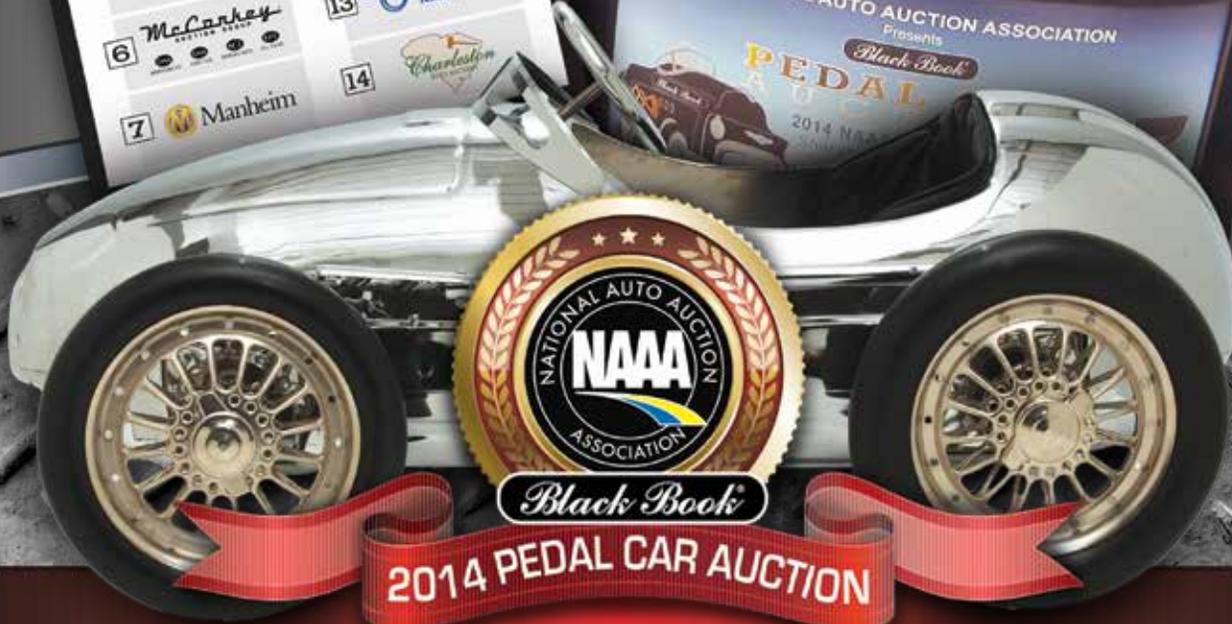


ON THE BLOCK

NATIONAL AUTO AUCTION ASSOCIATION
Presents
Black Book
PEDAL CAR AUCTION
RUN LIST

1	Black Book	8	Dealers of the Southwest
2	Auto Auction	9	STATE LINE
3	ADESA INDIANAPOLIS	10	LYNNWAY
4	AAA	11	GREATER MILWAUKEE AUTO AUCTION
5	Zide	12	Auto Auction
6	McCarhey	13	Pittsburgh Auto Auction
7	Manheim	14	Charleston



► STORY ON PAGE 10

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COLUMNS

- 4** *LEADERS' MESSAGE*
 Jack Neshe and Frank Hackett discuss the passing of the guard and offer an expression of gratitude to all sponsors and exhibitors at the upcoming NAAA Convention.
- 6** *ARBITRATION CORNER*
 Matt Arias explains the "Sales Light System" that describes the condition and/or disclosures related to the vehicle being sold in the auction lane.
- 7** *ECONOMIC OUTLOOK*
 NAAA Economist Dr. Ira Silver provides a promising report on 2nd quarter light vehicle sales.
- 8** *SAFETY FIRST*
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- 9** *AUCTION NEWS*
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- 11** *AUCTION COMMUNITY*
 Check out the very latest auction news and community service efforts from NAAA members around the country. Also, get an inside look at all three finalists and the winner of the recent 2014 World Automobile Auctioneer Championships.
- 14** *ASSOCIATION NEWS*
 NAAA reorganizes its staff. And speaking of staff, our very own Frank Hackett was selected by NIADA for membership in its most prestigious Ring of Honor — the highest accolade bestowed by the organization.
- 16** *MARKET WISE*
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An Expression of Gratitude

Once again, thanks to the support and participation of our many sponsors and exhibitors, the National Auto Auction Associations (NAAA's) 66th Annual Convention promises to be a winning event for all who attend the meeting in Boston this September.



