

CalABC President's Message



The market place continues to be challenging and our industry members continue to deal with a considerable amount of adversity. This adversity can come from consumers who suffer from buyer remorse caused by their own financial misfortune, to regulatory agencies with an ever-looming budget crunch. I guess that's where everyone does have many things in common. Today many businesses struggle to keep their doors open, keep people employed and providing excellent service. Our industry needs to be better than ever when doing inspections and qualifying the need for repairs. The agencies that regulate our industry have stepped up enforcement to protect consumers from unnecessary repairs, as well as protecting their

department from budget cuts.

The timing couldn't be better for us to work together with these agencies in establishing better and more defined guidelines for automotive repair. CalABC wants to continue the work we began last year on system flushes and services and establish standards. Working with the agencies, manufacturers and service providers will give us clear guidelines when recommending and performing these services. We also continue to deal with break and meal period issues. Just think, we are seeing numerous layoffs and cutbacks. If you take just one case that was in the media that settled one of these cases for 8 million divide that by \$40 thousand and that could have been 200 jobs. The point is, business continues to get hit from all sides to a point that it's easier to move out of state and find a state

where government wants to work with business, rather than having laws that don't make any sense and drive a wedge between you, the consumer and government. Working together we will accomplish more than trying to do it alone.

Johan M. Gallo

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Fluid Rx® Instant Lubricant Diagnostics - the best strategy to identify and recommend vehicle fluid change intervals

The useful service life of engine oil and vehicle fluids is affected by many variables including city or highway driving, heavy loads, road conditions, terrain, weather, air quality, vehicle condition, maintenance programs, the driver, and the type and quality of the fuel, lubricants, oil and filters being used. At best it is difficult to predict when a car's oil and fluids should be changed.

schedule is for normal driving conditions and a much shorter change recommendation is made for severe driving conditions leaving it to the consumer to judge which schedule should be followed. Either way the consumer has no assurance or guarantee that their vehicle isn't being damaged by operating with dirty oil or depleted fluids which may result in excessive

or unexpected maintenance costs. On the other hand, resources, money and time are being wasted by changing these fluids too soon.

Car manufacturer's oil change indicator lights are triggered by an algorithmic program that has nothing to do with the actual condition of the oil. Instead

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Vehicle owner's manuals provide oil and fluid change recommendations based on time or mileage and perceived driving conditions. One

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Wake Up, America

I am a journeyman technician in an automotive shop.
I'm supposed to know the answers from bottom to the top.

I should diagnose the problem with just a single look,
and if I fail to fix it, you think that I am a crook.

When I charge you for my labor, you yell and scream and moan.
And even call and threaten me upon the telephone.

But technology in the auto is advancing every year,
and for the systems I must know, I simply have no peer.

I must be more or an electrician than a man who wires your home
For the wiring system in your car Outstrips the Astrodome

The refrigeration systems That I'm supposed to know
Have more gadgets than your home.
To make the damm thing go
Electronics now have made the scene
And more are coming yet
Some models now will far exceed
Your television set.

In hydraulics I have more to learn
Than a specialist in pumps
There's Brakes and shock absorbers
To help absorb the bumps

Torque converters and transmissions
With servos, valves, and gears,
With models by the hundreds
Introduced in recent years

Fuel systems of a hundred kinds
I must adjust and meter
Each far more complicated
Than your furnace or water heater

The principle of combustion
I must know from A to Z

And gear trains that will far exceed

Most of all machinery
I'm in welding, I'm in plumbing
For water, vacuum, oil, and fuel,
Compared to me a plumber
Is a kid in grammer school

There's alignment and there's balancing
And God alone Knows what
If I fix it, that's expected
If I don't I'm on the spot

There's models, makes and systems
Some seven hundred strong
And new ones coming up each year
To help the scheme along

Now compare me to the doctor
Whose prices make mine meager
Yet folks revere his expertise
Ever more impressed and eager

The human body hasn't changed
In twenty thousand years,
And every model works the same
From the ankles to the ears

There's years of school to learn his field
And almost none in mine
I've learned by practicing my trade
And learn what I can find
There's new equipment and techniques
And medicine for sure
But this is true in my field, too
As much, or even more

There's lots of books he has to read
His procedures to define.
But for every kpage in his field
There's twenty five in mine

There's no combacks and no warranty
You pay for what you get,
And then come back and pay again

If he hasn't fixed it yet

His mistakes are often buried
While mine come back for free
And he plays golf on Wednesday
While my customers hassle me

We spend millions of tax dollars
Sending kids to medical school
But if you ask for some in my field
You're treated like a fool

