

"ADD-ON" PRODUCTS & ALL-IN PRICING

The inclusion of add-on products and services in a vehicle sale, such as nitrogen tires, window etching or products that protect against negative equity, continues to cause concern. The issue is often brought to the UCDA's attention by members complaining about the practices of other dealers.

To avoid complaints from customers and potential action by OMVIC, here's a refresher on how dealers should promote and sell these point of sale "add-on" products in the F & I office.

If these products are included with the purchase of the vehicle and are not negotiable, the cost of each product must be included in the advertised price.

Charges like these can **only** be added to the advertised price of the vehicle if they are truly optional.

If the product or service is included in the sale price it should be listed along with its approximate retail value in the comments section or separate document attached to the bill of sale.

Optional charges must not be included without the customer's consent. Customers should not be put into a position of having to ask that a product be removed after having already negotiated a price that did not include the product.

If a product, such as nitrogen tires or window etching, has already been added to the vehicle (meaning the customer must take it with the vehicle ... whether the customer wants the product or not) the advertised price must include the cost of the product.

If a customer does not want to pay the advertised price

of a vehicle that includes already installed products, the dealer has the choice of negotiating a lower price, or not selling the vehicle to that customer.

In today's ultra-competitive market, where dealer margins are squeezed to the bone, this can pose a challenge. It means vehicles need to be advertised at realistic prices to account for consumers who do not want to purchase these products. Part of the challenge facing dealers, in advertising a realistic price on a used vehicle, is that too often the dealer has not appraised the vehicle, determined its true history, or paid a realistic price for it in the first place.

In the rush to sell more vehicles, the importance of the buying process is often, unfortunately, overlooked. Items that are subject to disclosure requirements must be checked and taken into account, not only because the disclosures will need to be passed on to the next buyer, but also because it will affect how much the vehicle can be priced for re-sale.

A proper appraisal process is essential, including a visual inspection of the vehicle, use of a paint meter, checking odometer readings and dashboard lights, driving the vehicle where possible and checking appropriate vehicle information searches.

Ideally, all of these should be done **before** you agree to buy a vehicle, but where this is not possible ... such as when buying at a physical auction or on-line... as soon as possible after the purchase. This will help you to properly value the vehicles you buy or take in trade.

If the vehicle is advertised at a reasonable price to start with, there's less pressure to "force" these products into the sale.

Entrepreneurship ... The Vince Beretta Story

Vince Beretta, CEO and Founder of WALKAWAY gave a passionate presentation at the Used Vehicle Dealer Summit in November.

He described the many hurdles he overcame in taking an idea from notes scribbled on a scrap piece of paper in

the middle of the night to a multi-million dollar business, well known in the industry today.

Vince has graciously allowed us to share the following eleven business lessons that he learned during the development of WALKAWAY Canada Incorporated.

11 LESSONS ... FOR SUCCESS

- Hire Slow ... Fire Fast
- Never let your business dictate the timing of hiring greatness
- Treat employees as assets ... invest in them accordingly
- Become OK with people doing things differently than you would have (or not as well as you might have done it)
- Never allow someone making a presentation to you to read it to you
- Building internal leadership isn't telling people how or what to do; it's allowing future leaders to make the same mistakes you made
- Truly believe that you can learn from pretty much everyone; it'll make you a better listener
- Take a course that makes you uncomfortable
- If people aren't smiling or laughing in the office ... you have a problem
- You can't train attitude
- Hire a writer



Christmas Holiday Hours

All dealers must be closed on Christmas Day, Thursday, December 25th. Dealers may open on Boxing Day, Friday, December 26th.

Dealers must also be closed on New Year's Day, Thursday, January 1st, 2015.

Dealers should note however, that employees are entitled to paid holidays for Christmas Day, Boxing Day and New Year's Day, so dealers who are open on

December 26th will need to arrange another day off for employees who work that day. One suggested possibility would be December 24th.

The UCDA office will be closed for the Holidays on December 25th and 26th, re-opening Monday, December 29th and will also be closed on January 1st.

UCDA Search Facility hours are listed below.