FRANK HACKETT
CEO of NAAA

From the hilariously entertaining keynote program by comedian Jason Alexander, the eye-opening presentation on the transportation of tomorrow by futurist Patrick Dixon and the session with CNBC contributor Steve Cortes, to the meet and greet with Red Sox legend Jim Rice, the educational panels, informative exhibits and charity Pedal Car Auction, our 66th Annual Convention will prove to be an unforgettable experience.

Again, I must express our sincere appreciation on behalf of NAAA to all of the sponsors, exhibitors and attendees for helping to make this year's convention outstanding. ■



Transformative Times

I think Boston is a fitting location to host the 2014 NAAA Annual Convention — not just because I love my hometown. — but because it's the cradle of the American Revolution. The colonial city's citizens, like Sam and John Adams, sought changes in the system for the better and Paul Revere rode calling on folks to muster and meet the challenge. And this past year



JACK NESHE
President of NAAA

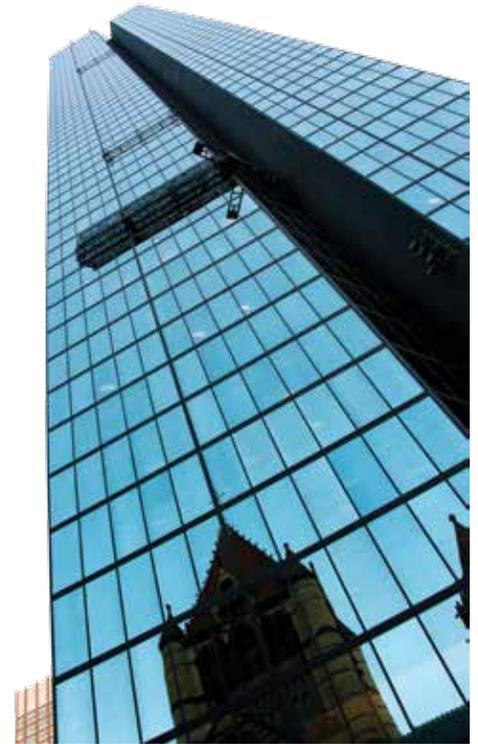
has been a revolutionary one for the National Auto Auction Association (NAAA).

As your president, I set out with a vision to enrich membership development and education, enhance our advocacy efforts, expand our membership services and streamline processes to help auctions achieve more efficient, cost-effective operations. Thanks to your support and the efforts of the NAAA staff, we brought about many transformations and are achieving our goals.

In the area of education and training, this year saw the first graduating class of the Auction Academy receive their certificates during commencement ceremonies held at the CAR/NAAA Conference in March. The NAAA-sponsored auction business school is to increase the professional skills of tomorrow's auto auction leadership. Our Dynamic Leadership Institute continued going strong with a successful two-day session presented by the Ritz-Carlton Service Training Center in Washington, D.C. We also held more training classes, webinars and a planning session for the incoming association and chapter presidents. Plus, the Warren Young, Sr., Scholastic Foundation again gave scholarships totaling \$40,000 to deserving students as donations were made honoring Manheim executives Jay and Pam Cadigan, and Toyota Financial Services National Remarketing Manager Mike Reid with Warren Young Fellow awards.

