Greater Los Angeles New Car Dealers Association

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Los Angeles Dealer

OFFICIAL PUBLICATION OF THE GREATER LOS ANGELES NEW CAR DEALERS ASSOCIATION

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FERRUZZO

Ferruzzo & Ferruzzo, LLP began providing legal representation to new car and truck dealers nearly four decades ago. Over the course of that time, one of the central goals of the firm has been to remain rooted in our client relationships. With the strength of over 20 attorneys, we provide a spectrum of legal services to support every aspect of running and owning your new car and/or truck dealership. Each member of our team is available to service the needs of you and your dealership.

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- Shareholder Agreements
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- NMV non-profit association representation

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- Family estate planning (wills and trusts)

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- Federal estate and gift tax controversies with IRS
- EDD audits

Business Litigation
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- Sales and Service Agreements
- Disputes before the CA New Motor Vehicle Board
- Consumer claims regarding the sale/lease of autos
- Manufacturer audit disputes
- Hearings before the AQMD, RWQC and OSHA

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Greater Los Angeles New Car Dealers Association

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Originally founded in 1907, the Greater Los Angeles New Car Dealers Association provides valuable educational and philanthropic benefits to the Los Angeles Community.

The Association believes that involvement with local charitable organizations makes a positive difference for everyone involved.

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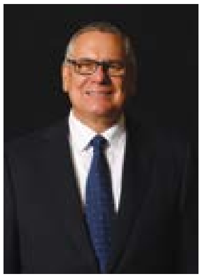
As 2021 is winding down, we hope all our dealer members are having continued operational success. The numerous challenges that the COVID 19 pandemic brought us in 2020 still affect new car dealers. The association has had many opportunities to assist new car dealers through these challenging times. GLANCDA is setting out to update the communication records of all the dealerships located in Los Angeles County. We encourage you to provide responses to our requests for key employee contact information (title, email address, phone number and extension). This way the association can get its important messages, education opportunities, eblasts, and event notifications into the hands of the appropriate decision-makers. Please know that this contact information is protected securely and is for association communication purposes only.

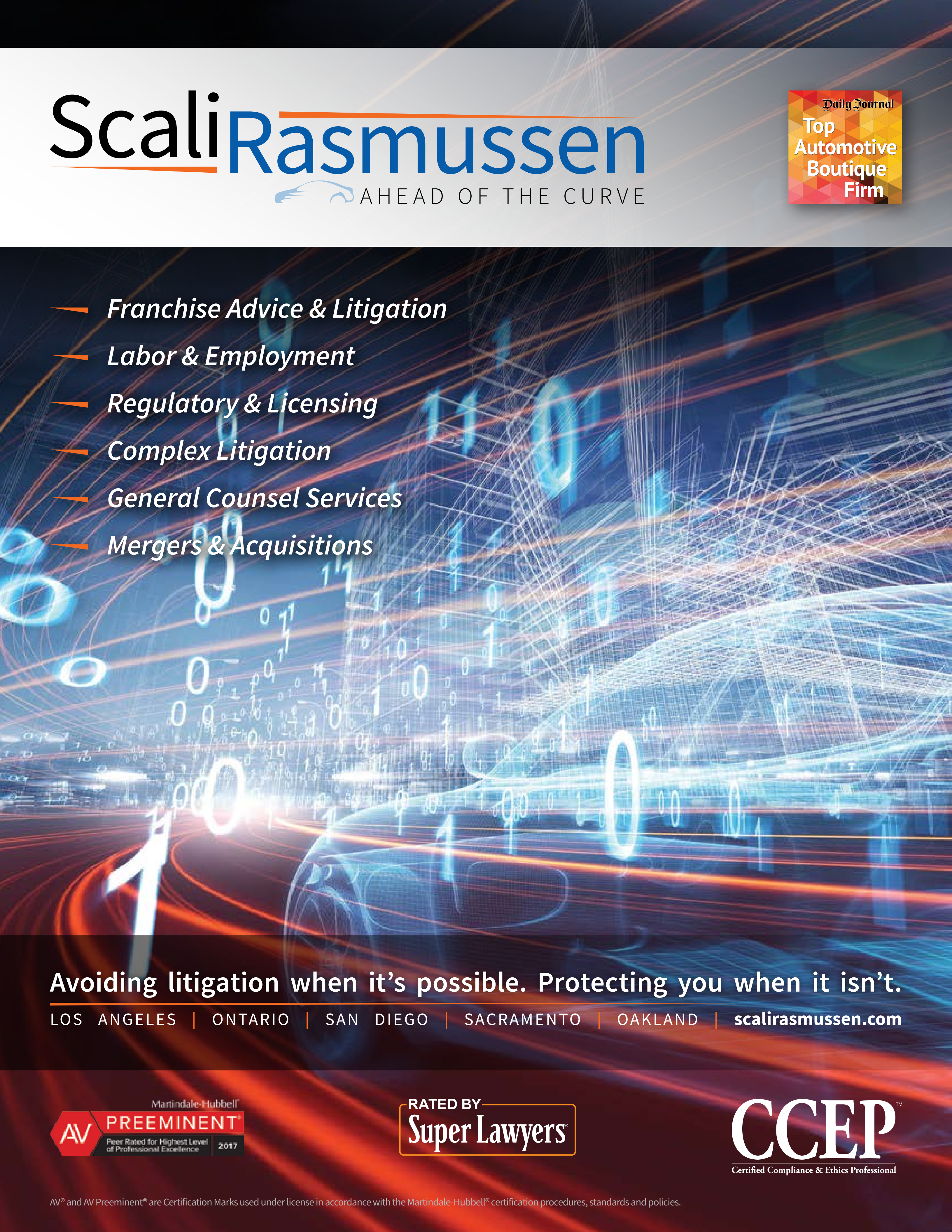
The association hosted its first annual member meeting and student technician career information and job fair since 2019. The annual member meeting took place November 5, at the Universal Sheraton. The keynote speaker was NADA Chairman Paul Walser, and there was a dealer panel discussion that touched on the issues at the local, state and federal level about what impacted dealers the most. There was a video tribute to recently deceased board member Fritz Hitchcock, with remarks that were followed by Howard Hakes. The career fair was the morning of November 19, at the Los Angeles Auto Show. In attendance were more than 300 student technicians, instructors, and dealership representatives. The return to live events in November was a big success for the association.

GLANCDA played a significant role in promoting and driving attendance at the 2021 Los Angeles Auto Show that ran from November 19-28. The auto show had not taken place since late 2019, and its return was also a big success. We are optimistic that auto shows will continue to be a fantastic opportunity for prospective new car buyers to see many makes and models of automobiles to consider leasing or purchasing.

We hope you and your families have a safe and joyful holiday season!

David Ellis
GLANCDA PRESIDENT

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Peter Hoffman

RETIRING BOARD MEMBER Q&A

GLANCDA Q&A With Peter Hoffman

I understand that you and your family are selling your stores and getting out of the retail automobile business. Your family has been selling vehicles in Southern California for a long time. Can you give us a short review of that history?

Sure. My grandfather, Paul G. Hoffman, dropped out of college to sell cars in Chicago in the early 20th century. He soon saw that Los Angeles was a strong car market, so he moved out here and began selling Studebakers door-to-door. He started his own Studebaker dealership in downtown LA and was very much a part of the early retail automotive industry in LA. He kept his Figueroa Street store but moved to the factory side, rising to be the president of the company in South Bend, Indiana. After the war, my father, Lathrop Hoffman, bought that store and owned it until Studebaker ceased operations in the late 1950s. In 1971, my father bought the VW store in Fontana — on Sierra Avenue. He then moved to Monrovia, was awarded the Honda franchise and bought the Pontiac franchise from the Bozzani family. He also had stores in Fort Bragg and Eureka by then. When I joined the organization in 1988, my sisters Mary and Elizabeth were already working in the office, and the Eureka and Fort Bragg stores had been sold. They had just opened an Acura store in Alhambra and a Lincoln-Mercury-Merkur store in Monrovia. Over the next few years, we acquired Chevrolet, Saturn, Daihatsu, Isuzu, Oldsmobile, Buick, Mazda and Subaru. Now, many of those franchises have gone away, been sold or given back to the factory, with Chevrolet, Honda and Subaru being the last to go. That sale is now pending. My nephew, Mike Hoffman, general manager of our Chevrolet store, is the only one continuing in the business.

Would you please tell us about your father, Lathrop Hoffman and his influence on your life?

My father was a real entrepreneur, always learning, creating, investing, building. He was able to connect with people quickly, and those connections were almost always lasting. He knew how to distill problems down to the central issue, analyze the choices and get a consensus on a solution. He knew the right thing to do, in business and personally. He was a handshake businessman and a caring human being. I really enjoyed working with him for the 26 years we worked together. He loved automobiles, enjoyed the industry with full awareness of its flaws and had many wonderful relationships with the people in it. I am not able to be him, but I have tried to keep Sierra working as he would have wanted it to work. His influence is still felt.

Did you aspire to be part of the automotive industry, or did you have other plans?

After college, I was an engineer for a while and then I went to law school and was a lawyer for a while. I was not particularly interested in the car business, but when my father asked me to change careers and join his business, I felt working with him and helping to run a business was a great opportunity, so I agreed. My wife, our two children and I moved from Irvine to Monrovia and restructured our lives around the family business. I was 37 then.

Your nephew, Mike; your sisters, Mary and Liz; and your daughter, Leah, have all been part of the family business. How have they each contributed?

