



## INSIDE HADA

As the automobile industry faces the most challenging times experienced by a generation of new car dealers, Mac DeLaup, 2009 HADA Chairman and HADA staff feel that there's never been a more important time for involvement in your association. Your association and Chairman want to inform its members of the many services that your association provides. Through **HADA Today**, we hope to provide a communication tool of **best practices** from which our members can learn from each other. We would also like to inform you about what is going on at HADA; spotlight a dealer in our community, update you on Legal and Legislative News, provide a Calendar of Events and any other important news that affects the local Houston area franchise dealer.

As an HADA member, you will start to receive this publication on a regular basis with helpful tips from fellow dealers and important issues that affect your dealership. We welcome any of your comments, ideas or suggestions at [info@houstoncarddealers.com](mailto:info@houstoncarddealers.com)

## CHAIRMAN'S CORNER



Greetings fellow dealers and associate members and welcome to my final edition of "The Chairman's Corner". Wow this year went by fast and I have to thank each of you for allowing me to serve as your chairman this past year. What a blast, what an honor and oh, what a year! Challenges would be an understatement of immense proportionality....so, let's be politically correct and call this past year an "opportunity".....ok? Everyone and I mean everyone has felt the pinch...we have buckled down and survived what this generation of dealers will (hopefully) never see again.

It will take time. It will take patience in the marketplace but key auto related businesses are starting to see some traction and announcements on profitable auto manufacturers is a big big start!

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Confidence within the industry and marketplace is just around the corner. Businesses are evolving smaller yet more efficient.

Thanks to you, the Houston Auto Dealers for making my year a memorable one. Your HADA staff worked hard this year to maintain a consistent message of normalcy within our community and on the political horizon. Our wonderful long running community involvement initiatives remain in full swing including the **Houston Auto Show, the Motorist Assistance Program, the AYES program and the dealership employee scholarship program** to name just a few. Look for more to come!

Lastly, I am the only chairman in the long history of HADA to have had the opportunity to work with not one but two "Wainwrights" for an entire year. What a privilege to see the rein of power transferred from "Fast Wally Wainwright" to Wyatt Wainwright, (nickname pending) his proficient and ever so qualified son. Rest assured dealers that HADA is in good hands as Walter Wainwright enjoys a much deserved retirement with his delightful wife Faith. "Fast", we will miss you and we wish you and Faith many many wonderful years!

Once again, a true honor and a privilege to join the incredible past chairman's of HADA as I continue to serve on your executive board for one more year. My sincere wishes of a Merry Christmas and Happy New Year from my family to yours!

*Mac*

Email us your Best Practice Ideas or Comments to [info@houstoncarddealers.com](mailto:info@houstoncarddealers.com)

If you would like to nominate a dealer for HADA Today's dealer spotlight, please email your suggestion to [info@houstoncarddealers.com](mailto:info@houstoncarddealers.com)



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## DEALER SPOTLIGHT

### Norman Frede of Norman Frede Chevrolet



Norman Frede was born and raised in the beautiful town of LaGrange, TX where he attended and graduated from High School. He excelled in football, basketball, track and calf roping. Norman graduated from the University of Texas with a BBA and a Business Psychology degree. He served in the U.S. Army and Army Reserves for 7 years and he completed his service as a Captain in the military police. His father was a Ford Dealer, banker, and rancher in

LaGrange. He was beyond in human words, a role model in Frede's daily life and in the automobile business. Frede learned early the value of fundamental family values and a good work ethic. "It goes back to that rural upbringing like closing gates, taking care of the animals, bringing in stuff from the weather, taking care of fences, closing the door, and picking up manure. Animals and other things on farms and ranches require constant attention, and you learn to take care of those things. It's a basic education that became his formula for success. His father-in-law, Sam White also played a major role in teaching Norman the fundamentals necessary to run a successful Dealership.

In 1962, Norman joined Jarnigan Pontiac in Fort Worth as a salesman and quickly rose through the ranks to general manager. By 1968, Frede decided he was ready for the plunge and purchased Schelling Chevrolet on Highway 3 in Dickinson, TX. In 1970, he purchased a tract of land in Clear Lake City, TX close to the Johnson Space Center that was set aside for dealerships. A few other car Dealers took a look at the land and decided Clear Lake was not worth the gamble. Now more than 41 years later, Norman Frede Chevrolet remains in its original location and has a 120,000 sq. ft. facility and more than 115 employees. Frede believes there is no better place in this country than Clear Lake. Frede has since created one of the most successful independent Chevrolet Dealerships in Texas.

A dynamic leader and insightful businessman, Frede instilled in his employees the importance of loyalty. Frede's general manager Joan McKinney has been with him for 31 years and over half of the employees have been at Norman Frede Chevrolet over 15 years. He has been instrumental in the success of hundreds of sales people. Norman Frede's basic business philosophy is to earn customers' confidence and loyalty by treating people as family. He states, "It is a business with terrific potential, but you have to do it right. Don't get fancy and remember to stick with the basic fundamentals of building relationships. Success isn't measured by one person's endeavors. It is finding good people who want to grow with you and have the insight to see the possibility of a great career."