On the advocacy front, we strengthened our political action committee with the initial NAAA PAC Cup Challenge among the four chapters, where the Eastern Chapter's winning donation of \$14,315 captured the coveted trophy. We added to our strategic partnerships as the National Auctioneers Association joined us for a busy "Day On The Hill" advocating for our industry's interests and we welcomed our first state-level dealer group member, the New Mexico Independent Auto Dealers Association.

Several big changes occurred in expanding services and streamlining processes for our membership. Perhaps the biggest is that starting in 2016 we will combine our annual convention with Cherokee Automotive Group's National Remarketing Conference during Used Car Week in a joint effort to offer increased networking opportunities concentrated in a single place at



one time for greater value.

In addition, NAAA restructured its management staff for more efficient operations and communications, adopted a universal arbitration policy with Spanish and French versions, created the Symbol of a Quality Auction logo display campaign for customer awareness and purchased a website with a massive database and the premier search engine of automobile structure types to save members time and money complying with the structural damage policy.

Of course, one of the major modifications that took place this year is what you're holding now when our media merger with National Independent Automobile Dealers Association's (NIADA) Used Car Week transformed our three-times-a-year newsletter into the glossy bi-monthly publication, On The Block, that we launched in January. I hope you've enjoyed the increased industry coverage, interesting feature stories and insightful advice columns from experts in our profession as well as all the special association news to be found in these pages. There's so much more to report because our members, NAAA and the remarketing industry is growing and changing due to your efforts. So let's keep that revolutionary spirit alive as we strive together to meet the challenges of today and make improvements for the good of all in the future. Thank you again for supporting NAAA. ■

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The Value of Arbitration Risk Management

During my many years in the automotive remarketing industry, I have seen the importance of understanding what the lights in the lanes mean on sale days. We will cover the National Auto Auction Association (NAAA) Arbitration policy's "Sale Light System" and its usage in this month's column.

According to the policy, the "Auction has a standard light/video display system to describe the condition and/or disclosures related to the vehicle being sold." The system is defined as:

- **Green Light – "Ride and Drive:"** The green light signals that this vehicle is guaranteed under the conditions outlined in the Arbitration Guidelines section, except for specific disclosures or announcements made prior to the sale.
- **Yellow Light – "Announcements:"** This light is an indication to the buyer that the auctioneer or selling representative has made announcements that qualify/clarify the condition or equipment and limit arbitration of this vehicle. This light can be used in conjunction with any other light.
- **Red Light – "As-Is:"** Vehicles selling under the red light will only qualify for arbitration under the rules outlined in the arbitration guidelines section: as-is dollar amount,

model years, and mileage is subject to local auction policy.

- **Blue Light – "Title Attached/Title Unavailable/Title Absent:"** This light is used to announce that the title is not present at the time of the sale. For auction rules regarding titles please refer to the title arbitration policy section. If "title attached/unavailable/absent" is not announced, a vehicle could be arbitrated for misrepresentation." (Available at: <https://www.naaa.com/standards/standards.html>)

When determining disclosures to would-be buyers, the seller must first determine which sale light to use. Ideally, the sale light should be determined by the total condition of the vehicle and arbitration risk. For example, a late-model vehicle with normal wear and tear that is mechanically sound would tend to be considered a green light vehicle. Conversely, an older model with more wear and tear and a mechanical issue with a wholesale repair cost over \$500 (per policy) would tend to be sold with the red light on.

Some issues require disclosure regardless of which light is on. These include:

- Supplemental Restraint System (SRS) missing or problem with airbags (over \$500)

- Structural issues as per NAAA Structural Damage Policy
- Not actual miles or inoperative odometer
- Salvage, reconstructed, theft recovery and stolen vehicles including credible history
- Insurance and or salvage titles including credible history
- Flood damage (by auction inspection)
- Lemon law/manufacturer's buyback
- State issued VIN plate (including all kit vehicles)
- Taxis or livery vehicles, police cars and government vehicles
- Previous Canadian vehicles
- Grey market vehicles
- Vehicles being sold with no title (bill of sale only)
- Logo or decal misrepresentation
- Bio-Hazard vehicles (both cleaned and contaminated) as required by law
- Flood damage history (discovered by DMV or insurance company records)
- Vehicles being sold with a certificate of origin (CO), manufacturer statement of origin (MSO)
- Pending state or local DMV fees and/or taxes over \$100 due on vehicle (if required by state)
- Any state required damage disclosure

The yellow light is used to supplement the green light to exempt defects that are being announced. An example would be a vehicle sold under the green light but with a defective transmission. The appropriate announcement would be "Green light vehicle with the yellow light caution for the transmission."