My sister, Mary, was a long-term employee. She was here in 1988 when I got here, working in the office. Over the years, she worked as the office manager in several stores. She ended up managing our management company before she retired in 2019. Throughout that time, and now, she is a director and the secretary of the company. Liz worked in the office doing a variety of tasks. I mentioned that Mike is the general manager of our Chevrolet store. It's an important position, and he is the car guy of the group. My daughter, Leah, is our compliance person. She makes sure we are obeying all the crazy rules.

Your mission statement says, "We are dedicated to a tradition of courtesy, honesty and continuous improvement in our work. We take great pride in ourselves, our community and the delivery of value to our customers." What's the story behind your mission statement?

In the early 1990s, before vision statements were part of the game, we got all our managers together in a banquet room at a local hotel where we had breakfast and brainstormed about what we all felt Sierra's culture should be. My father led the meeting. We came up with a mission statement. We circulated it among all employees, got their feedback and finalized it accordingly. We've embraced it ever since.

So, as you approach the closing of the sale of your family's business, what goes through your mind?

As dealers, we are embedded in the communities we serve. We owe our employees a good income and a productive working environment, our customers a fair, open and information-rich sales and service experience and our factories, banks and vendors a fair return on the relationship. New vehicle sales are different from used vehicle sales. Service is a completely different business, and the parts department is like running a hardware store. In California, we operate in an irrationally hostile business environment, and our factories add layers of complexity to our business that I suspect are somewhat unique. It is a very complicated business that most dealers do extremely well. Stepping out from under that five-ball juggle is something of a relief.

But I've been doing this for 33 years. I know and admire a lot of people in this business and have a great relationship with some amazing co-workers. Being one of the 800 or 900 dealers in California isn't something you think about much until you are contemplating not being one of them. Dealers are the local arm of an amazingly complicated global industry. That industry is essential to any first-world country's economic and strategic well-being. We are an important part of that. But automotive retailers are also very important to their communities and their customers — we are the consumer interface for the purchase and ownership of an expensive and necessary asset. Our industry is now confronting a number of exciting and risky transitions. The accelerating drift into electric cars and trucks is dependent on many things coming together — charging accessibility for nonhomeowners, grid capacity, consumer acceptance of range and likely utility limitations, battery availability (and reliability and safety), and fixing the global supply network that is now so challenged. How will transportation issues generally play into solutions for climate change? Of course, there is dealer consolidation (of which our sale is a part), but we also have the drift away from brick and mortar as the internet world consumes us; the move to online transactions — which is impeded in California by the legislature's absolutely unforgivable refusal to delete the prohibition against e-contracting in the sale of vehicles. What does the future of ride-sharing mean to private ownership of vehicles? There are evolving forms of currency and changing factory strategies for pricing and selling vehicles which seem to be moving aggressively to cast the dealer as a delivery agent rather than a traditional retailer. We are experiencing a broader competitive landscape with differently regulated, online-focused, no dealer models feeling their way into the marketplace with losses that no dealer could compete against, supported by stock prices that sustain practices that used to look more like dumping than competing. And then there's social media. The only saving grace with a communication platform that can mobilize thousands to attack people and companies relentlessly with little or no facts or understanding is that it has an incredibly short attention span. All of this is exciting and important and presents challenges that I would enjoy being a part of addressing, but I also enjoy the quote from King George (the movie): It is easier to whisper advice from the shadows than to bear its merits at the point of attack.

Why is it important to be a GLANCDA member? What makes it beneficial?

GLANCDA is the public voice of LA dealers. Many things I just spoke about will be resolved with the input and assistance of dealers acting through GLANCDA. An association can speak for dealers and press for solutions that might be awkward or impossible for an individual dealer to do. Because of their roots in almost every community in the state, dealers do have some power. I think our associations have also represented us well over the years, advocating not

➲ **HOFFMAN** — *continued on page 6*

➲ **HOFFMAN** — *continued from page 5*

just for dealers' narrow interests but also for the community as a whole. Dealers do well if their communities are strong. Our relationships with legislators shape their image of dealers generally. News organizations and legislators love to vilify dealers based on historical notions that have little or nothing to do with the professionally managed, high-quality operations we see today. The days of Hull-Dobbs tricks are long gone. It is largely through dealer involvement in their trade associations that the old images fade. Also, when legislative intervention is necessary, GLANDCA has been there, most notably in working with Catherine Barger and the county to create a protocol that let dealers reopen their showrooms last year. That would have taken much longer without the efforts of Bob Smith and a few dealer principals working directly with Supervisor Barger. After we opened, their help gave us some confidence that we were doing right by customers and employees on health issues. The associations were there fighting for us, watching for us, and getting information on what we had to do, which is not easy in this state. Over the years there have been many instances where GLANCDA's existence afforded dealers some real influence where it was truly needed.

Would you please share some memorable issues you've been involved with as a board member with GLANCDA and CNDA?

I've been very lucky to be a part of the Greater Los Angeles New Car Dealer Association and the California New Car Dealer Association for many, many years. As a director,

regional VP or chairman, I've been in a position to watch, participate in and experience some of the successes these associations have produced, as well as the frustrations of the legal and regulatory world dealers operate in. The statewide association has been critical in promoting dealer positions with increased doc fees, franchise protections and numerous tweaks to proposed laws making them less onerous to dealers. From Prop 64, which solved the unfair competition law's grossly unfair applications for all businesses in the state, to the current effort to tame PAGA, the CNCDA saves dealers from many burdens, expenses and litigation that would otherwise land squarely on their shoulders. That doesn't mean there isn't a continuous stream of challenges coming from the legislature, the courts, public health, the plaintiffs' bar and the OEMs. But our associations have provided us with critical guidance on how to respond and, whether it's Prop 65 or new compensation regimes, how to comply.

What are some of the national issues that NADA and AIADA have tackled that you have supported or opposed?

NADA provides dealers with that voice in national issues. From Cash for Clunkers to exempting dealers from the jurisdiction of the Consumer Financial Protection Bureau (CFPB), NADA has been an important advocate for dealers. They also provide resources in training, guidance and general policy matters — all to support the dealer body.

What are the imminent threats and challenges currently facing the franchise system? What is the need for continued engagement and activism, and why is it important for dealers to lend their voices and support in the future?

As I've mentioned earlier, there is a lot going on. Changes are coming at us all with increasing velocity. Dealers will need to keep a place at the table to ensure they are part of the model that is ultimately adopted. The work to be done will require creativity, flexibility, coordination, communication and advocacy. Every dealer should be focused on doing their part. There are alternatives to the franchise system being implemented right now. The marketplace is competitive. I think the franchise system is beneficial to customers, employees, vendors and the OEMs, but it is evolving. Dealers need to guide that evolution. It is very risky to assume that it will include them without them taking a rowing oar in its development.

What three things have you learned that you would pass on to someone you are mentoring?

1. Make sure that revenue exceeds expenses.
2. Anytime somebody leaves your organization, make sure they leave with their head high, feeling respected.
3. Get involved in your community and learn everything you can from your fellow dealers. ⊙

Long Beach City College Automotive Technology Program Receives $10,000 Donation

Greater Los Angeles New Car Dealers Association Gave the Unsolicited Gift

Long Beach City College's Automotive Technology program received an unsolicited $10,000 donation from the Greater Los Angeles New Car Dealers Association.

"Long Beach City College is surprised and grateful to receive this generous donation from the Greater Los Angeles New Car Dealers Association in recognition of our excellent Automotive Technology program," said Long Beach Community College District Board of Trustees President Uduak-Joe Ntuk. "This money is certainly a tribute to our incredible faculty and classified staff who are tireless in preparing our students to successfully enter in the automotive industry. Their work alone makes LBCC's Automotive Technology the exceptional program it is today."

"The New Car Dealers of Los Angeles County are proud partners with Long Beach City College's automotive repair and service program," said Jake Kahen, General Manager of Lexus of Cerritos and a member of the Greater Los Angeles New Car Dealers Association. "Providing financial assistance that can be used for equipment upgrades or tuition assistance for students is a way to help develop the technicians of our future."

The $10,000 will be used to help LBCC's Automotive Technology students with scholarships, purchasing cutting-edge technology and equipment for LBCC classrooms. Graduates will also be provided with new tools once they enter the industry if they can't afford to purchase them on their own.

"This gift will go directly to benefit our Automotive Technology program and students," said Long Beach Community College District Interim Superintendent-President Dr. Mike Muñoz. "It's not uncommon to hear about faculty paying out of their own pocket to provide tools for our students once they graduate the program to ensure that they are successful. Now we have a way to help our alumni once they enter the automotive industry."

For more information about LBCC's Automotive Technology program, please visit LBCC.edu/auto.

Anthony Pagan, LBCC School of Career Technical Education Associate Dean; Gene Carbonaro, LBCC School of Career Technical Education Dean; Damon Skinner, LBCC Trades & Industrial Technology Department Chair; Crescencio Perez, LBCC Automotive Technology student; Mike Gilligan, Norm Reeves Ford General Manager; Bob Smith, Greater Los Angeles New Car Dealers Association Executive Director; Miguel Escobar, LBCC Automotive Technology student; Daysy Barajas, LBCC Automotive Technology student; Danny Tan, Automotive Technology Professor; Jake Kahen, Lexus of Cerritos General Manager; and Dr. Mike Muñoz, LBCCD Interim Superintendent-President.

About Long Beach City College

Long Beach City College consists of two campuses with an enrollment of over 25,000 students each semester and serves the cities of Long Beach, Lakewood, Signal Hill, and Avalon. LBCC promotes equitable student learning and achievement, academic excellence, and workforce development by delivering high-quality educational programs and support services to our diverse communities. Visit LBCC.edu for more information about Long Beach City College.