Norman Frede is known for his wide range of community services and many philanthropic causes. Frede sincerely believes, "It is better to give than to receive." Over the years he has donated millions of dollars back to the community through sponsorships and donations to just about every organization in the area. His benevolence became so well known that he was inducted into the Men & Women of Heart Hall of Fame in 2002 for his community contributions. Frede is also active in the University of Texas athletic program, Longhorn Foundation, Longhorn Legacy, Ex-Student Association, 200 hours club, a life member of the Houston Livestock Show and Rodeo and National Cutting Horse Association. A true salesman who loves what he does and a Texas cowboy at heart, Frede finds 48 hours in 24 and you usually see him doing three things at once.

Norman is blessed with wife, Sheree and two outstanding daughters Marijane and Suzanne and son-in-laws Barry and Trey plus 6 grandchildren.



## BEST PRACTICES

### INTERNET LEAD RESPONSE TIME

By Joan McKinney

Anyone successful at Internet sales knows that the quality and speed of the initial response can make the difference of a sale or an endless schedule of phone calls and emails.

The importance has increased recently with manufacturers demanding quicker response times. After a lot of trial and error, answering leads at all hours of the night and weekends, we believe we have a process that works.

The first change was the use of PDA phones. A lead can be forwarded to most PDA phones alerting the salesperson of the new lead. If he or she is at their desk or on the lot, they can immediately go to their computer and respond to the lead with a personal and quality response.

If the salesperson is not in the office, he can use stored templates on his PDA phone, personalize it and send it within minutes. The quality is still there and the response time is very good. We still

heavily emphasize that the first response be a phone call, if at all possible.

This still did not solve the problem of overnight leads. We hired a company called overnightbdc.com. At pre-determined hours, this company will intercept the lead, read it, personalize it and sent it out within minutes. This can happen at any hour of the day or night, weekends or holidays. And the response is being sent by a person not a software program, which may be looked at as an auto responder.

These best practices have kept us at a consistence response time of well under an hour.

## USING SOCIAL NETWORKING TO DRIVE SALES

MySpace, Facebook, LinkedIn and YouTube are the most popular social networks and user-generated content (UGC) sites on the web today and can help you connect with other people and share information. In 2008, 41 percent of Internet users—that's 79.5 million people—were using social networking sites, according to eMarketer.com. These sites offer low-cost, high-impact marketing opportunities because they are highly visited and highly targeted.

You can set up profiles on social-networking sites and keep contacts, otherwise known as "friends," up-to-date on your latest activities. These friends then invite more friends to join the group, and ultimately you can reach people well beyond your original circle.

Social networking does require a commitment, but when done right, it has the power to get your message to people that traditional marketing efforts miss.

If you decide to use social networking sites as a marketing tool, below are some guidelines to help you use them to your advantage:

- **Create a profile.** Enter as much information as you can. The more details you can provide about who you are and when and where consumers can buy your vehicles and products and services, the more successful your page will be.
- **Update your page frequently.** Be prepared to update your page once or twice a week. Otherwise, people will stop visiting it.

- **Make it engaging.** Post photos of vehicles, employees, customers, and your facility. Add video clips of customer testimonials, video walk-arounds of your cars, and video tours of your dealership. The more interactive content you have on your page, the more ways you can engage potential customers.

- **List your events.** Add special events like Red Tag Sales and other promotions to your calendar.

- **Write notes and create blog posts.** You can write about anything relevant to your business or industry, including current news, reviews of the latest models, trends and more—whatever you can think of that might be interesting and engaging as it relates to your business. Don't forget to write about your special sales and events or when a particular model will be available at your dealership, too. The goal is to engage friends and get them to visit your page so you can gain exposure for your business. There are sections specially labeled for notes and blog posts on the various sites. Just keep in mind that blog posts are typically very casual and conversational in tone.

**Add friends.** Reach out to car enthusiasts, other local businesses, people in your area, organizations (sports teams, etc.) that you sponsor, and any other individuals or groups that come to mind. Be pro-active in building your online community.

*This article is excerpted from A Dealer Guide to Leveraging the Internet to Drive Sales (BM41). You may order the guide online at [www.nada.org/mecatalog](http://www.nada.org/mecatalog) or by calling NADA at 800-252-NADA, ext. 2.*

**ASSOCIATE SPOTLIGHT:**

Since 1969, Service Group has served automobile dealerships throughout Texas. The company offers a full spectrum of F&I products designed to help dealerships reach their full profit potential, including:

- GAP insurance
- Vehicle service contracts
- Credit insurance
- Anti-theft coverage
- Road hazard coverage
- Paintless dent repair
- Customer retention products

Other services provided on behalf of automobile dealerships include management of dealer-owned reinsurance companies; accounting, reporting, and tax work; and investment management services.