Everyone has one body,
But not one has more
But when it comes to autos
Your may have three or four

But you'll go right on complaining
Of the way I run my show
With no appreciation
For the things I have to know

And you'll take your high school dropouts
And you'll shove them off to us
And expect them to be experts
While you rant and rave and fuss

And when your car cannot be serviced
I'll not hang my head in shame
So you best wake up, America
And find out who's to blame



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Obama's Future Legacy



President Obama faces two wars and the worst recession since at least 1982. His prescription to remedy the nation's financial ills is now termed as Obamanomics -- the infusion of roughly a trillion dollars into the American economy. But will such policies work and how do they differ from Reagan's

legacy?

The common thread running through both Obama and Reagan is that each displays the confidence and winning attitude that is necessary to unite the American people and to increase the level of resilience that it takes to let commerce flow. And while the two men have disparate political philosophies, Obama has incorporated some of Reagan's main tenets into his national economic plan, namely targeted tax cuts.

Obama, though, is clear about where he stands: The recession will deepen unless the national government's vast resources are redirected into public works projects. Ideally, the private sector -- with the right incentives from the federal government -- would step forth with the funds. But the risks are too high and the private capital is unavailable. By infusing currency, confidence will be restored and business will once again flourish.

"The question we ask today is not whether our government is too big or too small, but whether it works ... We're guided by what works, not by any ideology or special interests," Obama said in his Inaugural address.

President Reagan, too, relied on fiscal stimulus programs. But unlike the 1980s when such spending was

targeted toward national defense, Obama will channel the funds into roads, bridges and national transmission systems -- the kind that will create a modernized network that can save energy, maximize energy production and improve reliability. And while Reagan said that "government is the problem and not the solution," Obama has said that government is necessary to create "opportunity."

Liberal thinking stresses that government intervention is the most pragmatic approach to easing national burdens during recessionary times.

That contrasts with that of conservatives, who say that the "invisible hand" of the free market will work its wonders if government just steps aside. For his part, Obama recognizes that free markets are powerful tools but says that today's problems are too expansive to be left to the devices of the capitalistic movement.

The fiscal stimulus is one component. Government intervention is the other. In the case of energy and the environment, the president says that the two can progress together. By asking industry to comply to new pollution and global warming rules, Obama says that it will lead to the development of powerful new technologies that will create the next generation of jobs and the ones to lift the nation back onto its feet -- in the same way that Internet and high tech movement empowered the economy in the late 1990s.

Obama has said that if his economic remedies fail that the nation will have a new president in four years. But he emphasizes that he arrived at the White House at a time of economic peril, and in a heap of red ink.

Not everyone is on board with the president. In fact, his economic stimulus package just signed into law passed largely on partisan grounds. Republicans argued

that it will leave behind an insurmountable debt that will never be repaid while it also gives short shrift to the type of tax-cutting measures employed by Reagan. With the stimulus plan, the current year's budget deficit is projected to be \$1.6 trillion, or three times that of the 2008 shortfall.

In an op-ed written in the Wall Street Journal, Peter Ferrara, writes that Reagan implemented across-the-board tax rates to provide incentives for saving, investment and entrepreneurship while also reigning-in the government and unleashing the powers of deregulation so as to spur innovation and cut costs. The size of government was also trimmed, he says, noting that inflation went from 13 percent in 1980 to 3 percent in 1983 while unemployment fell from 10 percent in 1982 to about 5 percent in 1988.

"In today's world, that would especially mean removing the onerous restrictions on energy production -- allowing drilling offshore and onshore for oil and natural gas, revival of the nuclear power industry, and construction of more electric power plants," writes Ferrara. "The Obama administration's economic policies do not include any ... Reagan components. In fact, the stimulus plan is the greatest increase in government spending in the history of the planet."

But pain now permeates the American psyche. And while many Reagan-era economists like that of Ferrara espouse the "trickle down" strategies used in the 1980s, another diverse group of economists are now arguing for a powerful economic punch provided by the federal government. In any event, Obama is not the revolutionary leftist that his critics claim but rather a pragmatist who practices what he preaches -- to promote government policies that work and not ones founded on ideology.

To that end, the president has

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Obama's Future

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embraced the green economy and the desire to increase the production of renewable energy. That would increase the nation's self sufficiency while also helping to cleanse the air. The nation will then rally to the cause, creating more investment in modern technologies and vast new economic opportunities for all.