Greater LA New Car Dealers Association is Proud to Support the Great Work of Dolores Mission School.

Dolores Mission School
Boyle Heights

Learn more about Dolores Mission School and how we continue to support the children and families of the Boyle Heights community.

Mission & Vision

Dolores Mission School (DMS) is a Catholic parish grade school committed to serving Transitional Kindergarten (TK) through eighth grade students from low-income families in the Boyle Heights neighborhood of East Los Angeles. Currently, DMS serves 219 students from over 200 families – 75% of whom earn incomes below $24,000 per year and 85% of students qualify for free or reduced breakfast and lunch. Together with the family, Dolores Mission strives to educate the whole child: academically, spiritually, physically, and morally in a nurturing environment. Dolores Mission's central mission is to provide holistic education to the students of their community by forming leaders who will break the cycles of poverty and violence to become "men and women for and with others."

History

In 1950, DMS opened its doors in one of the toughest and poorest neighborhoods in Los Angeles: Boyle Heights. Led by the Society of Jesus beginning in the 1980s, the school continues to serve the families who live in three local housing projects surrounding the school: Pico Gardens, Las Casitas, and Pueblo del Sol. The student population is 98% Latino, and more than 60% of Dolores Mission students are classified as English Language Learners. For a community in which 5% hold four-year college degrees and the majority (69%) have less than a high school education, high school completion and college attendance are crucial.

How and Why We Partner?

This past year and a half have been unlike any other and undeniably challenging. Dolores Mission students transitioned into distance learning, and their families faced heightened financial difficulties. But our commitment to help transform their community is vital to the prosperity of their community. Therefore, Greater LA New Car Association is proud to partner with Dolores Mission to provide some of the most marginalized children in Los Angeles with a quality Catholic education by supporting their Adopt a Student Scholarship Program. We are humbled to be able to walk in kinship with DMS to educate and empower the young minds of the Dolores Mission. DMS continues to move forward in educating its students and responding to the needs of the community and has re-opened its doors to in-person learning for the 2021-2022 school year.

For over 30 years, DMS has restored hope within the community by providing quality education to the youth of Boyle Heights, and we are proud to support their cause and mission. Every year, Dolores Mission hosts its annual Jesuit Charities Golf Tournament. This event has gathered faithful partners and friends like us to raise funds for the families and students of Dolores Mission. We are grateful to have been able to celebrate and support Dolores Mission's commitment to educate and transform the lives of the children and families in Boyle Heights. These are still trying times for many organizations, and it is our goal to help Dolores Mission remain a beacon of hope for their community. We are honored to be part of the Dolores Mission family!

To learn more about who they are, you can via their website at doloresmissionschool.org/

WHAT OUR CALIFORNIA DEALER CLIENTS SAY:

- Bellavia Blatt was incredibly helpful with the Warranty and Labor Increase process. They have assisted McKenna with 8 Warranty Labor Rate increases and 5 Warranty Parts increases. Each time they amaze me with how simple the process is and the substantial increase they are able to obtain for our Parts and Service Departments. The flat rate fee is reasonable, and the Team at Bellavia Blatt are professional and easy to work with!!
  Thank you from the Team at McKenna.
  CINDY PIRTLE
  McKenna Auto Group
  Fixed Operations Director
  Norwalk, South Bay, and Huntington Beach, California

- Ken did a great job. We are pleased with the results.
  GEORGE HAY
  Jim Burke Ford Lincoln
  VP General Manager at the Automall
  Bakersfield, California

- Bellavia Blatt and team did a great job assisting our dealership group in obtaining an increase in our warranty labor rate and parts mark up. They were professional and thorough in helping us navigate through the process and working with the manufacturer should any discrepancies arise! I highly recommend Bellavia Blatt for your warranty and parts analysis and submission!
  ERNIE CAMPORA
  Stead Automotive Group
  Walnut Creek Ford
  Walnut Creek, California

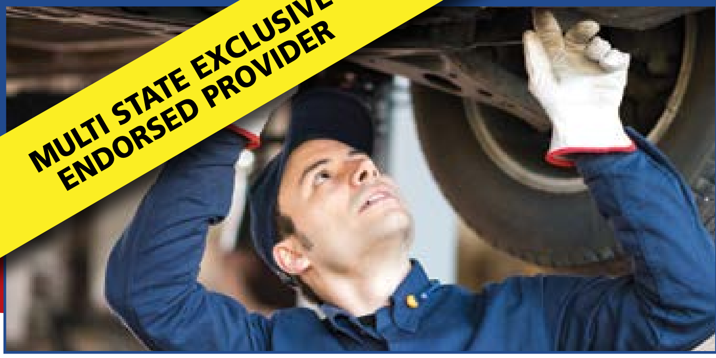
- We are very pleased with the work performed by Bellavia Blatt. We received the maximum parts and labor rate possible and the fees were very reasonable (substantially less than Armatus).
  DARREN ANDERSON
  Lehmer's Concord Buick GMC
  Concord, California

- Once again Bellavia Blatt has gone above and beyond to help us increase our Warranty gross profit. "We are so happy that we chose Bellavia Blatt to submit for our California AB179 increase. Gary did an amazing job and got us approved in less than a day with a huge increase in our rate!" Thanks again for all the help!
  MATT CLANCY
  Team Nissan
  Parts & Service Director
  Oxnard, California

NYSADA New York State Automobile Dealers Association | New Mexico Automotive Dealers Association | Retail Warranty Reimbursement POWERED BY BELLAVIA BLATT, PC | GCADA | MADA Minnesota Automobile Dealers Association | kada

THE PIONEERS IN RETAIL WARRANTY REIMBURSEMENT

For more information, please reach us at **info@DealerLaw.com**, visit **DealerLaw.com/warranty** or call **516-873-3000**



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Top 8 reasons Bellavia Blatt should handle your submission for Retail Warranty Reimbursement

1 NATIONAL EXPERTISE

Leonard Bellavia and Steven Blatt have represented auto dealers across the nation for over 33 years and the firm is regarded as the pre-eminent authority for obtaining retail warranty parts and labor reimbursement in 48 states.

2 RESULTS

Bellavia Blatt has successfully handled several thousand retail submissions on behalf of dealers for the past fifteen years. And because of this unmatched experience, our results yield the highest possible increases on warranty parts and labor.

3 KNOWLEDGE

We carefully analyze your data, retail repair orders and trends to ensure your warranty reimbursement on both parts and labor is maximized. We know everything there is to know about your state law, as well as your manufacturer's policy and procedure.

4 LEGAL STRATEGIES

Our team of attorneys collaborate to identify optimum markup yields and legal strategies to ensure you receive the highest possible retail reimbursement.

5 EARNINGS

Our average dealership client has realized $15,000 to $20,000 in additional profits per month. We will show you how to maximize your dealership's blue sky value.

6 REPUTATION

Bellavia Blatt is recommended by state dealer associations, CPAs and attorneys nationwide. We are widely regarded as the industry leader when it comes to obtaining retail warranty reimbursement for parts and labor.

7 LAW FIRM ADVANTAGE

We offer a low flat fee and never charge a contingency. Our fees are much lower than "consultants" who take a percentage of your increases. As a law firm, we are held to the highest standards and have more resources and options available for favorable outcomes.

8 HASSLE FREE!

Our solution is turnkey. Our staff of analysts and attorneys do all of the work for you. As we submit on your letterhead, your manufacturer will not know that you have retained us, but we are there every step of the way.

NYSADA New York State Automobile Dealers Association

New Mexico Automotive Dealers Association

Retail Warranty REIMBURSEMENT
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kada

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For more information, please reach us at **info@DealerLaw.com**, visit **DealerLaw.com/warranty** or call **516-873-3000**

The Greater Los Angeles New Car Dealers Association Donates $10k to Support Auto Program

Cerritos College's Auto Technology Program provides students with hands-on technical skills. The program is a nationally authorized training site for GM, Ford, Chrysler, and import vehicles. The College also hosts an Advanced Transportation and Logistics program, one of 10 centers in California.

The Cerritos College Foundation received a $10,000 donation from the Greater Los Angeles New Car Dealers Association (GLANCDA) to support the College's Automotive Technology Program. Bob Smith, executive director of GLANCDA, presented the check to Joe Mulleary, chair of the Automotive Technology Program, Carol Krumbach, executive director of the Cerritos College Foundation, and Bill Stephens, Foundation board member and general manager of Norm Reeves Hyundai, on October 12. The funds will support student scholarships, training equipment, and other program needs.

"We are excited for the opportunity to support future talent and leaders of our industry," said Smith. "The automotive program at Cerritos College is one of the best in the region to train much needed skilled technicians and automotive professionals."

GLANCDA and its franchise dealers have been dedicated supporters of Cerritos College's automotive programs, generously donating funds toward student scholarships, facility upgrades, and training enhancement. GLANCDA is committed to supporting workforce development and job creation in the region.

Cerritos College's Auto Technology Program provides students with hands-on technical skills. The program is a nationally authorized training site for GM, Ford, Chrysler, and import vehicles. The College also hosts an Advanced Transportation and Logistics program, one of 10 centers in California. The program advances the workforce in the rapidly developing, technology-driven transportation and energy industries while improving the environment and stimulating the economy.

What's New for 2022?