	Search Office Hours	Internet Lien Search Hours
Tuesday, December 23	9:00 a.m. to 8:00 p.m.	9:00 a.m. to 8:00 p.m.
Wednesday, December 24	9:00 a.m. to Noon	9:00 a.m. to 8:00 p.m.
Thursday, December 25	Closed	Not Available
Friday, December 26	Closed	9:00 a.m. to 8:00 p.m.
Saturday, December 27	9:00 a.m. to 5:00 p.m.	9:00 a.m. to 8:00 p.m.
Monday, December 29	9:00 a.m. to 8:00 p.m.	9:00 a.m. to 8:00 p.m.
Tuesday, December 30	9:00 a.m. to 8:00 p.m.	9:00 a.m. to 8:00 p.m.
Wednesday, December 31	9:00 a.m. to 3:00 p.m.	9:00 a.m. to 8:00 p.m.
Thursday, January 1	Closed	Not Available
Friday, January 2	9:00 a.m. to 8:00 p.m.	9:00 a.m. to 8:00 p.m.

Dealer Hit with BIG Fine at Discipline

OMVIC's Discipline Panel handed out one of the largest penalties it's ever imposed on a dealer, (not a UCDA member) in October, for multiple violations of the dealer's obligations under the *Motor Vehicle Dealers Act, 2002*. The size of the fine shows the importance OMVIC places on maintaining proper records and documentation.

Despite having been previously inspected and warned about the need to provide proper written disclosure of material facts, an inspection in 2013 found that the dealer had not changed his bad habits.

Following a full hearing, at which the dealer represented himself, the panel found the dealer guilty of multiple counts of having no wholesale bill of sale in his files, failing to disclose past accidents to purchasers, failing to declare total loss vehicles or branded vehicles, failing to declare out-of-province vehicles and failure to disclose that a manufacturer's warranty had been cancelled. In all ... 19 counts.

The dealer didn't dispute the allegations, but argued that no one was hurt ... he told his customers about the vehicle's past and showed them photos of past accident damage ... he just didn't write it down on the contract. He also had no garage register and many documents were "missing" from his records.

The Discipline Panel had little sympathy for the dealer's argument that he was small and sold fewer than 5 vehicles per month, issuing a fine of \$900 per count for a total of \$17,100.

The Panel did allow the dealer to pay the fine in 4 equal instalments, due every 90 days, with the full amount to be paid within one year.

Read the full decision of the Panel here:

https://www.omvic.on.ca/portal/Portals/0/pdf/discipline/Discipline%20Decision%20-%20Mohamed%20Ezzedine%20Naasani%20o-a%20First%20Classe%20Auto%20-%20Service%20Center%20and%20Car%20Sales_Oct%201%202014.pdf

Dealer Suspended at LAT

Meanwhile, over at the Licence Appeal Tribunal (LAT) the failure by one of the owners of a dealer to take the OMVIC education course as a condition of resolving a previous proposal to revoke the dealer's registration, has led to the immediate suspension of the dealer's registration.

The original proposal to revoke the registration had

earlier been settled on consent of the parties, among other things, requiring the two owners to take (and pass) the OMVIC certification course.

However, only one of them passed the test and despite ongoing assurances from the owner who failed that he would take it again and pass it, he did not. LAT suspended the dealer registration until such time as the offending owner formally removes himself as an owner, officer, director and signing officer of the company.

Read the full LAT decision at: <https://www.omvic.on.ca/portal/Portals/0/pdf/LAT/LAT%202014-09-30.pdf>

Fall Campaign Closes ... Winter Campaign Begins

The UCDA's annual Fall multimedia promotional campaign has wrapped up. UCDA ads ran across Ontario from early September to mid-November on 6 pm and 11 pm local newscasts on CTV, CITY, CHCH, CHEX and CKWS, as well as on CITY-TV's Breakfast Television morning show to balance the viewership and increase the consumer reach.

Ten second ad clips, called "pre-rolls" also ran ahead of video news stories on ctvnews.ca and we sponsored Ontario's most highly listened to traffic reports on 680 News in Toronto, targeting Toronto, GTA and Golden Horseshoe drivers.

Of course, UCDA members and their customers span the province, so we'll be running a Winter Campaign aimed at consumers outside of the GTA.

The UCDA will be sponsoring newscasts and local traffic reports on these "Non-GTA" radio stations during January and February:

- **Classic Rock 94.5** Wingham/Owen Sound
- **The Wolf 101.5** Peterborough
- **Giant 91.7** Welland/St. Catharines/Niagara
- **Mix 96.7** Leamington/Windsor
- **FM 96** London
- **Hot 93.5** Sudbury
- **CHML AM 900** Hamilton
- **CFRA AM 580 News Talk** Ottawa

Pre-roll video ads will continue on www.ctvnews.ca during the period.

