

Virginia Automotive Report

E Newsletter for December 2022



VAA 2023 Convention & Trade Show Williamsburg Lodge April 21-23

Highlights Include More Friday Evening Networking
All Star Cast of Speakers Saturday Morning
Industry Trade Show & Reception Saturday Evening

The Networking:

So many opportunities to connect for our shop owners, key employees and our vendors. Starting with the Friday VAA Golf Tournament, and continuing with the Friday Night Welcome Reception and Networking Cookout Dinner. Continue at the Saturday morning Educational Sessions, the Saturday Night Awards Banquet and the Saturday Night Reception and Trade Show.

The Education Sessions and Speakers:

After our Annual Meeting and Legislative/General Assembly update, we follow with 3 high powered presentations:

Session 1: Opening Keynote Speaker– Kelley Earnhardt Miller



As co-owner of JR Motorsports with her brother, Dale Earnhardt, Jr., Kelley will share her story and her lessons of running a family owned business. Attendees will receive a signed copy of Kelley's book- Drive: 9 Lessons To Win In Business And In Life.

Thanks to Tire Pros for sponsoring Kelley.

Session 2: "Personal Finance for Shop Owners & Employees" by Hunt Demarest



Join Hunt for a session loaded with relevant tips in dealing with today's uncertain financial environment, including some economic forecasting, tax strategies and more.

Session 3: "Articulate Your Commitment" by Dan Molloy



As a former owner of over 100 auto repair and tire stores, Dan will teach why we are in the communication business, how to measure the effectiveness of your team's communication and much more.

The Industry Trade Show and Reception:

Enjoy this unique opportunity to talk with our many industry vendors about the very latest in products, services and technology, in a relaxed yet exciting setting away from your shop. Check out their "Show Specials" which may be your best deals of the year. To enhance the atmosphere, we are again combining our Reception with open bars, and the Trade show together. And throughout the show, we will be giving away cash prizes totaling \$1500. Don't miss this enjoyable evening with our industry vendors from across the country, and the opportunity to win some cash!

Watch Your Emails– more info coming soon

Full Details at our website: www.vaauto.org
Brochure, Registration, Hotel Reservations

2023 General Assembly Work Has Begun

For 2023, the "short session" convenes on January 11 and adjourns February 24. In this 6 week session we can expect over 2,000 bills to be introduced. For Legislative Monitoring, VAA has again retained the services of The Keeney Group in Richmond, and our Registered Lobbyists will be Bo Keeney and Bruce Keeney. Our Legislative Committee of Mike Fortune, Chairman, ST Billingsley, Jerry Tatum and John Kline has been hard at work getting ready for the session and have met both in person and by Zoom with Bo Keeney. As the bills are now coming in, Bo and his team are watching for any legislation that could have a negative impact on our industry and our members. Here is an update:

On the issue of taxing Diagnostic Labor and Road Service Labor: at this writing a ruling from the AG is not expected to favor our position, and we are preparing to move forward with legislation through Delegate Kim Taylor.

Emissions Inspections: we have learned legislation will be introduced that will have a negative impact on the Emissions Inspection Program and our Northern Virginia members. We are preparing to oppose this once introduced and directly lobby against it. We are also reviewing numerous bills to reverse the requirement by the State Air Pollution Control Board to implement a low emission and zero emissions vehicle program that previously passed.

As the Session unfolds, watch your Emails for more updates



Internal Investigations

Internal Investigations It seems over the last 12 to 24 months that employee complaints of "whatever" have increased. Our client case volume has greatly increased regarding internal complaints requiring internal investigations conducted by company staff and/or SESKO. Even if the employer feels as if the complaint is frivolous or not that serious, employers are legally obligated to investigate complaints of harassment, discrimination, retaliation, safety and ethics in a timely manner. In addition, in appropriate corrective action is required to be taken by the employer to ensure that illegal actions/ behaviors cease immediately. Responsiveness to a complaint and an investigation will not only yield necessary information and evidence, but it will also enhance the employer's credibility. You simply cannot ignore any type of complaint frankly, whether it is of an illegal nature or not. The investigation process will help identify and resolve internal issues before they become wide spread.