Thomasnet.com recently listed the leading car manufacturers in the U.S. according to Q3 2020 market share during the beginning months of the COVID-19 pandemic. The manufacturers are listed below by market share:

- General Motors (16.88%)
- Ford Motor Company (14.29%)
- Toyota Motor Company (13.87%)
- Fiat Chrysler Automobiles (12.62%)
- Honda Motor Company (9.27%)
- Hyundai Kia Auto Group (8.41%)
- Nissan Motor Company (7.13%)
- Subaru Corporation (4.17%)
- Volkswagen Group (3.76%)
- Daimler (2.19%)
- Tesla (2.19%)
- Mazda (1.94%)
- BMW Group (1.92%)

After the list was compiled, FCA and PSA Group merged and were renamed Stellantis. PSA Group was the parent company of several French brands that are currently unavailable in the U.S. The combined brand list includes 14 brands, such as Chrysler, Fiat, Jeep, Ram, Peugeot and Citroën. Stellantis is currently the fourth-largest global automobile manufacturer, and it has plans to bring at least one brand, Peugeot, back to the U.S. as early as 2026.

The following is a brief review of what you should know about innovations introduced in the 2022 models for each manufacturer listed above. Sections are alphabetical.

BMW Group

In Munich, the BMW Group has been working on hydrogen technology for more than 40 years and hydrogen fuel cell technology for more than 20 years. The goal is to use energy from hydrogen instead of high-voltage batteries to power an electric drive train. The next step in the plan is to install essential components from the hydrogen-electric drive train in the fuel cell system, which will then be installed in the BMW i Hydrogen NEXT from 2022.

Hydrogen is a promising green technology because hydrogen fuel cells have only one by-product: water vapor. But many hurdles are ahead, such as a hydrogen filling infrastructure and the ability to provide drivers with enough hydrogen at a low enough price point for the technology to be adopted. Nevertheless, many industry experts think hydrogen fuel cell vehicles will become a viable alternative to electric drive trains powered by high-voltage batteries.

Daimler

Daimler is in the middle of two big pushes: converting to exclusively green electricity in its manufacturing plants and shifting to an all-electric fleet by 2030. Mercedes-Benz now has battery electric vehicles for every segment served by the company. Starting in 2025, the company will only launch electric vehicles. This effort will involve a huge R&D effort; between 2022 and 2030, the company plans to spend more than €40 billion on battery electric vehicles. The first products to be electrified are the most iconic: the F-150 truck, the Mustang and the Transit.

Ford Motor Company

Between May 2021 and the end of 2025, Ford plans to invest $22 billion in electrification, focusing on the areas where the company is strongest. The company is especially focused on fully electric pickups and vans. The strategy involves accessible price points, lower ownership costs and improved productivity. When it makes sense, Ford is also investing in other automakers such as Rivian.

➲ **WHAT'S NEW**— *continued on page 14*

➲ **WHAT'S NEW**— *continued from page 13*

Ford is proud of its public charging network (the largest in North America), 2,300 EV-certified dealers, and 644 EV-certified commercial vehicle centers. Ford's move toward autonomous driving includes:

- An infotainment program called Sync
- New technologies in the Driver Assist Package such as automatic high beams, blind-spot and cross-traffic alerts, heated steering wheels and windshield wipers that detect rain
- Enhanced parking assist
- Adaptive cruise control

General Motors

General Motors has a large number of new or refreshed vehicles for 2022. New or refreshed models are divided into three categories: EVs, sporty luxury sedans and trucks. Six vehicles offer Super Cruise, a move toward autonomous driving that includes the following abilities:

- Driving hands free while towing objects such as boats or campers
- Signaling and starting lane changes at the optimal time
- Showing available hands-free routes on the Google Maps app during route selection

Super Cruise is available on:

- Cadillac CT4
- Cadillac CT5
- Cadillac Escalade
- Chevrolet Silverado
- GMC Hummer EV Pickup
- GMC Sierra

Honda Motor Company

Honda just released its 11th generation and No. 2 U.S. seller, the 2022 Civic. (No. 1 is the CR-V.) Honda plans to have 40% of its sales consist of electrified vehicles with zero emissions by 2030, 80% by 2035 and 100% by 2040.

In late 2020, Honda and General Motors signed a memorandum of understanding. The agreement will allow Honda to use General Motor's Ultium batteries and share vehicle platforms. Honda plans to have its first vehicles based on the e-Architecture platform by the 2024 model year.

Hyundai Kia Auto Group

In May 2021, Hyundai Motor Group committed to investing $7.4 billion in the U.S. by 2025. The goal is to produce EVs, improve production facilities, invest in smart mobility solutions and sell American-made electric vehicles to U.S. buyers, starting in 2022.

Hyundai is interested in hydrogen fuel cell technology and has signed a memorandum of understanding about the U.S. hydrogen ecosystem with the U.S. Department of Energy and some of its business partners. They want to work on hydrogen fuel cell technology and install a hydrogen refueling station. A previous agreement with Cummins Inc. is intended to accelerate the use of fuel cell electric systems in the U.S.

The company's technology flagship is the 2021 NEXO Fuel Cell SUV, currently available only from select California dealers. The NEXO is the world's first dedicated hydrogen-powered SUV.

Mazda

In June 2021, Mazda announced an electrification strategy, new hybrids and new plug-in hybrids. The electrification strategy includes a dedicated EV platform scheduled for 2025. The models to be launched by 2025 include five hybrids, five plug-in hybrids and three all-electric vehicles. The new platform is formally called the Skyactiv Multi-Solution Scalable Architecture platform. Smaller vehicles will use transverse power units (usually found in front-wheel-drive cars), and larger vehicles will use longitudinal power units (usually found in rear-wheel-drive cars).

From 2025 to 2030, Mazda plans to use the EV-specific Skyactiv Scalable EV Architecture in additional EV models. By 2030, Mazda intends to have a lineup that will include a minimum of 25% EVs.

Nissan Motor Company

Nissan has not gotten specific about its upcoming new electric vehicles, but it does continue to sell the Leaf EV and the Ariya. Its e-Power hybrid technology generates electricity from a gasoline engine for the powertrain, which has an electric motor. And it offers features such as a concierge, voice integrated technology to perform tasks such as locking the vehicle's doors or starting the engine, and the ability to make your vehicle a WiFi hotspot.

Nissan has been building trucks for more than six decades. It is committed to its truck lineup. In July 2021, a Nissan manufacturing factory in Mississippi began building the 2022 Nissan Frontier. The manufacturing facility uses collaborative robot (called cobot) technology to assemble the Frontier. Benefits include increased safety, reduced strain on employees, higher product quality and increased efficiency as the factory operates.

Stellantis

In July 2021, Stellantis CEO Carlos Tavares announced its upcoming €30 billion five-year investment in electrified vehicles. Sales of its plug-in hybrids and battery-electric vehicles in North America is currently 4%. By 2025, Stellantis plans to have 40 BEVs and 15 plug-in PHEVs for sale in showrooms worldwide. The sales goal for electrified vehicles by 2030 is 40% in North America and 70% in Europe.

The Jeep Wrangler 4xe debuted in April 2021 and was soon responsible for 20% of Wrangler sales. The unexpectedly large success surprised company officials.

The Jeep brand CEO, Christian Meunier, says Jeep is committed to zero emissions. By 2025, Jeep plans to have a 4xe version for every product.

Subaru Corporation

In December 2020, Subaru announced a battery-electric SUV. (They released the name later.) The new SUV will be called the Solterra, is a compliance vehicle for the California market and will be sold in the U.S. market starting with the 2023 model.

Subaru sells 66% of its cars in the U.S., which is why the Solterra will be released in the U.S. first. In early 2021, Subaru said it plans to offer electrification on all of its models by 2025. Besides the Solterra, Subaru has not offered specifics about the mix of hybrids, plug-in hybrids or EVs.

Tesla

Tesla has not been specific about its upcoming offerings, but the company just updated the Model S and added a high-performance Plaid version. There has also been some discussion about a pickup truck and second-generation roadster.

According to Nathan Dyer on the CARHP website on Aug. 3, 2021, the 2022 Model 3 will have a price that is $8,000 less than in 2021, and Tesla has replaced the 2022 sedan's lithium nickel cobalt aluminum oxide (NCA) battery with a lithium iron phosphate (LFP) battery. The change should boost efficiency and performance.

Toyota Motor Company

Toyota has long specialized in utilitarian hybrid powertrains, but it has redesigned the Mirai as a hydrogen fuel-cell-powered car. The Mirai uses a rear-wheel-drive Lexus platform and has an estimated range of 402 miles. At $49,500, the Mirai costs about $9,000 less than the previous model.

All of the U.S. hydrogen filling stations are in California, but Toyota and Shell are working together to increase the nation's hydrogen station infrastructure by building more.

Toyota now has an e-TNGA BEV-dedicated platform. It is using the new platform for the Toyota bZ4X Concept, but it is still focusing on mainly selling hybrids in North America. The plan between now and 2025 is to add additional electrified options for a variety of models. They will be either hybrid or plug-in hybrids.

The first Toyota bz4X models are scheduled to reach showrooms sometime during the middle of 2022.

Volkswagen Group

The Volkswagen Group has 12 brands: Volkswagen, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. Some are global, some have niche markets, and some are not sold in North America. Volkswagen U.S. sales are less than those for Toyota, Ford, and GM. Its current bestsellers, according to goodcarbadcar.net, are the Jetta sedan and the Tiguan crossover.