The blue light is used for the title. This light must be used when the title is going to be late in conjunction with green or red light.

Some sellers do not want the arbitration liability so they may attempt to develop a disclosure that exempts them from everything. This, however, is not within the guidelines of the NAAA policy. If a seller uses a 'shotgun style' announcement, but the vehicle has an undisclosed defect for which a disclosure is required by NAAA policy, a claim would be valid and the seller would be liable.

It is very important both sellers and buyers understand the nature of the transaction via the sale light. As a buyer, the amount of recourse is limited from an arbitration point of view. Auction products like the 'post-sale inspection' may not be available for vehicles sold under specific announcements and the red light. The arbitration policy can be found on NAAA's website under the "Standards" page at: <https://www.naaa.com/standards/standards.html>.

Thanks to all readers for the feedback on this column thus far! ■

ACCORDING TO THE ARBITRATION POLICY, THE "AUCTION HAS A STANDARD LIGHT/VIDEO DISPLAY SYSTEM TO DESCRIBE THE CONDITION AND/OR DISCLOSURES RELATED TO THE VEHICLE BEING SOLD."

The image shows a portion of the NAAA Arbitration Policy document. At the top, there are three colored boxes: a green box labeled "Green light only", a yellow box labeled "Green & Red Light", and a red box labeled "Red Light only". Below these is a table with columns for "Green Light only", "Green & Red Light", and "Red Light only", and sub-columns for "Ride and Drive", "Announcements", and "As-Is". The table lists various vehicle conditions and disclosures, such as "Major Components", "Vehicle History Issues", and "Other Issues", with corresponding "Yes/No" entries for each category.



Matt Arias
Manheim Director of
Operational Excellence

FIRST HALF 2014 AND *BEYOND*

By Dr. Ira Silver
NAAA Economist



SECOND QUARTER LIGHT VEHICLE SALES WERE THE HIGHEST IN EIGHT YEARS AND EMPLOYMENT GROWTH WAS OVER 200,000 FOR FIVE MONTHS IN A ROW FOR THE FIRST TIME SINCE 2000.

FIRST HALF 2014

Second quarter light vehicle sales were the highest in eight years and employment growth was over 200,000 for five months in a row for the first time since 2000.

This does not sound like an economy that declined at a 2.9 percent annual rate in the first quarter. While it is the same economy, things have changed from what was the result of a combination of one-off negative factors in the first quarter that caused the decline in real GDP.

Most of the weakness was weather-related, as the abnormally bad winter stopped sales and production throughout the economy. Policy changes also negatively impacted economic activity. Confusion associated with the beginning of The Affordable Care Act held back health-care spending, and the elimination of investment tax and emergency unemployment benefits reduced consumer and investment spending.

Strength in second-quarter indicators, such as the aforementioned auto sales and employment, strongly suggest that the second quarter will show a significant rebound. We expect growth in the 3 percent range, with the remainder of the year also experiencing growth in that range.

The significant improvement in the labor market (i.e., five months of over 200,000/month gains and a June unemployment rate of 6.1 percent) promises to be the factor that turns this weak economic recovery into a more normal expansion. Jobs create income, which is ultimately spent, creating more jobs and income, and so on. This is the upward cycle that has been missing in this recovery up to now. As buyer spending increases, firms see the need to increase their investment in plant and equipment as well as adding workers. Investment adds to the upward cycle generating more spending and, in turn, more jobs.