Read More about the SESCO Updates on Page 7

VAA Officers & Directors



President: Bill Hoal
NTW, Roanoke
Southwest Virginia Region



Vice President: Mike Scaglione
Kempsville Auto Care, Virginia Beach
Tidewater Region



Secretary-Treasurer: Jerry Tatum
Leete Tire & Auto, Petersburg
Richmond Region



Past President: Chris Barnett
Tire Tread Service, Fredericksburg
Northern Virginia Region



Executive Director: Steve Akridge
VAA, Richmond
Richmond Region

Directors:

Richmond Region:

Kim Taylor, Titan Auto & Tire, S. Chesterfield
Clint Farrar, American Tire Distributors, Richmond
Mike Fortune, Cloverleaf Tire & Auto, Richmond
Andrea Ellett, Winding Brook Tire Pros, Milford
Jake Palmer, Max Finkelstein, Inc., Richmond
Caleb Stowe, Napa Auto Parts, Richmond
John Kline, Old Dominion Tire, Midlothian

Tidewater Region:

Jim Bennett, CarMasters Auto Care, Norfolk

Northern Virginia Region:

ST Billingsley, B & W Associates, Woodbridge

Lynchburg Region:

Ron Justice, Justice Tire Distributors, Lynchburg

Shenandoah Valley Region:

Steve Crawford, Hepner Tire, Woodstock
Tom Jones, Fisher Auto Parts, Staunton
Larry Williams, University Tire & Auto, Charlottesville

Southwest Virginia Region:

Chuck Swain, Modern Automotive, Christiansburg

Next Generation Advisory Council:

Wes Tatum, Leete Tire & Auto, Petersburg
Joe Wood, Hometown Tire, Woodbridge

VAA Contacts:

Steve Akridge, Executive Director
Email: sakridge@vaauto.org
Web: www.vaauto.org
Phone: 804-739-1400

Accounting Office:

Susan Smolinski, Bookkeeper
Email: susansmolinskirva@gmail.com
Mailing Address: VAA, P.O. Box 13428
Richmond, VA 23225-0428



President's Corner By Bill Hoal

State of the VAA– December 2022

As we wind down another year, I wanted to take the opportunity to update you on a few areas of VAA. Since getting the gavel last April, I have learned VAA is involved with many issues, and truly represents the many facets of our industry.

First and foremost, VAA continues to be the voice of our industry at the Virginia General Assembly, and also working with the state agencies. We have again retained the services of The Keeney Group in Richmond, and Bo Keeney is our Registered Lobbyist and Legislative Counsel. As we all know from the past battles to increase the safety inspection fee and helping to save the inspection program, this lobby effort is essential to our industry in Virginia and to your business. As bills are now being filed, we'll know in the coming weeks what is being introduced. At this time we don't know if any legislator plans to introduce a bill to abolish the safety inspection program again, but we are ready if they do.

One area in particular we have been working on this year is the Department of Taxation's interpretation of the tax code that claims Diagnostic Labor and Road Service Labor charges become taxable if a part is sold as a result of the diagnosis. If no part is sold then this labor is exempt. We don't agree and have met with the AG's office on this. We joined up with the VGMC and the VADA (new car dealers) and sent a letter directly to AG Jason Miyares, requesting a ruling. This letter was carried to the AG from VAA member Delegate Kim Taylor. If the AG does not agree with our position, we are prepared to introduce legislation during the 2023 session through Kim. Taking on the tax department will be a battle, but we feel strongly this is an unfair interpretation....which has resulted in shops being audited and hit with back taxes, penalties and interest.

Recently our Legislative committee met with Captain Stewart and Lt. Botkin of the State Police Safety Division, which is charged with regulating the vehicle safety inspection program. They have brought on 21 part time positions, all retired troopers, to assist with the program. Their goal is to improve the time it takes to get a tech certified, and also to assist with stations getting approved. We continue to have an excellent working relationship with them.

Thanks to our Legislative Committee for the important work they do all year: Mike Fortune, Chairman, John Kline, Jerry Tatum, ST Billingsley, and Steve Akridge.

This past Fall, our Board and Steve Akridge, our Executive Director for the past 32 years, began work on a succession plan as Steve plans to retire from his position September 1, 2023. He plans to remain on a part time role after this date to help with the transition and to work on special projects. We'll have more recognitions for Steve later, but I know you all join me in thanking Steve for his dedication to the VAA and our industry. Along with our Executive Committee, I am heading up a search team for Steve's replacement. If you know of interested parties, please send them my way. My Email: whoal@ntw.com.

Our Endorsed Program Partners continue to bring value to our members. When they call, we encourage you to give them a few minutes to give you a cost comparison. These vendors also give back to VAA financially as a percentage of the business gained from our group.

President's Corner Continued on Page 6

2022 VAA SPONSORS

We want to thank the following vendors for being year round VAA Sponsors for 2022, and for financially supporting the work VAA does for the entire automotive and tire industry. This work is year round, and is vital to everyone who makes their living in this industry. We greatly appreciate their support, and will continue to recognize them throughout the year. We ask our VAA Dealer Members to support them back with your business in 2022.