Volkswagen is currently transforming itself into an EV manufacturer, with plans to launch 70 EVs and 60 HEVs by the end of the 2020s. It is investing €11 billion before 2024. The Volkswagen ID.4, a small electric SUV, is the most recent addition. Two models from other company brands, the Audi E-Tron GT and the Porsche Taycan EV, are built on the same platform. Bentleys are scheduled to be hybrid or electric plug-ins by 2026. Lamborghini has not yet talked much about electrification plans.

As the market shifts toward autonomous driving, the Volkswagen Group is shifting away from selling cars and moving toward selling software and mobility services. The company is also working on battery technology, including recycling and charging infrastructure.

Volkswagen has designed an augmented reality head-up display that projects information onto the windscreen based on two fields and two levels. The far-range window is larger than the close-range window, which is underneath the far-range window. Engineers have designed the displays so they won't overwhelm drivers. ⊙

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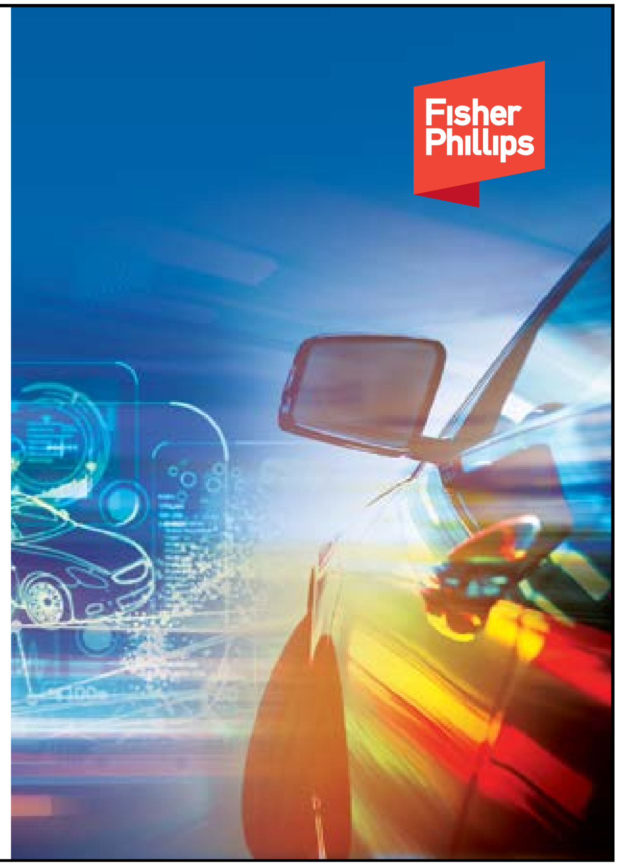


GLANCDA Hosted a Career Information and Job Fair

GLANCDA hosted a career information and job fair for student technicians on November 19, the first public day of the 2021 Los Angeles Auto Show. Over 400 students, faculty members, and dealership representatives were in attendance. The auto technician students all attend high schools or community colleges in Los Angeles county.

The event showcased speakers who shared some of the many opportunities that exist in new car dealerships. The shortage of technicians has created tremendous career opportunities.

Participating schools included:

- Cerritos College
- Rio Hondo College
- Pierce College
- Citrus College
- Compton College
- Pasadena College
- Long Beach College
- East LA College
- LA Trade Tech
- Cypress College
- Van Nuys High School
- California High School
- Nogales High School
- Simi Valley High School
- Rowland High School
- Canyon High School

Some participating dealerships included:

- Longo Toyota/Lexus
- Felix Chevrolet
- Rusnak Automotive Group
- Pacific BMW
- Glendale Acura
- Nick Alexander BMW
- Bob Smith Toyota
- Culver City Volvo

GLANCDA Annual Member Meeting

Glancda hosted its first annual member meeting since 2019 on November 5 at the Universal Sheraton in Universal City. The 200 attendees included dealer members, industry partners and local, state and federal elected officials.

The event included a tribute video and remarks about recently deceased board member Fritz Hitchcock. County Supervisor Kathryn Barger was recognized for her leadership efforts and collaboration with the new car dealer community at the outset of the COVID pandemic. Those efforts resulted in the expedited safe reopening of businesses, including dealer showrooms. Current NADA chairman Paul Walser gave a keynote industry update , and also participated in a dealer panel that included GLANCDA board members Peter Hoffman and Tim Smith. Topics that were discussed included vehicle electrification challenges dealers face at the state level as it relates to the Private Attorney General Act, the future of auto shows, and more.

Glancda hosted its first annual member meeting since 2019 on November 5 at the Universal Sheraton in Universal City.

Greater Los Angeles New Car Dealers Association

Goodbye Gas, Hello Electrification

The global move toward vehicle electrification has been going on for a long time now, but it is understandable if you feel like it will never arrive since few manufacturers have sent many EVs to dealer showrooms. Two of the controlling factors are regulations and the cost of building the necessary infrastructure.

Although change is coming, it is still slow. NADA's market beat for June 2021 and July 2021 ends with a graphic for powertrain market share. The percentages should surprise no one:

- Gasoline has 87.5% of the market. The percentage at the end of June 2021 was 88.4%.
- Diesel market share was 4.0% (up from 3.6% in June).
- Hybrid market share was 5.0% (versus 5.0% in June).
- Electric market share was 2.4% (the same as in June).
- Plug-in hybrid market share was 1.1% (versus 0.8% in June).

What are the important trends? One source of expertise is the McKinsey Center for Future Mobility, which offers advisory services to its clients. It has four hubs: Beijing, Detroit, Munich and Silicon Valley, and it advises many OEMs and other key stakeholders. The website for the McKinsey Center for Future Mobility lists four major trends in the automotive industry that will transform it and also have a ripple effect on other industries such as insurance:

1. Autonomous driving: Driver-assist technologies are making it safer for people to drive. Eventually, people will be passengers instead of drivers, and by 2030, the robotaxi market will control 70% of the market.
2. Connectivity: Engineers will continue connecting cars to information systems. Asutoth Padhi, a senior partner at McKinsey & Company, has said, "A car is really a supercomputer on wheels." So far, people generally seem to like driving these supercomputers. Of potential buyers who answered a survey, 40% would switch automobile brands to gain more connectivity than they currently have.
3. Electrification: The industry is nearing an inflection point caused by changing regulations, infrastructure, battery economics and market demand. The website says that in 2016, 30-40% of the people in the U.S. and U.K. considered buying an EV. Drew Desilver wrote an online article on the Pew Research Center website, dated June 21, 2021, with more recent numbers. In the article, Drew Desilver said 7%

Gasoline and diesel engines have dominated the industry for more than 100 years, but government mandates have pushed the industry toward more efficient and environmentally friendly transportation.

of U.S. adults own an electric or hybrid vehicle, and 39% of survey respondents said they would consider buying an EV the next time they look for a new vehicle.

4. Shared mobility: Car ownership is convenient but expensive. New alternatives hope to offer equal or almost equal convenience without the stress and expense. However, shared mobility is still in the dream category since less than 1% of all miles traveled globally resulted from e-hailing trips.

During a company video, Asutoth Padhi said the U.S. has had two inflection points: the shift from horses to cars and the current shift to electrification. However, since electrification probably won't be profitable for another 3-5 years, industry participants reasonably want to know who will fund the necessary losses between now and then. It isn't clear what the answer is to that question, but answers may come through collaboration and changes in regulations and technology.

The McKinsey Center for Future Mobility wrote a 79-page publication about the upcoming changes. The report doesn't include a publication date, but it does have information from the Aug. 31, 2019, IHS Markit Alternative Propulsion Forecast. Scan the QR code at the end of this article for the full report. The remainder of this article contains highlights from the report.

Gasoline and diesel engines have dominated the industry for more than 100 years, but government mandates have pushed the industry toward more efficient and environmentally friendly transportation. McKinsey's experts worked to provide information about the following questions:

- What power train changes are being made? The report focuses on why, to what extent, where, and when.
- What are the most important changes relative to systems and main components?
- How will changes affect current powertrain value chains?
- How can suppliers respond successfully?

The report divides the component market into powertrain type, region and vehicle segment between 2018 and 2025. The report identifies strengths and weaknesses and assesses development and adoption trajectories for new powertrain technologies. It then offers a component by component analysis in four ICE component categories, three high-voltage categories, electrification categories and one fuel cell category.

The report offers the following conclusions:

- Buyer preferences and stronger CO2 regulations have created a tipping point for electrification. Battery costs are going down, and the U.S. is likely to increase the pace of building the necessary infrastructure for more charging stations. As a result, major markets will start distributing more EVs between now and 2025.
- The rate of adoption between now and 2030 is going to be regional. Adoption will be determined by buyer preferences, infrastructure, regulation, technology and total cost of ownership. These forces, and the vehicle choices people have, are not the same throughout the country, and adoption will be affected accordingly.
- Powertrains are changing dramatically. While the need for some ICE components will stagnate or decline, the need for electrification components will cause pockets of growth. You need to understand the changes to know how to adapt to the market.

The report offers a four-part general strategy that anyone in the auto industry can use:

- Nobody knows exactly how the transition is going to take place. However, you can still analyze the situation for your specific region and identify trigger points that will change what happens in the market. Once you know what is happening or likely to happen in your region, communicate what you see within your community and organization. Continue to track trigger points such as evolving customer preferences, incentives and regulations so you can promptly make changes when the time comes.
- Keep an eye on global changes while managing performance focus areas that are specific to your business. You should know where you are

➲ **GOODBYE GAS** — *continued on page 24*

doing well and where you have room to grow. Also, learn whether there are promising new markets to investigate.