Make sure the UCDA logo is on your web site and in your ads. If it's not, you can download the logo at www.ucda.org.

Disabilities Act and Dealers with 20 or More Employees

As previously reported in Front Line, as of January 1, 2012 the *Accessibility for Ontarians with Disabilities Act, 2005* applies to all businesses, including motor vehicle dealers, in Ontario that deal with members of the public or other third parties.

Businesses with 20 employees or more must file their annual accessibility compliance report with the Ontario Government by December 31, 2014.

Step-by-step instructions on how (and what) to file can be found at: <http://www.ontario.ca/government/file-accessibility-compliance-report>

This will ensure the Ontario Government can assess your company's compliance in 3 main areas:

- making your services accessible to customers
- making emergency information accessible for customers and employees
- training staff about accessible customer services

Businesses that miss this filing deadline risk government inspections, orders or fines.

UCDA Health Plan – Affordable Protection for your Family and Staff

The cost of providing your family and employees with protection against high prescription and medical costs not covered by OHIP can be deceiving.

Sometimes the premiums offered by insurers are affordable at first, but may soon go up following high claims by your employees. How can you help keep your costs affordable?

The typical insurance company plan has a "target loss ratio", meaning that if claims go over the target ... your rates go up. If your claims are below target, the insurer makes money, but that doesn't necessarily mean your rates will drop!

The UCDA Benefits health insurance plan can help address these and other issues involved in providing and maintaining quality benefits at affordable rates. After 12 months in our program, all member dealers that participate are fully pooled with over one thousand covered individuals.

This provides greater rate stability and provides real insurance, by spreading the risk throughout the entire

pool. Members who are in the plan don't have to worry about "target loss ratios" and risk exposure each time an employee makes a claim.

Since the plan is run on a non-profit basis, unused claim reserve funds remaining in the program help cushion rates from higher claims during the period.

While rate increases are inevitable from time to time, rates are kept more stable and we're able to keep the amount of any necessary increases smaller than would otherwise be the case.

This means our program has some of the most competitive rates in Ontario. There is quite simply no better value when an "apples-to-apples" comparison is done.

Whether you have one employee or a group of employees to enroll, the UCDA Benefits plan is a great choice. Visit the UCDA's exclusive benefit plan website (www.ucdabenefits.com) to learn more about the plan or call 1-866-476-8722, ext. 2, and speak with a Capital Group Insurance representative.

Company	UCDA Plan	GMS	Manulife	Greenshield
Product Name	UCDA Benefits	OmniPlan	FlexCare	Spectra 3
Single - MONTHLY	\$128.04	\$200.34	\$199.80	\$176.04
Family - MONTHLY	\$294.49	\$503.55	\$606.31	\$441.72
Health Insurance				
Drug Max.	\$1 million per person	\$5,000 per person	\$10,000 per person	\$10,000 per person
Drug co-insurance	80%	100%	90% of first \$2,000 then 100% next \$8k	90%
Vision Care	\$200 every 24 months	\$200 every 24 months	\$250 every 24 month plus \$50 exams	\$150 first 24 months, \$200 next 24 months
Private-duty nursing	\$10,000 @ 80%	\$2,500 @ 80%	\$2,500	\$5,000
Paramedicals	\$500 each, \$30 per visit	\$300 each, \$35 per visit	\$400 each, \$20 per visit, some higher	\$600 each, \$30 per visit
Dental care				
Maintenance dental	80%	75% 1st yr, 80% thereafter	100% of 1st \$500, 60% of next \$420	80% basic
Maintenance dental maximum	\$1,500 per person	\$500 1st yr, \$750 2nd, \$1,000 3rd	\$920 per person	\$1,000 1st yr/\$1,250 2nd/\$1,750 3rd
Endodontic, periodontal, surgery	80%	80%	60% in first 2 yrs, then 80%	80%
Major Dental	none	50% starting 2nd yr, combined max.	60% starting in 3rd yr., combined max.	50% major in 3rd year, combined max.
Dental care deductible	none	none	none	none

All prices are shown including 8% RST.

Monthly premiums accurate as of November 2014. This chart does not cover all benefits, please see the websites of each company for more detailed explanations.