Service Group also provides superior training in Automotive Sales, F&I, Fixed Operations, and Sales Management both at the dealership and at its leading national training center, Service Group Academy. Courses offer hands-on training in which students are exposed not only to fundamental instruction but also to practical application.

Since 1982, Texas auto dealerships have also counted on Service Group for their workers' compensation needs. As one of the top workers' compensation carriers in Texas, Service Group offers options like nonsubscription coverage, purchase group discounts, and a health care network.

Service Group is recognized as the largest writer of credit insurance in Texas and the top AFIP (Association of Finance & Insurance Professionals) certifying entity in Texas and New Mexico. To learn more about the company, visit [www.sgifs.com](http://www.sgifs.com).

**HADA WELCOMES NEW MEMBERS****Kauffman Tire**

7220 Golden Gate #180

Houston, TX 77041

713-856-6799

[www.kauffmantire.net](http://www.kauffmantire.net)

Kirt Garrison

Product/Services:

Tire Distributor

**Helion Technologies**

1965 Greenspring Dr.

Timonium, MD 21093

410-252-8830

[www.heliontechnologies.com](http://www.heliontechnologies.com)

Scot McConnor

Product/Services:

I.T. Support

**John L. Wortham & Sons  
Insurance & Risk Management**

2727 Allen Parkway

Houston, TX 77251

713-856-6799

[www.worthaminsurance.com](http://www.worthaminsurance.com)

David House

Product/Services:

Insurance

***Please note:***

If your contact information changes or you have updates on mailing addresses or emails, please send us the updates of any changes to [info@houstoncardealers.com](mailto:info@houstoncardealers.com)

## TRENDS IN TRADE APPRAISAL: THEN AND NOW

In the past, the prevailing wisdom was to acquire the trade-in vehicle for the least possible amount of money in order to facilitate the sale of the new vehicle and to maximize the profit opportunity of the trade-in vehicle. This mentality frequently created tension between the new- and used-car departments. Conservative used-car managers undervalued trade-ins such that sales were missed while aggressive new-car managers overvalued vehicles causing negative equity to build up in the used-vehicle inventory. Both of these tendencies created discord within the dealership as well as inconsistent and inefficient operating results.

The common notion of a “proper valuation” was generally defined as the vehicle’s actual cash value (ACV). In other words, it was the objective of the dealership to acquire a vehicle for an amount equivalent to that which it could be disposed of in the wholesale market. This approach can be referred to as the *wholesale valuation method*.

Dealers historically relied on numerous third-party publications as well as their own past experience for determining this wholesale value. Auction results were also used as a reference point for the wholesale valuation method.

In some parts of the United States, particularly the West Coast, dealers often determined trade-in values working backwards from amounts that banks would likely finance. In the past decade of credit-driven markets, this *loan value* approach rivaled the *wholesale method* for valuing a vehicle. It is safe to say that most dealerships today rely on the *wholesale method* and/or the *retail loan* methods when valuing a trade-in vehicle.

### Emerging Trend

Today, the used-car market is both efficient and transparent. This means that dealers and consumers have relatively equal access to information concerning vehicle values and selection alternatives. In this environment, a vehicle’s proper trade-in value is also affected by how much it can be sold for in the retail market. In other words, if a vehicle’s likely retail price is \$15,000 and the dealership wishes to make \$2,000 profit and plans to spend \$800 on reconditioning, then the vehicle’s value to the dealer is approximately \$12,200. Because the wholesale and retail markets do not move in perfect alignment, there are inevitable instances where a vehicle’s value will differ substantially according to the valuation method used—*wholesale, loan, or retail*.

For example, consider a case where a vehicle’s *wholesale* value based on third-party guidebooks and auction results is \$14,500, but its value using the *retail* method described above is \$13,800. In such cases, a dealership using the *wholesale* valuation method alone may acquire a vehicle for an amount that is too much for the retail market to bear after adding profit and reconditioning costs. This is why the best practice for determining a vehicle’s value must take into consideration the *wholesale, loan, and retail* data points. If the trade vehicle in question is earmarked for the wholesale market, then the *loan* and *retail* valuation methods are not relevant.

This article is excerpted from *A Dealer Guide to the Trade Appraisal Process in a Transparent Market* (SL40). You may order the guide online at [www.nada.org/mecatalog](http://www.nada.org/mecatalog) or by calling NADA at 800-252-NADA, ext. 2.

## CALENDAR OF EVENTS

**JANUARY 12, 2010**

HADA Officers & Directors Installation Luncheon  
@ Hotel ZAZA

**JANUARY 26, 2010**

Houston Chronicle Auto Show Preview Night  
@ Reliant Center

**JANUARY 27, 2010**

Houston Auto Show Sales Rally Breakfast  
@ Reliant Center

**JANUARY 27-31, 2010**

Houston Auto Show  
@ Reliant Center

**FEBRUARY 13-15, 2010**

NADA Convention & Expo  
Orlando, FL

**JUNE 1, 2010**

Red Flags Rule Enforcement Federal  
Trade Commission (*delay*)