Other positive contributors to the strength of the process are the increases in consumer and business wealth driven by rising stock and house prices, and the positive impact of low interest rates. Better foreign growth and the U.S. energy boom will also add to the positive momentum.

FULL YEAR 2014 & BEYOND

While multi-year year data revisions coming at the end of July may affect the exact magnitude of the numbers, we expect quarterly growth rates from the second quarter of this year through the end of 2015 to be in the 3 percent range. With this growth will inevitably come higher interest rates. However, we anticipate that the Federal Reserve will only raise rates when the economy is strong enough to absorb a more normal monetary policy.

After some weather-related weakness early in the year, light vehicle sales have taken off and reached pre-recession levels, with June at 16.9 million at a seasonally adjusted annual rate, and a second-quarter average of 16.5 million. New auto sales have been a leading sector since the start of the recovery as pent-up demand and very low financing costs supported a normal auto recovery. With the pickup in employment growth, we expect new light vehicle unit sales to average about 16½ million this year and over 17 million in 2015.

AUTO AUCTION INDUSTRY

Since 2010, strong new light-vehicle sales quickly turned into growing dealer consignment auction volume. However, the lagged impact of very weak new sales during the recession kept commercial consignment declining, more than offsetting growing dealer consignment until 2012. 2013 was the first year in which both dealer and commercial consignment increased since 2003.

This year, dealer consignment growth slowed with new sales early in the year, while commercial consignment remained strong due to the lagged impact of strong new sales growth early in the economic recovery. Increased dealer consignment volume related to improved new sales in the last few months and through the remainder of the year will combine with continued robust commercial consignment to make 2014 the best year for auction volume growth in more than a decade. ■

Review Your Insurance Policy at Renewal Time

► Look Closely at Coverage, Limits and Exclusions

"I can't believe it's that time of year again," is a common refrain from auction owners as they begin the annual process of renewing their insurance policies a few months before the expiration date. Time flies when you are having fun and it is somewhere between amazing and scary how fast the years tick by.

While you might be comfortable with your current insurance program, it is always wise to review the actual policies and any recommendations from your insurance professional regarding available coverage. Though it sounds merely like semantics, there is a significant difference between self-insured losses and uninsured losses. "Self-insured" means you have recognized and prepared financially for the risk. "Uninsured" means you are standing on your agent's desk because you have taken an unexpected blow to the bottom line.

Policies are a bit dry and typically take a pot of coffee and some aerobic activity to get through if you are trying to stay awake and review in one sitting. A few pointers are noted below, so you can maximize the productivity of this exercise. For each policy, review the declarations page, forms list and any supplementary declarations

pages to determine if you are comfortable with the coverage and limits in place. While it is always wise to read every word of the policy, the forms list will give you a chance to note any exclusion and other endorsements that are red flags, so you can review those in detail. Limits that are ridiculously low or high should be fairly easy to spot (make sure you are aware of any coinsurance provisions that require you to insure up to your actual exposure, such as on "Dealers Open Lot"). Obviously, with an auto auction, any exclusion related to auto liability should be reviewed carefully. Common exclusions we see from other carriers are related to drivers, mileage limitations, towing operations, theft exclusions when keys are left in the vehicle, youthful drivers and furnished automobiles. If your policy is not endorsed to provide primary auto liability when operating customer autos, then you will have a significant customer-relations issue at the time of an auto liability loss.

Of course, an auto auction's exposure is not limited to just auto. Crime coverage, employee benefits liability, employment practices liability, and cyber liability are just a few other coverages to consider (see the March issue for comments

on property coverage). Crime coverage, which typically encompasses employee dishonesty, forgery or alteration, theft and disappearance of money and securities, can be added to a garage package policy. Employee benefits liability, which responds to your errors and omissions in administering your employee benefits package, can also be added by endorsement to a garage package policy. Employment practices liability and cyber liability are typically written as stand-alone policies, so unless you are purchasing a separate policy you should not have any expectation of coverage for these lines.