Obama favors free markets. But he reasons that such dynamics can be unfair and lead to widening economic disparities. That thinking combined with today's harsh recession have formed the centerpiece of what will eventually become his legacy: a fiscal stimulus plan and more government intervention. While not Reagan-like, the American people have spoken and will do so again in four years.

Ken Silverstein, EnergyBiz Insider

Fluid Rx® Instant Lubricant Diagnostics

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sensor information from the engine including temperature, speed, and duration are combined to create probability factors that predict when the oil may need to be changed. This is at best a guess, not an analysis of the oil's condition and there is no change indicator light for transmission, power steering or brake fluid.

Fortunately there is an easy way to monitor and identify a fluid's condition and know when to recommend its replacement. Fluid Rx® is a visual lubricant diagnostic tool that allows the technician and consumer alike to evaluate a fluid's condition, no tools or special knowledge needed.

Owner's manual fluid change recommendations are intended

to prevent vehicle damage and loss of performance caused by operating with depleted fluids.

By changing oil and fluids before they become depleted the vehicle will:

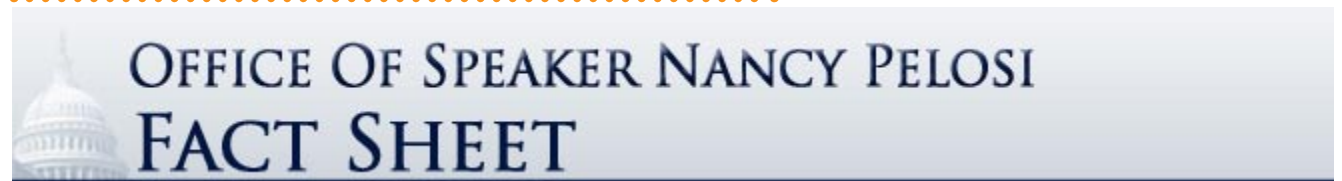
- Use less fuel
- Pollute less
- Be more reliable
- Last longer
- And cost less to maintain and operate over its service life.



Fluid diagnostics is the key to identifying fluid change intervals to reduce consumption and waste, improve reliability, and reduce overall operating and repair costs over the life of a vehicle.

Ron McElroy & Ron Schornstein, Co-Founders

Conference Report on American Recovery and Reinvestment Act -- Preliminary Overview



Just over three weeks since the Inauguration of President Obama, Congress will consider the American Recovery and Reinvestment Act, to save and create jobs, get our economy moving again, and transform it for long-term growth and stability. The landmark legislation is the first dramatic new investment in the future since the creation of the interstate highway system a half century ago.

A staggering 3.6 million American jobs have been lost since this recession began in December 2007 – the culmination of the failed economic approach of the Bush Administration – one that also doubled our national debt in eight short years. We need a New Direction.

The conference report on American Recovery and Reinvestment Act currently being drafted will:

- Create and save 3.5 million jobs, rebuilding America, making us more globally competitive and energy independent, and transforming our economy.
- Give 95 percent of American workers an immediate tax cut.
- Invest in roads, bridges, mass transit, energy efficient buildings, flood control, clean water projects, and other infrastructure projects.
- Restore science and innovation as the keys to new American-made technology tackling urgent national challenges like dependence on foreign oil.
- Invest quickly into the economy.

Unprecedented accountability and

transparency measures are built in to help ensure tax dollars are spent wisely and help restore confidence — another critical component of this recovery.

The legislation being drafted contains targeted efforts in:

- Clean, Efficient, Energy
- Transforming our Economy with Science and Technology
- Lowering Health Care Costs and Ensuring Broader Coverage
- Investing in Education for the 21st Century
- Modernizing Roads, Bridges, Transit and Waterways
- Helping Workers Hurt by the Recession
- Providing Strong Accountability Measures.

Following are highlights, based on

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Conference Report on American Recovery and Reinvestment Act -- Preliminary Overview

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preliminary information, of some key provisions in each of these areas.

Clean, Efficient, American Energy:

To put people back to work today and reduce our dependence on foreign oil tomorrow, we will increase renewable energy production.



• Smart Grid/Advanced Battery Technology/Energy Efficiency

o Provides a total of \$30 billion for such initiatives as a new, smart power grid, advanced battery technology, and energy efficiency measures, which will create nearly 500,000 jobs.

o Supports U.S. development of advanced vehicle batteries and battery systems through loans and grants so that America can lead the world in transforming the way automobiles are powered.