- Allocate resources so that R&D efforts are going toward new markets while supporting backbone and legacy markets only as much as necessary. The idea is to invest as little as possible in technologies that are going away. That way, you will have as little loss as possible. Cooperate with OEMs, suppliers, and people in the public sector if there is an effort to bundle research efforts or mitigate infrastructure costs. It's a little like having roommates in an apartment or multiple generations in a home: look for opportunities to reduce costs by sharing them.

- Being proactive about the need for change is better than just letting things happen and reacting to them after they become important. Before your organization makes big changes, you need to understand your organization's transition-related strengths and weaknesses. Take advantage of strengths and minimize weaknesses to create a strategy that will help you steer your organization through the changes. As you go, you can adjust more quickly by paying attention to performance and accountability.

This advice is all general; it's necessarily vague because it applies to so many possible situations. But you can make it more specific. Consider your service department, for example. It's hard to know whether you should expand unless you have some idea of how soon it will be before maintenance for ICE vehicles decreases much more than it currently has. But you know that day is likely to arrive faster in, say, Washington D.C. and California than it is in Wyoming. Plan accordingly.

We are in the most exciting time for selling vehicles since Henry Ford started putting cars on the roads of North America. The new technology changes will improve the quality of life for everyone, especially as the technology begins impacting important areas such as carbon emissions and road safety. It's going to be a glorious ride along the way.

For the full report:
https://mck.co/39lMhbh

Released: November 2021 **Covering data thru October 2021**

Los Angeles Auto Outlook™

Comprehensive information on the LA County new vehicle market

Sponsored by:

Greater Los Angeles New Car Dealers Association

Quick Facts

New retail car and light truck registrations in the county increased 18.1% during the first ten months of 2021 versus the same period a year earlier. The increase was stronger than the estimated 12.9% increase in the Nation.

The market declined 25.6% during September and October combined, versus year-earlier results. Monthly declines are expected to ease in November and December of this year.

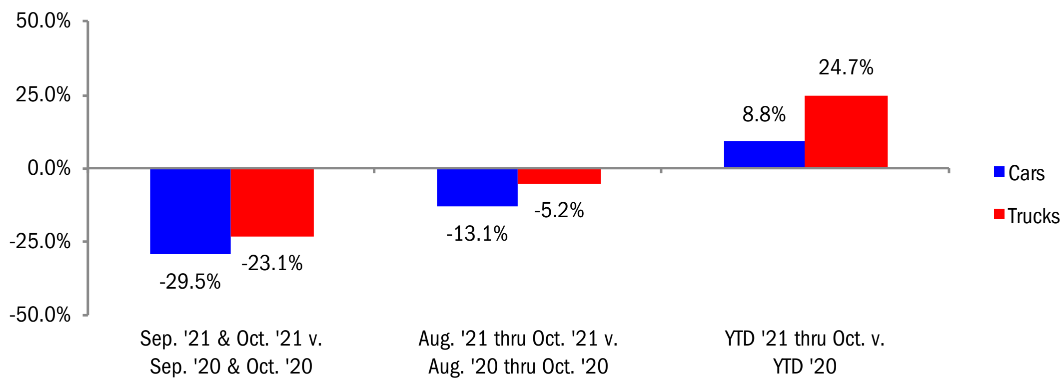
Registrations improved by more than 34% so far this year for the following brands: Genesis, Tesla, Mitsubishi, Cadillac, BMW, Porsche, and Kia.

Los Angeles County New Retail Car and Light Truck Registrations

	Sep. and Oct. Combined			Aug. '21 thru Oct. '21			YTD thru Oct.		
	Previous	Current	% chg.	Previous	Current	% chg.	2020	2021	Chg.
Industry Total	74,943	55,724	-25.6%	104,510	95,779	-8.4%	311,373	367,580	18.1%
Cars	30,008	21,165	-29.5%	42,184	36,678	-13.1%	130,658	142,175	8.8%
Light Trucks	44,935	34,559	-23.1%	62,326	59,101	-5.2%	180,715	225,405	24.7%

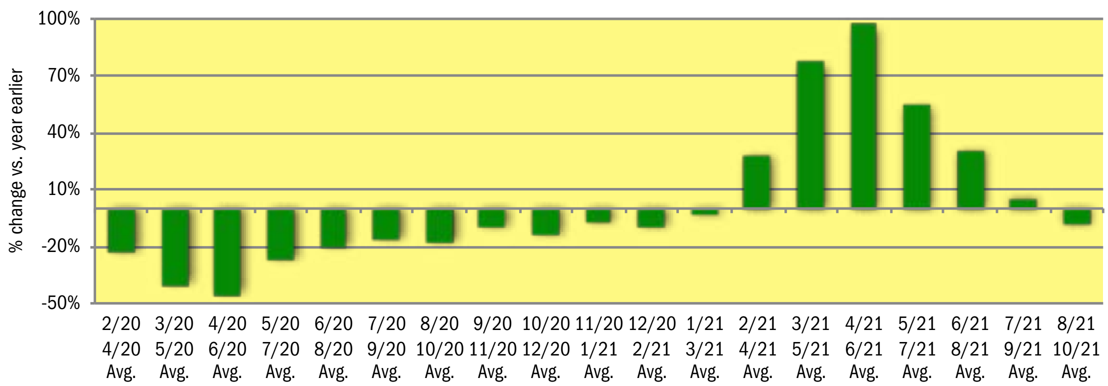
Data Source: AutoCount data from Experian.

Percent Change in LA County New Retail Light Vehicle Registrations



Data Source: AutoCount data from Experian.

% Change in Three Month Moving Average of New Retail Registrations vs. Year Earlier



Data Source: AutoCount data from Experian.

The graph above provides a clear picture of the trending direction of the LA County market. It shows the year-over-year percent change in the three month moving average of new retail light vehicle registrations. The three month moving average is less erratic than monthly registrations, which can fluctuate due to such factors as the timing of manufacturer incentive programs, weather and title processing delays by governmental agencies.

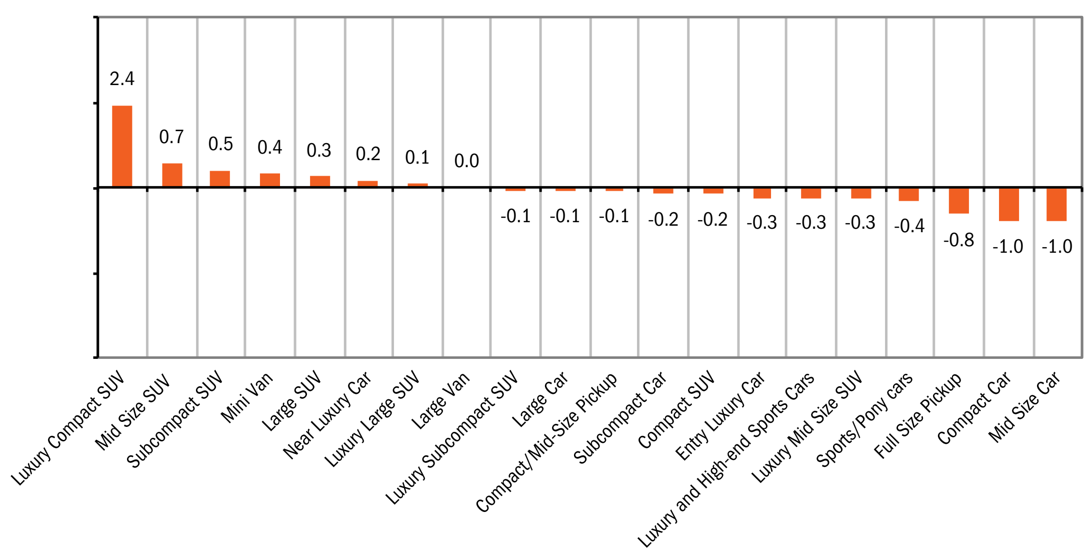
Data Information

Data presented in Auto Outlook measures new retail vehicle registrations in Los Angeles County. Monthly recording of registrations occurs when vehicle title information is processed, which may differ from date of sale. Title recording can occasionally be subject to processing delays by governmental agencies. For this reason, the year-to-date figures will typically be more reflective of market results Data Source: AutoCount data from Experian.