Platinum Level Sponsors



Gold Level Sponsors



Silver Level Sponsors



Parts Proliferation Hits Overdrive

"The breadth and depth of products required to maintain and repair the increasing diversity of cars and light trucks on U.S. roads are expanding exponentially. The parts proliferation problem is sweeping across all aftermarket sectors." "Five major factors are fueling light vehicle aftermarket parts proliferation. Lang Marketing projects that aftermarket parts proliferation will soar over the next five years, increasing the inventory and logistical burdens shouldered by Manufacturers, Distributors, Retailers, and Installers."

Aftermarket Parts Proliferation Hits Overdrive

The increasing array of products needed to maintain and repair cars and light trucks on U.S. roads is exacerbating the already challenging proliferation of aftermarket parts.

Parts proliferation is forcing Manufacturers, Distributors, Retailers, and Installers to manage the growing breadth and depth of light vehicle products needed to meet the requirements of the expanding vehicle repair market.

Four Factors Driving Parts Proliferation

Parts proliferation in the light vehicle aftermarket is driven by four factors: foreign nameplate growth, increasing vehicle age, advancing vehicle technology, and economic pressures on consumers.

Factor 1: More Foreign Nameplates

Foreign nameplate cars and light trucks accounted for over half of all cars and light trucks in the U.S. during 2021, up more than one-quarter in share over ten years.

This surge in the population of foreign nameplate cars and light trucks and their predominance in the repair-age sweet-spot (age groups of vehicles with the highest rates of aftermarket product use) have substantially increased their need for aftermarket products, adding to the parts proliferation problem.

Factor 2: Vehicle Age Change

Cars and light trucks are increasing in longevity and are retained longer by American drivers.

The average age of light vehicles climbed by 15% between 2011 and 2021, and their age mix is changing. Cars and light trucks at least 14 years old have soared between 2011 and 2021.

Accordingly, the older vehicle-age range of parts that must be inventoried has increased significantly in recent years and will continue to climb.

Factor 3: Vehicle Technology

Vehicles have become more complex, with advanced technology affecting virtually all car and light truck operating systems.

The number of smart parts (vehicle components with special sensors and software) has increased by an estimated 500% in the aftermarket between 2011 and 2022. Over the next five years, vehicles with advanced driver assistance systems (ADAS) will soar at least eightfold.

Vehicle technology is adding significantly to the breadth of products that Manufacturers, Distributors, Retailers, and Installers must handle to support the repair and maintenance of light vehicles.

Factor 4: Economic Pressures on Consumers

U.S. consumers are being hit hard by inflation. A recent study estimated that up to 60% of American families live paycheck-to-paycheck. As a result, the demand for "good" automotive products (in a "good, better, best" hierarchy) is increasing.

Consumer price sensitivity to auto parts is also fueled by the increasing number of older vehicles on the road, increasing demand for products that are serviceable but not necessarily "better or best".

This is boosting the need for Manufacturers, Distributors, Retailers and Installers to inventory and handle a growing quality array of products to meet changing consumer demands.

Lang Marketing Article Continued on Page 5

Four Factors Grow More Intense

The four major factors driving aftermarket parts proliferation will intensify in the future, increasing the burdens on supply chains at all aftermarket levels.

Many participants in the multi-tiered Traditional Distribution channel have long believed that extensive inventories favor their distribution methods and capabilities. Despite this, the Integrated Channel (distribution characterized by product ownership not changing hands from the time products are purchased from Manufacturers to their sale to end-users) has outpaced the growth of multi-tiered distribution channels.

Distribution Adaptation

Parts proliferation does not necessarily favor one distribution channel over another. However, the rapid growth of aftermarket parts proliferation is inspiring distributors to implement innovative techniques aimed at solving its challenges.

Six Major Takeaways

- The breadth and depth of parts necessary to maintain and repair cars and light trucks on U.S. roads are expanding exponentially.
- Four factors are driving aftermarket parts proliferation: foreign vehicle growth, the changing age mix of vehicles, advancing vehicle technology, and economic pressures on consumers.
- Foreign nameplates now represent the majority of cars and light trucks on U.S. roads and in the vehicle repair-age sweet-spot. Their growth has significantly increased aftermarket parts proliferation.
- As vehicles increase in average age and more older vehicles are on the road, the upper vehicle age level at which parts can be removed from aftermarket inventories continues to climb, exacerbating the parts proliferation problem.
- Growing vehicle complexity and technology are adding to the breadth and diversity of parts that Manufacturers, Distributors, Retailers, and Installers must carry to repair and maintain light vehicles on a timely basis.
- The growing economic pressure faced by consumers is changing the mix of "good, better, best" product sales in the DIFM and DIY markets. This is increasing the inventory requirements of various quality levels of products and boosting the problem of parts proliferation.