• Tax Incentives to Spur Energy Savings and Green Jobs

o Provides \$20 billion in tax incentives for renewable energy and energy efficiency over the next 10 years.

o Provides a tax credit for families that purchase plug-in hybrid vehicles of up to \$7,500 to spur the next generation of American cars.

o Establishes a new manufacturing investment tax credit for investment in advanced energy facilities, such as facilities that manufacture components for the production of renewable energy, advanced battery technology, and other innovative next-generation green technologies.

Transform our Economy with Science and Technology: To secure America's role as a world leader in a competitive global economy,

we are renewing America's investments in basic research and development, in training students for an innovation economy, and in deploying new technologies into the marketplace. This will help businesses in every community succeed in a global economy.

• Investing in Scientific Research (More than \$15 Billion)

o Provides \$3 billion for the National Science Foundation, for basic research in fundamental science and engineering – which spurs discovery and innovation.

o Provides \$1.6 billion for the Department of Energy's Office of Science, which funds research in such areas as climate science, biofuels, high-energy physics, nuclear physics and fusion energy sciences – areas crucial to our energy future.

• Extending Broadband Services

o Provides \$7 billion for extending broadband services to underserved communities across the country, so that rural and inner-city businesses can compete with any company in the world.

o For every dollar invested in broadband, the economy sees a ten-fold return on that investment.

• Providing Health Insurance for Unemployed Workers

o Currently, laid-off workers, under the COBRA program, can buy into their former employer's health insurance. But the premiums are often prohibitively expensive. In order to help people maintain their health coverage, the bill provides a 60% subsidy for COBRA premiums for up to 9 months.

Education for the 21st Century: Economists tell us that strategic investments in education are one of the best ways to help America become more productive and competitive. This bill will make key investments to help states

avoid teacher layoffs and other damaging education cuts in this recession, help make college more affordable, and make other key education investments.

• Preventing Teacher Layoffs and Education Cuts by the States

o Prevents teacher layoffs and other cutbacks in education and other key services, by establishing a \$53.6 billion State Fiscal Stabilization Fund, including \$40.6 billion to local school districts using existing funding formulas, which can be used for preventing cutbacks, preventing layoffs, school modernization, or other purposes; \$5 billion to states as bonus grants for meeting key performance measures in education; and \$8 billion to states for other high priority needs such as public safety and other critical services, which may include education.

• Making College More Affordable

o Increases the higher education tax credit to a maximum of \$2,500. Also makes it available to nearly 4 million low-income students who had not had any access to the higher education tax credit in the past – by making it partially refundable.

o Increases the maximum Pell Grant by \$500, for a maximum of \$5,350 in 2009 and \$5,550 in 2010.

o Adds \$200 million to the vital College Work-Study program.

• Investing in Early Childhood Development

o Provides \$1.1 billion for Early Head Start and \$1 billion for Head Start, which provide comprehensive development services to low-income infants and preschool children – thereby providing services for 110,000 additional infants and children.

o Provides \$2 billion for the Child Care Development Block Grant to provide child care services to



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an additional 300,000 children in low-income families while their parents go to work.

Modernize Roads, Bridges, Transit and Waterways: To build a 21st century economy, we must create jobs rebuilding our crumbling roads and bridges, modernizing public buildings, and putting people to work cleaning up our air, water and land.

- Modernizing Roads and Bridges
 - o Provides \$29 billion for modernizing roads and bridges, which will create 835,000 jobs. This investment creates jobs in the short term while saving commuters time and money in the long term.
 - o Requires states to obligate at least half of the highway/bridge funding within 120 days.
 - o States have over 6,100 projects totaling over \$64 billion that could be under contract within 180 days.



- Improving Public Transit and Rail
 - o Provides \$8.4 billion for investments in transit and \$8 billion for investment in high-speed rail. These investments will reduce traffic congestion and our dependence on foreign oil.
 - o Includes funds for new construction of commuter and light rail, modernizing existing transit systems, and purchasing buses and equipment to needed to increase public transportation and improve intermodal and transit facilities.
 - o States have 787 ready-to-go transit projects totaling about \$16 billion.