Los Angeles County New Retail Car and Light Truck Registrations

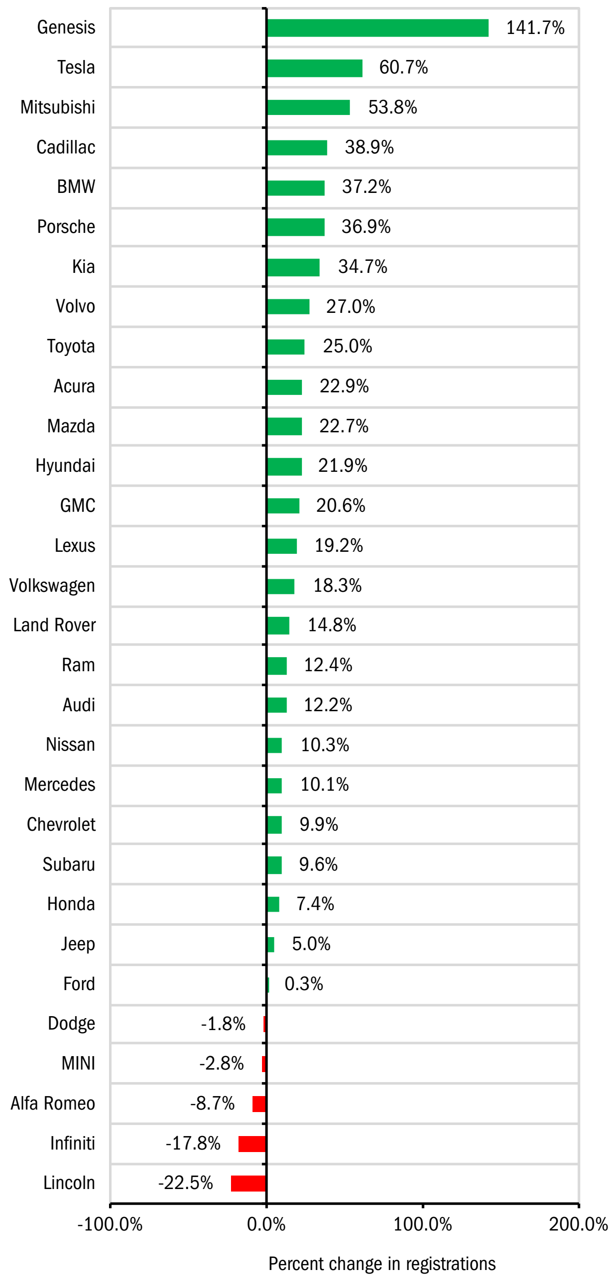
	Sep. and Oct. Combined			Aug. '21 thru Oct. '21			YTD thru Oct.			YTD Market Share (%)		
	Previous	Current	% chg.	Previous	Current	% chg.	2020	2021	% chg.	2020	2021	Chg.
TOTAL	74,943	55,724	-25.6%	104,510	95,779	-8.4%	311,373	367,580	18.1%			
Acura	710	580	-18.3%	980	1,136	15.9%	3,005	3,693	22.9%	1.0	1.0	0.0
Alfa Romeo	313	201	-35.8%	434	373	-14.1%	1,705	1,557	-8.7%	0.5	0.4	-0.1
Audi	2,042	1,153	-43.5%	2,829	1,955	-30.9%	8,744	9,812	12.2%	2.8	2.7	-0.1
BMW	3,015	3,117	3.4%	4,231	5,103	20.6%	13,455	18,457	37.2%	4.3	5.0	0.7
Buick	149	82	-45.0%	220	151	-31.4%	567	664	17.1%	0.2	0.2	0.0
Cadillac	324	250	-22.8%	446	439	-1.6%	1,384	1,923	38.9%	0.4	0.5	0.1
Chevrolet	4,169	2,006	-51.9%	5,716	4,000	-30.0%	16,507	18,145	9.9%	5.3	4.9	-0.4
Chrysler	132	45	-65.9%	191	89	-53.4%	546	738	35.2%	0.2	0.2	0.0
Dodge	1,170	654	-44.1%	1,630	1,161	-28.8%	5,066	4,977	-1.8%	1.6	1.4	-0.3
FIAT	13	5	-61.5%	32	12	-62.5%	160	47	-70.6%	0.1	0.0	0.0
Ford	3,530	2,201	-37.6%	4,819	3,351	-30.5%	14,215	14,252	0.3%	4.6	3.9	-0.7
Genesis	67	327	388.1%	125	496	296.8%	446	1,078	141.7%	0.1	0.3	0.2
GMC	729	443	-39.2%	990	785	-20.7%	2,715	3,275	20.6%	0.9	0.9	0.0
Honda	10,694	7,874	-26.4%	14,820	12,721	-14.2%	45,918	49,300	7.4%	14.7	13.4	-1.3
Hyundai	2,679	2,096	-21.8%	3,844	3,399	-11.6%	11,009	13,420	21.9%	3.5	3.7	0.1
Infiniti	611	294	-51.9%	843	507	-39.9%	2,844	2,339	-17.8%	0.9	0.6	-0.3
Jaguar	185	91	-50.8%	282	150	-46.8%	951	638	-32.9%	0.3	0.2	-0.1
Jeep	2,435	1,596	-34.5%	3,384	2,829	-16.4%	10,079	10,582	5.0%	3.2	2.9	-0.4
Kia	4,047	3,436	-15.1%	5,467	5,869	7.4%	15,349	20,679	34.7%	4.9	5.6	0.7
Land Rover	894	750	-16.1%	1,265	1,195	-5.5%	4,261	4,890	14.8%	1.4	1.3	0.0
Lexus	3,958	2,700	-31.8%	5,396	4,972	-7.9%	14,778	17,609	19.2%	4.7	4.8	0.0
Lincoln	267	116	-56.6%	383	176	-54.0%	1,172	908	-22.5%	0.4	0.2	-0.1
Maserati	71	64	-9.9%	99	102	3.0%	367	377	2.7%	0.1	0.1	0.0
Mazda	1,759	1,446	-17.8%	2,532	2,594	2.4%	7,484	9,183	22.7%	2.4	2.5	0.1
Mercedes	3,696	2,233	-39.6%	5,485	4,152	-24.3%	16,137	17,770	10.1%	5.2	4.8	-0.3
MINI	342	115	-66.4%	525	290	-44.8%	1,454	1,414	-2.8%	0.5	0.4	-0.1
Mitsubishi	111	203	82.9%	160	321	100.6%	598	920	53.8%	0.2	0.3	0.1
Nissan	2,905	2,055	-29.3%	4,036	3,656	-9.4%	12,717	14,030	10.3%	4.1	3.8	-0.3
Other	167	142	-15.0%	245	239	-2.4%	866	894	3.2%	0.3	0.2	0.0
Porsche	849	599	-29.4%	1,211	1,166	-3.7%	3,253	4,452	36.9%	1.0	1.2	0.2
Ram	1,123	748	-33.4%	1,596	1,266	-20.7%	4,432	4,980	12.4%	1.4	1.4	-0.1
Subaru	2,746	1,931	-29.7%	3,740	3,298	-11.8%	10,861	11,907	9.6%	3.5	3.2	-0.2
Tesla	3,274	4,874	48.9%	4,760	7,259	52.5%	14,646	23,543	60.7%	4.7	6.4	1.7
Toyota	13,094	9,172	-30.0%	18,102	16,822	-7.1%	52,548	65,708	25.0%	16.9	17.9	1.0
Volkswagen	2,044	1,506	-26.3%	2,799	2,633	-5.9%	8,278	9,792	18.3%	2.7	2.7	0.0
Volvo	629	619	-1.6%	893	1,112	24.5%	2,856	3,627	27.0%	0.9	1.0	0.1

Change in New Vehicle Segment Market Share - YTD 2021 thru October vs. YTD 2020

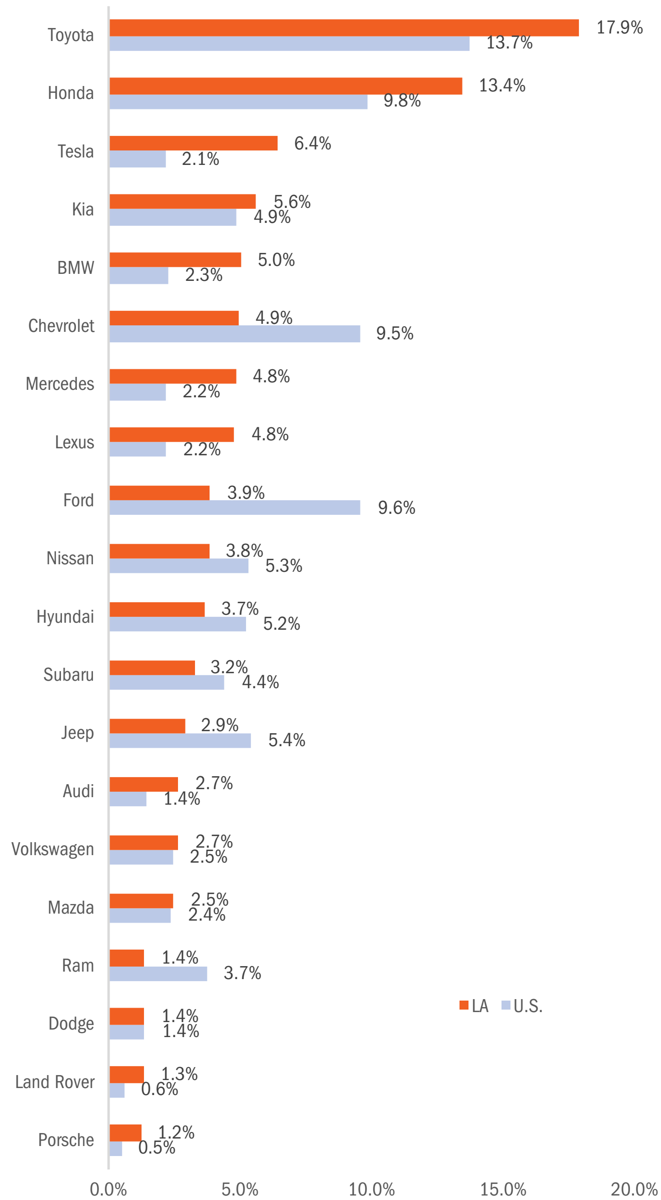


Data Source: AutoCount data from Experian.