Auction owners are well versed in assessing risk and reward, but even those with high risk tolerance don't like being caught off guard. Take the time to review and ask questions regarding your policy, as they are always easier to address before a loss. ■



Michael J. Rohdy
Area Senior Vice President of
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NAFA Chapter Holds Meeting at Manheim Riverside

Manheim Riverside opened its doors on June 10 to host a meeting of the Pacific Southwest Chapter of the National Association of Fleet Administrators (NAFA) Fleet Management Association for the first time.

A record group of 62 – many seeing an auction for the first time – toured the facility as part of the meeting and attended Manheim Riverside’s regular sale. The visitors were split into four groups for a facility tour, which included the reconditioning shop, the body shop and the VCI/Audi Technical Operations center.

Southern California Market Vice President Scott Hurst, Manheim Riverside General Manager Chris Brown, Commercial Accounts Manager Jason Atley and Reconditioning Manager Dewey Short, each led a smaller group on a tour.

Alec Gutierrez, a senior analyst from Kelley Blue Book, presented a retail and wholesale market overview, and joined Short and Mark Watson, ARI vehicle remarketing manager, for a panel discussion.

“It was a privilege to host the NAFA event and further build relationships with our industry,” Brown said. “We appreciate the opportunity

to share the inner workings of the auction remarketing world as seen from the Manheim Riverside perspective.”

NAFA is the world’s premier not-for-profit association for professionals who manage fleets of sedans, public safety vehicles, trucks, and buses of all types and sizes, and a wide range of military and off-road equipment for organizations across the globe. NAFA is considered the association for the diverse vehicle fleet management profession regardless of organizational type, geographic location or fleet composition.

“The Manheim visit provided insight and a better understanding of auction operations to support the remarketing enterprise,” said Sherry Lewis, director, University of California, Los Angeles (UCLA) Fleet and Transit, who attended the meeting. “Manheim sets the bar at a high level within the industry. Feedback from NAFA members and affiliates was overwhelmingly positive.”

The event was also attended by Rich Coutu, Manheim’s vice president of commercial accounts and Lou Verrengia, vice president of national accounts. ■




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The run order has been set and it's a list of 14 compact vehicles like you've never seen in an auction lane before — all completely customized, fully accessorized and eco-friendly with a "green" motor.

And these sweet rides can be yours for a winning bid at the National Auto Auction Association's (NAAA's) Inaugural Black Book Pedal Car Auction. The charity event will take place on Thursday, September 25, at 7 p.m. during the 2014 NAAA Annual Convention in Boston. The goal is to raise \$50,000 for NAAA's nonprofit Warren Young, Sr., Scholastic Foundation. Past NAAA President Bob McConkey, president of DAA Northwest, has volunteered to serve as auctioneer.

A drawing to determine the auction's run list from the finalists selected by the NAAA chapters was held at the National Independent Automobile Dealers Association Convention this past June in Las Vegas. Black Book Vice President and North American Auction Director Tim West, NAAA President Jack Neshe and NAAA President-elect Ellie Johnson drew 14 sponsor names to be included with Black Book's entrant for the fundraiser.

In run order, the auction contestants are: Black Book, Capital City/Mountain State Auto Auctions, ADESA Indianapolis, Akron Auto Auction, Sanford Auto Dealers Exchange, McConkey Auction Group, Manheim, Dealers Auto Auction of the Southwest, Stateline Auto Auction Inc., Lynnway Auto Auction, Greater Milwaukee Auto Auction, Farmington Auto Auction, Pittsburgh Auto Auction and Charleston Auto Auction.

The pedal car auctioned for the most money wins the "Best in Show" title, along with being featured on both the cover of NAAA's "On the Block" magazine and 2015 Directory.

Awards will also be given for Most Creative, Best Custom, Best Accessories and Most Unusual Paint Job categories as determined by the four NAAA Chapter presidents. An article about all the pedal cars and the event will appear in a future issue of "On the Block."