*Happy Holidays
From the VAA
Officers, Directors & Staff*

*Support our VAA Endorsed
Program Partners*

VAA proudly endorses the following Program Partners, and they offer great value and service to our members. We ask you give them a few minutes, and take a look at their program when they call.

Federated Insurance (Liability/Worker's Comp)– Manuel Vazquez Ederra
P:919-923-6736 E: mfvazquezederra@fedins.com

Unifirst Corporation (Uniforms)– Heather Esparza
P: 540-532-7588 E: heather_esparza@unifirst.com

Reliable Payments (Credit Card Processing)– Zack Snead
P:804-302-6776 x121 E: zsnead@reliablepayments.com

Dominion Payroll (Payroll Processing)– Scott Byer
P:804-355-3430 E: sbyer@dominionpayroll.com

The Supply Room (Office supplies, furniture)– Ron Lindsey
P: 804-412-1200 E: rlindsey@thesupplyroom.com

ARI/TCS Technologies (Website)- Brian Rhode
P: 414-973-4377 E: brian.rhode@arinet.com

Optimize Social Media (Social Media)– George Booth
P: 218-393-3081 E: george@optimizesocialmedia.net

SESCO (HR Related Information)– Jamie Hasty and Bill Ford
P: 423-764-4127 E: jamie@sescomgt.com;
bill@sescomgt.com

President's Corner Continued from Page 3

So know when you choose a VAA Program Partner to do business with you are also supporting your industry association. All of our Endorsed Program partners can be found on our website– www.vaauto.org. Our program with SESCO continues to keep members informed on crucial HR related issues. They write articles in our newsletter, and we send out Email blasts with pertinent information. As part of our retainer, VAA members continue to get no cost phone consultation.

Our Year round Sponsors- We are fortunate to have this group of vendors, who financially support the work we do with their Sponsorship. We recognize them all year on our website and in every newsletter. I encourage you to support them back with your business.

This coming April 21-23, our Convention and Trade Expo returns to historic Colonial Williamsburg and The Williamsburg Lodge. We have put together a program that encourages more networking, which is the true hidden value. For this year, your room at The Lodge includes 2 passes to tour the historic district. So bring your family, and enjoy this hidden gem. And for education, we have our best lineup of speakers, starting with our Opening Keynote Speaker Kelley Earnhardt Miller. As the daughter of Dale Earnhardt, and sister of Dale Earnhardt, Jr., Kelley knows all about being part of a family business. After joining her brother's company, JR Motorsports in 2001, she is now the General Manager. As our special gift to our attendees, we are giving out signed copies of Kelley's book, "Drive: 9 Lessons To win In Business and In Life".

For our Trade Show, we are encouraging our Vendors to bring show specials with them. So this could be one of the best times of the year to get your best deals. Our show will again be on Saturday evening and will include the Reception. It's a great atmosphere for our dealer owners and their key employees to talk with our many industry vendors from across the country. After the Trade Show, we are continuing our "Next Generation" Reception. This has been very popular in past years, and is for our Dealers and Vendors under the age of 40.

One change in our schedule– as part of our Registration Fee, we are adding in a Networking Cookout Dinner along with our Welcome Reception on Friday night. So no more trying to find dinner reservations. We are all staying together to enjoy the additional networking time together. To accommodate this, we are eliminating the Sunday morning breakfast. Our Convention will adjourn on Saturday night after our Trade Show. Everyone can head home Sunday morning at their own leisure. See the attached flyer for more details of the weekend. Full details for Registration and Hotel Reservations will be on our website in January- www.vaauto.org. A special thanks to our Convention Committee: Fish Crawford, Chairman, Andrea Ellett, Tom Jones, Clint Farrar, ST Billingsley, Chuck Shifflett and Wes Tatum.

Included is your 2023 Member Decal, and I urge you to proudly display this on your door or window at your business.

Also note we will again be emailing 2023 Member Dues Invoices the first week of January. Our bookkeeper Susan Smolinski will be emailing these under Steve's email address: sakridge@vaauto.org. Keep an eye on your inbox, and we appreciate your prompt payment.

In closing, thank you for supporting VAA with your Membership. In a time when some state associations are closing down, it is essential we keep VAA strong. The work we do cannot be taken for granted....just ask those in the states that closed their doors. I appeal to our vendors to continue to support us in 2023, with your Sponsorships and Exhibit booths. And to our dealers– continue to attend the convention and bring your key employees. Our vendors want to see you, and this is the perfect environment to bring our vendors and dealers together. And I appeal to all members, both dealers and vendors, to invite shops you know who are not members to join us.

