolving the problem?" As you do that, you program the employee to become solution-focused and more likely to resolve issues, rather than whine about them.
- 2. The Emotional Time Bomb** - They burst into tears or blow up in anger at a moment's notice. This makes others uncomfortable, and they start to avoid them, which impedes teamwork.
Action steps: First off, you want to help an emotional employee to settle down; otherwise, they can't cooperate with you. Don't try to rationalize or switch into problem-solving mode. Instead, stay calm, so the employees can mirror your demeanor. Next, let them vent fully. Say things like, "I can see that you are

upset. Let's talk about what's going on." Find out what happened and who else is involved. Acknowledge the reasons for the emotions, and work with the employee to seek solutions. Explain the behavior is inappropriate at the office, and ask the employee to come to you before they reach the tipping point of emotional outburst in the future.

- 3. The Glory Hog** - This is the employee who takes credit for other people's ideas or work, yet when things go wrong, they're quick to blame someone else. In addition, they demean others' efforts in an attempt to make themselves look good. The result: Their co-workers become resentful, and tensions rise. They stop communicating because they don't want their ideas stolen.

Action steps: Ensure that you are giving credit where credit is due, by getting progress reports from staffers about everything they're working on. Encourage all employees to contribute ideas, and to listen to what each person has to say. Additionally, when the glory hog boasts about success on a project, ask them to acknowledge the people who helped out along the way. That practice will put them in the habit of sharing credit. If you don't see improvement, meet with them to explain that you value collaboration and you don't condone bragging or dishonesty. Understand that the Glory Hog often steals credit because they feel insecure, so put their mind at ease by telling them how much you value them. Say things like, "You are a very talented person. Your ability to connect with the clients is exceptional, and we need you on this team."

- 4. The Slacker** - They don't take on their fair share of the work. They rely on others to pick up the slack. And they often tend to personal business on the clock. Meanwhile, as co-workers cover for the Slacker to get the job done, they become overwhelmed and stressed out. When their laziness goes unchecked by you, morale plummets.

Action steps: Make the slacker aware that you know how they spend their time, citing specific examples of where they're falling short of expectations. Assign them more responsibilities, explaining that because they spend so much time on personal activities, they must not have enough work to do. Provide an updated job description or task list, and set clear goals, including a timeline for completion. Say things like, "I hold you accountable for every item on this list. You are to complete everything on time and accurately. I expect to see immediate improvements and you fully up to speed within the next two weeks."

(Source: Intuit Small Business Blog)

INSURANCE NEWS

Four Home Insurance Mistakes to Avoid

By Donna Fuscaldo, Fox Business on MSN Money

For homeowners tight on cash, there are plenty of ways to reduce costs. But insurance isn't the first place that should be trimmed, experts warn. It may be tempting if you need some cash, but it's best to leave your home insurance policies alone. Here's why.

"We are all concerned with saving money and it is important to shop around when looking for insurance coverage," says Loretta Worters, a spokeswoman for the Insurance Information Institute, "However, some people are reducing their coverage or dropping important coverage plans altogether to try to save money and this can leave you dangerously underinsured in the event of a disaster."

According to insurance experts, when it comes to homeowners insurance, people often make mistakes that leave them underinsured and holding massive bills if something goes wrong. Navigating the insurance world to find the best coverage for your budget can be tough, but having the right coverage can prevent future financial headaches if something does go wrong. Here's a look at the top mistakes home owners make when it comes to their insurance:

Mistake No. 1: Insuring the property for the real estate value. Home owners often mistakenly insure their property for its real estate value instead of the cost to rebuild. When real estate prices go down, that enables them to reduce the amount of insurance on their home and save some money. "You should make sure that you have enough coverage to completely rebuild your home and replace your belongings," says Worters,

noting that a better way to save is to raise the deductible. "An increase from \$500 to \$1,000 could save up to 25% on your premium payments," she says.

Mistake No. 2: Not getting additional coverage. Natural disasters can happen with little to no notice and can have devastating consequences. For instance, flood insurance is almost always a separate policy. "One of the largest mistakes that homeowners make is assuming their policy covers their home and belongings in the event of every potential risk - such as flood," says Ben Saine, product management director, homeowners insurance at insurer USAA. "Sadly, many people find out the hard way after a major storm that they didn't have the coverage that they truly needed." Homeowners need to check to see what natural catastrophes are common in their location and make sure they are adequately covered.

Mistake No. 3: Getting rid of flood insurance. Super-storm Sandy that barreled up the East Coast last October proved that homes not located in designated flood zones can still experience major water damage. "Many homeowners are unaware, but in fact, 25% of all flood losses occur in low risk areas," says Worters. "Furthermore, with the significant snow fall this winter, spring related flooding may be particularly severe, thus increasing the importance of purchasing flood insurance."

Mistake No. 4: Shopping on price alone. Everyone likes a deal, so it's not surprising that many homeowners will go with the cheapest policy they can find - but that could cost them in the long run. According to the USAA, many of the lowest-priced policies only offer coverage at a depreciated amount and don't give homeowners the best service if their is a loss. It's better to choose a provider that can cover the home adequately and will be easily accessible if something goes wrong. Ensure that your policy covers all of your home and its belongings at the replacement cost, not at the actual cash value. For example, if your insurance policy only covers your roof at actual cash value and it's damaged in a storm, the insurance company would only pay the depreciated amount for your roof. This means you may be stuck paying thousands of dollars out of pocket to replace your roof. It's also important to consider the financial health of the insurer to make sure the company is financially stable to cover any claims. "It's important to choose a company with competitive prices, but also one that is financially sound and provides good customer service," says Worters.

If you would like to learn more, give us a call at IGO Insurance. We'll show you our expertise!

~ Jimmie F. Robertson, Jr., President, IGO Insurance Agency (800-243-1560)

AAACT NEWS

Memorial Day

The AAAC office will be closed on Monday, May 26, 2014, in observance of Memorial Day.

Save These Dates!!!

May 2014

May 20 & 21 - Global Automotive Aftermarket Symposium (GAAS), Chicago, Illinois

September 2014

September 18-21 - AAAC Annual Convention - Marriott - Charleston, SC

September 19 - AAAC Board of Directors Meeting - Marriott - Charleston, SC

October 2014

October 3-5 - Automotive Service & Technology Expo - Sheraton Four Seasons - Greensboro, NC

November 2014

November 3-6 - Automotive Aftermarket Week/AAPEX Show - Las Vegas, NV

~ Randy Lisk, Executive Vice-President