"We thought this offered our members a great way to demonstrate their creativity and craftsmanship in a friendly competition while raising money to support our scholarship fund, which helps deserving students achieve their dreams of higher education," Neshe says, adding with a smile, "Plus it gives anyone a chance to own a one-of-a-kind collectible car!"

The rules allowed the contestants to modify new or pre-owned pedal-powered vehicles — whether trains, planes or automobiles (but no carts or wagons!) — as much as their imagination and skill would permit. That included paint, decals, graphics, exhausts, lights, sirens and other parts or accessories.

Handiwork of all the entrants vying to be among the finalists selected to compete in the auction appeared in a display of the candy-colored customized kiddie cars at the CAR Conference in March.

"We believe in NAAA's work on behalf of the industry and are big supporters of the Warren Young Scholastic Foundation and believe in giving back to aid this terrific cause," says Black Book President Tom Cross. "We're happy to give back to the remarketing community by sponsoring this first-time fundraising event to aid a terrific cause."

Neshe notes that since its creation in 2004, the Scholastic Foundation has raised more than \$1.5 million and awards a total of \$40,000 in merit scholarships annually for full-time study at an accredited institution. It was named in honor of Warren Young, Sr., a pioneer of the auto auction industry who retired after 35 years of devoted service to his profession and the NAAA. ■

a run list for fun — and FUNDRAISING



► Order set for the 14 finalists in NAAA's Inaugural Black Book Pedal Car Auction

1 Black Book

2 CAPITAL CITY MOUNTAIN STATE AUTO AUCTIONS

3 ADESA INDIANAPOLIS

4 AA AKRON AUTO AUCTION

5 FARMINGTON AUTO AUCTION

6 McConkey AUCTION GROUP

7 Manheim

8 Dealers Auto Auction of the Southwest

9 STATE LINE AUTO AUCTION

10 LynnWay INDIANAPOLIS AUTO AUCTION INC.

11 GREATER MILWAUKEE AUTO AUCTION

12 FARMINGTON AUTO AUCTION

13 Pittsburgh Auto Auction

14 Charleston Auto Auction

"We believe in NAAA's work on behalf of the industry and are big supporters of the Warren Young Scholastic Foundation and believe in giving back to aid this terrific cause. We're happy to give back to the remarketing community by sponsoring this first-time fundraising event to aid a terrific cause."

► Tom Cross, Black Book President

Industry Icon Ed Bobit Dies at 86

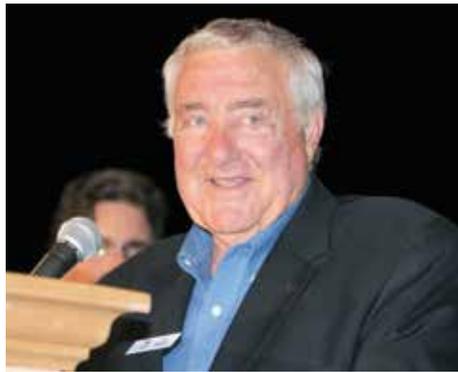
► Publisher of Automotive Fleet, flagship magazine of Bobit Business Media

Bobit Business Media Founder and Chairman Ed Bobit, who was honored by the National Auto Auction Association in 2011 as a Warren Young Fellow, died on June 29 at the age of 86. With the publication of his premier trade magazine Automotive Fleet in 1961, Bobit launched what would become one of the leading family-owned media companies in the United States.

Born and raised on a farm in the American Midwest, Bobit earned letters in four high school sports and attained the rank of Eagle Scout. In college, he played football and wrestled for Michigan State University.

Upon graduation from his beloved alma mater in 1945, he decided to serve his country by volunteering for the Navy. While on duty in the Pacific, the young sailor witnessed one of the historic atomic bomb tests on Bikini Atoll.

Returning home to civilian life, Bobit joined



Dow Chemical Company, which eventually brought him to Chicago. He later took a position with the McGraw-Hill Publishing Company, where his work for its Fleet Owner magazine would spark his interest in the automotive industry and foster his passion for the fleet business. To the end of his life Bobit counted among his closest friends those he first met in that profession.