Percent Change in Brand Registrations YTD '21 thru October vs. YTD '20 (Top 30 selling brands)



Los Angeles County and U.S. Market Share YTD '21 thru October (Top 20 selling brands in county)

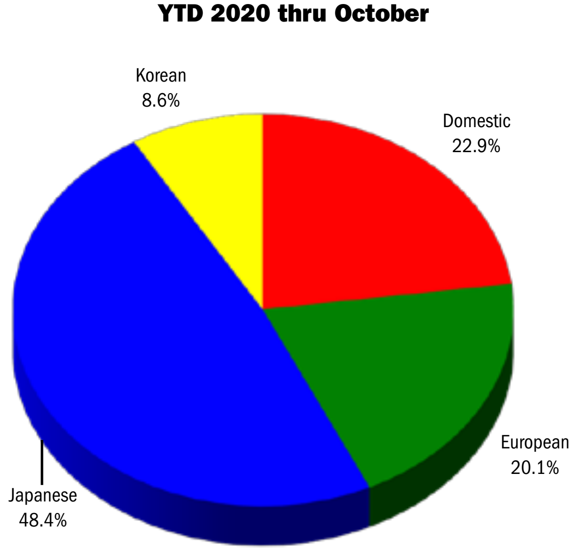


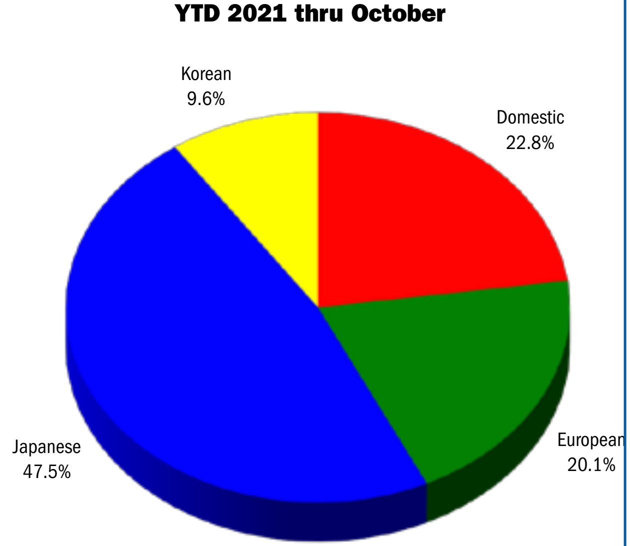
Seven brands had increases of greater than 34%: Genesis, Tesla, Mitsubishi, Cadillac, BMW, Porsche, and Kia.

Toyota, Honda, Tesla, Kia, and BMW were market share leaders in the county

Data Source: AutoCount data from Experian. U.S. market share figures estimated by Auto Outlook.

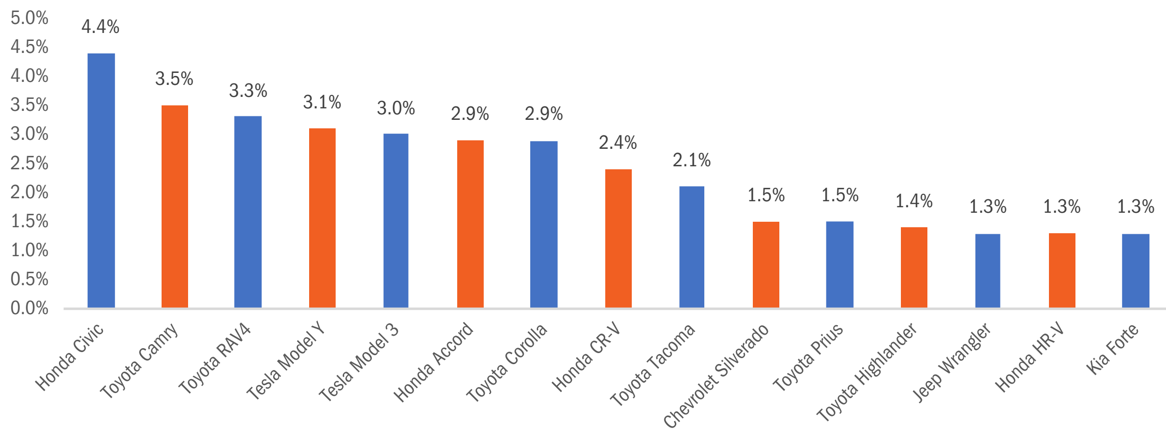
Market Share for Japanese, Detroit Three, European, and Korean Brands





Data Source: AutoCount data from Experian.

Market Share for Top 15 Selling Models in LA County - YTD 2021 thru October



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Prioritizing Workforce Retention

Unemployment in August 2020 was high: according to Statistica, 13.54 million people were looking for jobs. August 2021 was better because by then, Statistica only listed 8.38 million unemployed people.

With such large numbers, it's easy to think there is no shortage of people to hire, but the pandemic recession hasn't changed the need to find, train and retain new workers. The shutdown worsened everything because many workers who lost their jobs, especially people with extensive work experience, decided to retire or change industries. Unemployment statistics don't count the people who retired.

Every company deals with turnover sometimes, but Harvard Business Review blames bad hiring decisions for 80% of turnover. As a result, the first step in retaining employees is figuring out what you have done wrong in the past so you can fix it.

One of the most important things you can do to retain employees is to diversify your search and make sure you hire the right people in the first place. According to employment industry experts, you can counteract bias by considering people from under-represented backgrounds. To prevent hiring the wrong people, look at their soft skills as well as their other qualifications. Approximately 89% of the time, the hiring process goes wrong because of a soft-skills mismatch.

The employee shortage doesn't mean you won't find people to hire, but the process might be more challenging than you would like, and it makes sense to encourage employees to stay as long as possible. Investing in your workforce will benefit your company during good times and bad. When your company is prospering and everything is going well, making it clear how much you value your employees encourages them to build a career with you. Downturns are an opportunity to build loyalty, too; people don't forget it when they know you could have cut their job and didn't.

At the same time, one of your jobs is to determine which employees are valuable and whether any employees drain the organization. If you can help someone become more productive, that's great. But if you don't succeed, you are doing them and the company a favor by letting them find a better job somewhere else.

Educators can play a much larger role in teaching students about the opportunities available to them. Companies should make a point of

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doing what colleges do and start visiting high schools two or three times a year. If the only message students get is that they ought to go to college, it's a no-brainer what they are likely to do after getting their high school diploma. Infrastructure jobs ought to be a compelling alternative to a four-year degree with a fat price tag attached. Is a college education important? Yes, absolutely. But everyone's situation is different, and a college education does not always pass the test when you consider the return on investment.

What else can companies do to educate people about career opportunities? Look at television, online news sites and social media. Target the most likely media to reach people; for example, if you want to reach a younger audience, such as Generation Z (1997-2012), look at Instagram, Snapchat and TikTok.

What are some ways you can keep employees committed to their work?

- Keep your efforts at retention in perspective. Employee engagement is determined by personality more than any engagement initiatives you might come up with. The right hires are more likely to be engaged and stay because of who they are, not what you do in terms of programs.
- Even so, skilled workers are hard to find, so value the employees you already have. Treat them right, and they will probably be happy in their jobs.
- Show active appreciation for the work being done.
- Be considerate about schedules and work with employees as much as possible. People need to know as soon as possible when they will have a day off, and if you ask them to work a difficult shift, they will appreciate knowing they won't be stuck there forever.
- Give new employees some time to acclimate to the work they'll be doing. For the first week or two, educate new employees and have them meet with people to get acquainted. This introductory time gives you a chance to educate them about expectations and help them be invested in what they will be doing from the very beginning.
- Check up on new hires regularly after start working. For example, see how they are doing after 30, 60 and 90 days. Ask them whether they are getting enough training. Make sure their benefits have been set up correctly. Schedule regular training sessions about industry trends and equipment, too, so employees stay current. Ensure they know about any career-growth opportunities you offer.
- Invest in leadership education for supervisors a minimum of once a year.
- Where possible, offer preventive mental health training and support. People have always had problems with mental health issues, but the pandemic has been hard on everyone. It's past time to get rid of the stigma around mental health care. Suppose you can provide benefits that give managers and team members the skills to improve their emotional prosperity and a way to get help when those skills aren't enough. Your employees will be more effective in their jobs, more likely to stay and less likely to incur medical costs.
- Track what you are doing so you can figure out whether your ideas work or not. Continuous improvement won't occur unless you pay attention to the process.

Even though the obvious solution for a workforce shortage is to recruit more people, retention still matters. As a result, companies with a healthy, positive work environment have a definite advantage over less-savvy competitors because constant turnover is expensive. (How expensive? There are online calculators to help you figure that out.)

How big a difference does employee engagement make? If you compare companies with higher employee engagement against companies that don't, some experts say there's a 20% difference in productivity. Engaged employees are more proactive than their less-motivated counterparts when it comes to solving problems. They don't spend the day watching the clock and putting in minimum effort.

➲ **RETENTION**— *continued on page 32*

RETENTION— *continued from page 31*

That said, you are going to expect more turnover in some jobs than others. That's why turnover can't be the only consideration. You should also consider job difficulty and the amount of interaction a job requires. If a job can be done by 50%-75% of all applicants, focus on retention. Performance-related criteria becomes more important if a job can only be done by a much smaller percentage, like 1%-5%. And if the job requires a great deal of interaction with other people, think about whether potential employees are a good fit for the company's culture. What does a "good fit" consist of? It's pretty simple: don't hire someone with negative personality traits to manage large groups of people. Since that can be hard to determine, consider using a company that specializes in screening potential employees. Someone may be exceptionally well-qualified but unpleasant to work with; if they can work fairly independently most of the time, without coming into a lot of contact with others, you can probably hire them and get away with it. Some skills are so valuable they make dealing with personality problems worthwhile. But all things being otherwise equal, always opt for the person who has better interpersonal skills.

Many problems are outside your control, but you can create a good workplace environment. Take advantage of that fact. Your dealership will be much more likely to thrive if you do.

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