Tax Cuts to Make Work Pay and Create Jobs: More than 35 percent

of the package will provide direct tax relief to 95 percent of American workers, as President-elect Obama pledged, and spur investment and job growth for American businesses. To gain the support of the needed Senate Republicans, the amount of Make Work Pay Tax credit has been scaled back, the AMT has been added, and several business tax incentives have been added

- Business Tax Incentives to Create Jobs and Spur Investment
 - o Helps businesses quickly recover costs of new capital investments by extending the bonus depreciation and increased small business expensing for businesses making investments in plants and equipment in 2009.
 - o Includes a variety of provisions to help small business, including small business expensing for investment in new plants and equipment, loss carry back for small businesses, a delay of the 3% withholding tax on payments to businesses that sell goods or services to governments, and a cut in the capital gains tax cut for investors in small businesses who hold stock for more than five years.
 - o Provides assistance to companies looking to reduce their debt burdens by delaying the tax on businesses that have discharged indebtedness, which will help these companies strengthen their balance sheets and obtain resources to invest in job creation.
 - o Provides incentives to create new jobs with tax credits for hiring recently discharged unemployed veterans and youth that have been out of work and out of school for the 6 months prior to hire.
- Tax Incentives to Spur Energy Savings and Green Jobs
 - o Provides a tax credit for families that purchase plug-in hybrid vehicles of up to \$7,500 to spur the next generation of American cars.

- o Establishes a new manufacturing investment tax credit for investment in advanced energy facilities, such as facilities that manufacture components for the production of renewable energy, advanced battery technology, and other innovative next-generation green technologies.
- o Includes a new bond-financing program for school construction, rehabilitation, and repair.

Help Workers Hurt by the Recession: High unemployment and rising costs have outpaced Americans' paychecks. We will help workers train and find jobs, and help struggling families make ends meet. Every dollar in unemployment or food stamp creates at least \$1.63 in economic activity, as these funds are spent quickly.

- Extending and Improving Unemployment Benefits
 - o Continues through December 2009 the extended unemployment benefits program (which provides up to 33 weeks of extended benefits) that is otherwise scheduled to begin to phase out at the end of March 2009 – thereby helping an additional 3.5 million jobless workers.
 - o Increases unemployment benefits for 20 million jobless workers by \$25 per week, and encourages states to modernize their UI systems to keep up with the changing workforce with expanded coverage.
 - o Temporarily suspends the taxation of some unemployment benefits.
 - o Every dollar in unemployment benefits creates at least \$1.63 in economic activity, according to chief economist Mark Zandi of Moody's Economy.com.

- Helping Workers Find Jobs
 - o Provides funding to help workers find jobs, including \$4 billion for job training including formula grants for adult job training, dislocated

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worker job training, and youth services (including funding for summer jobs for young people); \$500 million for Vocational Rehabilitation State Grants to help persons with disabilities prepare for gainful employment; \$500 million to match unemployed individuals to job openings through state employment agencies; and \$120 million to provide community service jobs to an additional 24,000 low-income older Americans.

- Extending TAA
 - Extends Trade Adjustment Assistance benefits for at least 160,000 new workers over the next two years who lose their jobs because of increased imports or factory shifts to certain foreign countries.

Unprecedented Accountability: An historic level of transparency,

oversight and accountability will help guarantee taxpayer dollars are spent wisely and ensure that Americans can see the results of their investment.

- How funds are spent, all announcements of contract and grant competitions and awards, and formula grant allocations must be posted on a special website created by the President. It must also include the names of agency personnel to contact with concerns about infrastructure projects.

• Public notice of funding must include a description of the investment funded, the purpose, the total cost, and why recovery dollars should be used. Governors, mayors, or others making funding decisions must personally certify that the investment has been fully vetted and is an appropriate use of taxpayer dollars. This information

will also be placed on the internet.

- The Council of Economic Advisors must report quarterly on the results for the American economy.
- A Recovery Act Accountability and Transparency Board will be created to review management of recovery dollars and provide early warning of problems. The board is made up largely of Inspectors General.
- The Government Accountability Office and the Inspectors General are provided additional funding and access for special review of recovery funding.
- State whistleblowers who report fraud and abuse are protected.



CalABC -- Legislative Update California Budget Approved by Legislature

By: Chris Walker



SACRAMENTO -- As of early Thursday morning, February 19th, the California Legislature had approved a budget for signature by Governor Schwarzenegger.

becomes effective April 1, 2009. (There are no exceptions.)

- 77% increase in vehicle registration fees that becomes effective for all registrations due after May 19th. (from .65% of vehicle value to 1.15%)

- .25% increase in state income taxes for 2009 tax year beginning on January 1, 2009.

It is important to incorporate these additional costs into your business plans for 2009 as soon as possible.

For instance, the 1 cent increase in sales tax means that all parts sales in California on or after April 1st will cost your customers more and you need to collect. Please incorporate this additional sales tax into your sales and invoicing software effective April 1, 2009.

The Governor's earlier proposal to include sales taxes on labor was NOT included in this budget. However, it is expected the Commission on the 21st Century Economy will return to the legislature in April/May with recommendations that will include a tax on labor. Please be aware of this and be prepared to begin anew grassroots efforts to stop the auto repair tax.