Here's to continued success in 2023!

From all of us at the VAA, we wish you a very Merry Christmas and Happy Holidays!

Bill Hoal, VAA President

Welcome New VAA Members

Please join us in welcoming the following company as our newest VAA members:

180BIZ, Rick White, Harrisonburg, VA

*London Bridge Auto & Transmission Repair, Jared Clymer, Va. Beach, VA
Referred by: Bryan Patterson*

Euro Tune & Auto Service Specialists, Daniel Heindl, Richmond, VA

*Adams Brown & Co. PRO Trucks, Jason Adams, Fredericksburg, VA
Referred by: John Herndon*

Mike's Automotive, Michael Harmon, Richmond, VA

Support the organization that supports You, and help VAA grow our membership– recommend a shop or a supplier you know and sign them up online at www.vaauto.org. Click on the Join VAA tab. VAA Membership starts at less than a dollar a day!

SESCO Updates Continued from Page 1

Since every complaint has a potential to become a lawsuit, employers must investigate every case in a manner in which it can be presented to a court of law. Based on SESCO's long history of conducting successful investigations on behalf of employers as well as representing employers before the EEOC, we suggest the following:

Step 1: Ensure Confidentiality The employer must protect the confidentiality of employee claims to the best of its ability. At the same time, the employer has to conduct a prompt and an effective investigation therefore it is reasonable to tell the complainant that you will hold the investigation in confidence to the best of your ability and that information will be shared internally only on a "need to know" basis.

Step 2: Provide Interim Protection One of the first considerations may be the need to ensure the protection of the complainant. It may be necessary to separate the alleged victim from the accused or even, based on the complaint, suspend with or without pay the accused until the investigation is complete. Also, the accused should also be placed on notice that no matter what, there should never be any type of continued harassment or retaliation during or after the investigation.

Step 3: Select the Investigator The investigator should possess the following: • An ability to investigate objectively • To have no stake in the outcome • The skills to conduct such an investigation • Strong interpersonal skills as well as credibility with the complainant • Have attention to detail • Be in a position to maintain confidentiality Due to the significant liability as well as potential internal rumor mill and explosive nature of investigations, employers generally use the resources of a firm like SESCO. There are distinct advantages to doing such.

Step 4: Create a Plan for the Investigation This plan should include an outline of the issue, the development of a witness list, sources for information and evidence, interview questions and a process for retaining documentation such as social media, interview notes, emails, texts, etc.

Step 5: Conduct Interviews The first interview should be with the complainant. Be very specific in asking, in essence, "what" happened, who witnessed it or heard it, dates, and other facts. Be careful in the conversation to not infer you do not believe the individual. Many times, we will use recording devices. Regardless, reduce the interview to writing and have the complainant sign and date it. Many times, we will also have the complainant reduce the complaint to writing prior to the first interview so that questions can be asked from there. Next, go to the accused, explain the concern and get his or her response. Include the recording device and/or the documentation as in the first interview. Remind the accused of the zero-retaliation expectation. Interview witnesses that were identified by the complainant or the alleged abuser and maintain the same documentation.

Step 6: In addition to the investigative notes, develop a detailed, written summary of the investigation's results. Who was interviewed, dates and times, and perspective on the investigation. This will include recommended employer actions.

Step 7: Conclusion Once the investigation has been complete and the actions have been confirmed, let the complainant know that the investigation has been complete and that you are taking appropriate action. Please know that the complainant does not need to know what action is being taken. Also know that the complainant many times will expect a termination or other results such as a severance payment or other potentially inappropriate request. At this stage, the employer is only required to take what they feel like is appropriate action based on a commonsense standard and to do so timely. As necessary, circle back with the accused and as appropriate take action which may include an apology, a verbal warning, a written warning, or termination, especially if this is not the first complaint or if there are other behaviors coupled with this complaint that deserve such disciplinary action.

In Summary The goal of this whole process is to ensure that if a court, jury or government agency were to investigate the complaint on behalf of the complainant, they would conclude that the employer took the situation seriously, responded immediately and appropriately, and had documented good-faith basis for any action (or no actions) taken during or as the result of the investigation.

Regardless if SESCO is involved in the investigation or not, it is always good for clients to be counseled by SESCO through this process given the legality and potential cost of conducting a poor investigation internally.

Note: VAA Members get no cost phone consultation on any HR related issues.

If Members have any questions or concerns about this or any other HR issues, we recommend they contact us. For assistance, contact us at 423-764-4127 or by email at sesco@sescomgt.com