If you should have any questions or need additional information, please do not hesitate to contact me at (916) 442-8888.

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The enactment of this budget is expected to restore California's fiscal health and unfreeze California's bonding ability -- an essential element allowing public works projects to proceed avoiding costly work stoppages and unemployment. This is the good news.

Here's the bad news . . .

This budget includes significant tax/fee increases that will impact you and your businesses in 2009. These are as follows:

- 1 cent sales tax increase that

RECESSION SURVIVAL SERIES

TOOLS FOR SUCCESS IN CHALLENGING TIMES



The economy is in crisis. Businesses are losing ground; some are failing. Now is the time to act, to learn how to match your team's skills and technology to the requirements of the day. In response to the prevailing crisis, SEMA is launching a series of web-based seminars over the next six weeks to provide immediate help to its member companies.

In a brief and to-the-point Recession Survival Series, SEMA will offer webinars to give your staff the guidance they need to survive the turbulent economy and be poised to thrive when it recovers.

REGISTER NOW: Registration is free for SEMA-member companies and \$29/webinar for non-members.

Here's a brief description of each webinar that make up the series. For a more detailed description of each webinar, please visit SEMA Recession Survival Series

Thursday, February 26, 2009 (10:00 to 11:00 a.m. PST)

"Taking Positive Control of Your Company: How to Save Your Business When the Economic News is Negative"

Richard Jones, Chairman & CEO, Management 2000, Inc.

This real-time, real-life business program is designed exclusively for owners/operators, CEOs, presidents and executive-level decision-makers who must act now to save their companies.

Thursday, March 5, 2009 (10:00 to 11:00 a.m. PST)

"Offensive & Defensive Strategies for Supply Chain Management"

This presentation provides key tactics for improving your position in the automotive aftermarket supply chain and defending yourself against aggressive competitors.

Thursday, March 12, 2009 (10:00 to 11:00 a.m. PST)

"Increasing Profits with Fewer Customers"

Dan Kettelson, Performance Incorporated (an ADP Business)

Sponsored by the SEMA Manufacturer Representative Council (MRC)

This discussion will embrace benchmarks, guidelines, pay plans and real-world methods to dramatically improve your company's bottom-line performance.

Thursday, March 19, 2009 (10:00 to 11:00 a.m. PST)

"Protecting Your Finances from the Economy"

Matthew Egan, VP & Senior Financial Advisor, Merrill Lynch

This investment-focused presentation covers preserving your principal, learning what kind of dividend income you can expect, finding attainable and sustainable returns and what you should do with cash.

Wednesday, March 25, 2009 (10:00 to 11:00 a.m. PST)

"Inventory Management: Stop Storing Cash in the Warehouse"

Tom Shay, Profits+Plus

Increasing inventory turnover will greatly increase return on investment, and it's a better way to stop burning through cash than extending the margins on the products you offer.

Thursday, April 2, 2009 (10:00 to 11:00 a.m. PST)

"Job Costing Systems that Will Boost Your Cash Flow"

Tom Aiono, Accounting Manager, SEMA

This presentation covers the basics of job costing and other simple tools that you can use now. Cost cut your way to increased profits.

Thursday, April 9, 2009 (10:00 to 11:00 a.m. PST)

"Tough Times Bring Change: Learn How to Manage Moving Forward"

Peter de Jager, Technobility

Walk away with the tools your business needs to help you manage and achieve what at first glance appears to be unsolvable. Use change to move forward.

CalABC Join California Automotive Business Coalition Today

Much progress has been made by the California Automotive Business Coalition (CalABC) on your behalf. As most of you are aware, we have successfully completed the transition from the Automotive Repair Coalition (ARC) to CalABC, broadening the influence of the organization while providing more services to a much larger spectrum of the state's aftermarket.

Our ability to promote our interests in both the political arena and in our financial well-being comes from our increasing number of members.

Join today.
www.calabc.org/Membership_Application.html



CalABC Business Goals

1. To unite the automotive industries in California for the good of the industry itself and the consumers it serves.
2. To promote and safeguard California's automotive aftermarket repair industry by shaping sound public policy while establishing and maintaining a healthy, competent and competitive automotive repair industry.
3. To create the financial wherewithal to properly lobby issues of importance that either negatively impact

industry or may be important for the betterment of the industry as a whole.

4. To develop a sound grassroots coalition of both large corporations and small business with an effective informational web page that will help educate industry participants on issues of importance.
5. To improve and promote an infrastructure to train potential automotive technicians and assure that the training adheres to acceptable standards agreed upon by the California Automotive Business Coalition, so that industry has a feeder system of new technicians.
6. Most importantly, to oversee proactive consumer protection policies to improve our public persona and promote our industry as a professional trade by promoting the excellent services we provide to consumers.

CalABC's Return To Our Members

The Coalition will provide a Senior Policy Advisor to address the numerous laws, regulations and government intervention in our industry that are onerous and drive up the cost of doing business to industry and the consumer while serving no real purpose.

The Coalition is able to provide your business legislation and regulation oversight, while you can remain focused on your business.

The CALABC umbrella allows its members to voice their positions on vital industry issues without fear of retaliation by regulators or media opinion.

This helps avoid such situations as that which occurred with Sears' problems with the Bureau of Automotive Repairs in the early 1990s that cost them an estimated \$10 million in good will and public opinion.

It will also safeguard corporations from situations such as Caliber Collision Centers has recently experienced when the Bureau of Automotive slammed the entire automotive repair industry through public media, and painted it as corrupt.

This cost to the automotive aftermarket repair industry was a loss of both good will and customer confidence. CALABC will represent you at the table at numerous meetings with the Bureau of Automotive Repair as well as Senate and Assembly hearings where issues of concern are being addressed and your voice needs to be heard.

CALABC's main focus is to create sound government oversight as it relates to the automotive aftermarket repair industry in California.

The challenges we face in this coming year are those affecting our businesses and future survival today.



How Obama's SBA Chief May Change the Agency

The President's pick to head the Small Business Administration, Karen Mills could transform the agency's approach to funding

Karen Gordon Mills, President Barack Obama's pick to head up the Small Business Administration, will, if confirmed, arrive in Washington with a financier's background and extensive hands-on experience as a small business advocate.

Mills, brings impressive credentials to the task. A Harvard University graduate two times over, with an AB in economics and an MBA, Mills currently serves as president and founder of private equity firm. Her notable accomplishments include successfully lobbying that state's legislators to pass a \$50 million research and development bond to spur small business innovation.

Those who know her expect Mills to navigate Washington ably and in nonpartisan fashion, and to boost the SBA's role as a supporter of visionary businesses. She'll likely be interested in fostering a more global role for American entrepreneurs and bring renewed attention to the needs of women-owned businesses.

Mills, in an October 2008 interview with BusinessWeek SmallBiz, she discussed the need to coordinate economic development between the federal government and the states, and for the SBA to develop an approach to funding that recognizes the financial needs of different types of small businesses. Mills says the SBA is currently missing "a strategy that puts small business at the center, that differentiates between the high-impact, high-growth small businesses who have needs for long-term equity capital vs. the Main Street businesses which today need reinstatement of their short-term credit."

The new SBA nominee also shares a hometown connection with the new President. Her parents, Melvin J. and Ellen R. Gordon, are majority owners of Chicago candymaker Tootsie Roll Industries.

Mills has also conducted research for the Brookings Institution on business clusters in Maine, sparking interest beyond the state. Her paper outlines the importance of public-private partnerships and their role in spurring economic development. It also highlights the impact that innovative firms—in this particular case, Maine's boat builders—can have on a given region. "Her ideas about clusters are interesting and look at different ways to finance [small] businesses," says Susan Eckerly, vice-president for federal public policy at the National Federation of Independent Business in Washington. Mills has argued that entrepreneurs doing business outside their home locale can wield greater influence than other enterprises because they can bring in more money and attract other businesses. This in turn may make such companies more competitive globally.

One of Mills' collaborators has been Michael E. Porter, the Bishop William Lawrence University Professor at Harvard Business School. He expects Mills' wider work on economic development to affect her tenure at the SBA. "Karen will be thinking of how to make the SBA more effective by enhancing its programs and connecting them better with the needs of regional economies," says Porter, who adds: "Very rarely have we had someone with this breadth and level of ability" as administrator.

But the SBA is not really an economic development agency. The SBA is set up to assist firms. It has not been considered a central agency in national economic policy." Mills' challenge will be to transform the SBA into a force that can move beyond assisting a relatively modest number of entrepreneurs to advocating for small businesses in the larger economic debate.

"Panic Phone Call"



Yesterday I received a "panic" phone call from one of our clients who said his daycare assistant had gotten stuck and was at a shop about 15 miles from me.

He said the girl was afraid of the men who were helping her!

Well I knew the shop - it is an AAA facility and so I suggested he call and talk to the owner. The owner wasn't there and the manager gave him a hard time on the phone. So to calm his nerves I drove to the other shop and picked the girl up. I thought I would find a "nut case" when I got there but quite to the contrary. She was very polite and apologized, but what she said fascinated me and maybe we could all learn something from this --

She didn't trust the employees because they looked dirty and didn't have on work uniforms. She was right they did look like the bad news bears! I knew most of the guys at the shop and I would doubt they would hurt a flea but in today's market, perception especially with women clients is critical!

This is definitely something the industry knows better and needs to take a real look at!

Business Owner

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Brake Pad Legislation

Proposed Measure: Draft Initial Negotiation

1) The Legislature declares the following:

a) Friction Materials are an essential component of motor vehicle brake systems and of critical importance to transportation safety and the public safety in general.

b) Debris from Friction Materials are generated and released to the surrounding environment in the course of normal brake system operation.

c) Friction materials on motorized vehicles are known to contain constituents, including copper, that have been proven to be harmful when found in insignificant quantities in the natural environment, and are regulated as part of a system of laws and regulations intended to prevent pollution, preserve the environment, and protect public health.

d) Consistent with the critical role brake systems play in transportation safety, limits on such harmful constituents are necessary to protect and enhance California's natural environment and public health.

2) Definitions

a) Motorized Vehicle. [TBD]

3) Limits on Copper in Motorized Vehicle Friction Materials

a) All friction materials sold in California for use on motorized vehicles shall comply with the limits on harmful constituents set forth in this chapter. For the purposes of this chapter, the sale of friction materials includes friction materials installed as original equipment on motor vehicles sold or intended for use in California, as well as other friction materials sold in California for use on motor vehicles, whether or not installed by the seller.

b) By no later than January 1, 2023, friction materials sold in California

for use on motorized vehicles shall not exceed 5% copper by weight. By no later than January 1, 2032, friction materials sold in California for use on motorized vehicles shall not exceed 0.5% copper by weight.

4) Limits on Other Constituents
By no later than January 1, 2014, the following substances shall not exceed the concentrations below in friction materials sold in California for use on motorized vehicles:

- a) Cadmium and its compounds - 0.01% by weight;
- b) Chromium(VI) - salts - 0.1%
- c) Lead and its compounds - 0.1%
- d) Mercury & its compounds - 0.1%
- e) Asbestiform fibers - 0.1%

The following constituents will be monitored to ensure they do not increase by more than X. If they do increase more than X, some action will be triggered. (TBD)

- a) Nickel and its compounds
- b) Zinc and its compounds
- c) Antimony and its compounds

5) Exceptions: The following vehicle classes are exempted from the provisions of this chapter:

- a) Emergency response vehicles
- b) Military combat vehicles (TBD)
- c) Non street legal racing vehicles
- d) Vehicles employing "internal closed hydraulic brakes," or a similar brake system which is fully contained and emits no copper or other debris or fluids under normal operating conditions
- e) OE Service (TBD)
- 6) Enforcement and Compliance
 - a) DTSC will be responsible agency
 - b) A retail fee will be assessed on the order of one dollar per brake friction axle set

c) The fee will pay for business education, outreach, enforcement and copper control measures
d) The fee would begin to be assessed on January 1, 2011

Copper from brake pads is impairing water quality, asserts The Automotive Wholesalers' Assoc. and the Automotive Aftermarket Industry Association, both of which are actively involved in guiding legislation that is slated for introduction in early 2009 to limit the use of copper in brake pads.

There are two sets of issues for vehicle repair shops:

(1) Benefit - Makes it easier to ensure worker safety & compliance with water discharge requirements. The elimination of lead, asbestos, and copper from brake pads should make wear debris that remains on vehicles much less problematic. Note that the bill covers both drum shoes and disc pads.

(2) Possible new obligation - The fee collection and compliance inspections could create a new obligation for shops that obtain pads directly from out of state.

The Brake Pad Partnership has been working with the Automotive Wholesalers' Assoc. to address these issues, since their members would be primarily affected.



CALABC collaborates with the Automotive Maintenance Repair Association (AMRA/MAP) whose combined management organization is the most powerful coalition of its type for any particular industry in California.

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■ CalABC's Board of Directors is diverse and representative of the industry, and participates in the organization's management. The Board is made up of individuals who represent trade associations, automotive training and education, associations and executives who run the day-to-day organizations of their associations. ■

■ The latest edition of the Small Business Advocate Office of Advocacy's newsletter is available at:
<http://www.sba.gov/>

We think you will find it, as always, informative.

Thank you.

Marty Keller

*Director, Office of Small Business Advocate
Governor's Office of Planning & Research*