Bobit's became convinced there were not enough resources available to those who managed large fleets and believed he could fill the gap. So in June 1961, having borrowed \$5,000 to fuel his dream, Bobit resigned from his job, rented a one-room office in Chicago's suburbs, and gave himself four months to publish a new trade magazine. He made that deadline.

Today, from a vast 50,000-square-foot office building in Torrance, California, and 15 regional offices around the country, Bobit Business Media's 150 employees produce 40 industry web sites, 29 e-newsletters, 12 trade shows and conferences, and 19 magazines — including the flagship publication, Automotive Fleet.

Although he turned over the CEO mantle to his son Ty in 2007, "Coach" Bobit — as he was affectionately known by family, friends and colleagues alike — continued to appear in the office every morning at 7:30 sharp. His eldest grandson Blake joined the team in 2010. In addition to Ty and Blake, Bobit is survived by his four other children: Beverly Jacobson, Beth Edwards, Bobi Jo Banas and Barbara Jusseume; 13 other grandchildren and one great-grandchild.

"Ed's legacy is not only the company he built through hard work, determination, vision and devotion to excellence, but the major positive impact his contributions have had on the industry," notes NAAA Chief Executive Officer Frank Hackett. "It was a pleasure to have him as a colleague in the profession and a privilege to honor him as a Warren Young Fellow with a \$2,500 contribution in his name to our Warren Young, Sr., Scholastic Foundation."

Bobit had also been inducted into the Fleet Hall of Fame in 2009 along with receiving numerous other honors during his long career. ■



With Home-grown Skill, Stacey McClain Takes Charge on the Auction Block

Stacey McClain has been an auto auctioneer since 1992, taking her first turn on the block at Southern Auto Auction in Connecticut, and later working for both Manheim and ADESA. For many years she has been finding the highest bids for the Angelicchio family, at the GM Factory and the bank and finance sales at the Pittsburgh Auto Auction, and now weekly at the Winchester Auto Auction.

"She's not just the best female auctioneer I've ever heard," says Dave Angelicchio. "She's the best auctioneer — period. She's fast-paced yet very understandable, keeps the momentum going, and is great at catching bids, all of which makes her perfectly suited for factory sales as well as for the high profile repo and late-model vehicle lanes."

Although she holds auctioneer's licenses in three states, she didn't go to auctioneer school. Her skill was something she learned at home, growing up in the auction business and learning from her father, who was a general auctioneer for more than 40 years.

"Dad handled a lot of estate sales and antique auctions and was also an auctioneering coach," says McClain. "I used to go with him to work, holding things up for the crowd to see as he auctioneered. We were the only father/daughter auctioneering team in Indiana." ■

While she attended college, McClain went home on weekends to help her father, as a way to support herself in school, and her father continued to train her to take his place on the block. She says she learned how to auctioneer from the best teacher in the world, and she was his star student. She considers herself fortunate to be calling bids at the auto auction, something most auctioneers would love but few ever get the opportunity to do. Even her father said he wasn't good enough to be a car auctioneer, and was proud to watch her in action at a GM Factory sale before he passed away in 2011.

McClain admits she's a rarity in the auctioneering world, one of just a handful of women who call bids at auto auctions across the country.

"If I'd known what I was getting into, I probably wouldn't have tried it," says McClain. "I had no idea there were so few women working as auctioneers, and I ran into some pretty fierce resistance from the dealers at the beginning, some even flatly refusing to let me sell their cars. But great training, hard work, and the support of great people in the industry have paid off, and I wake up every day knowing I have the best job in the world." ■

on the block talks to the *champs*

► **Q&A** With Top Three Finishers in 2014
World Automobile Auctioneer Championships

(EDITOR'S NOTE: Below are brief biographies and answers to profile questions by the top three competitors at the 2014 World Automobile Auctioneer Championships held May 9, 2014, at ADESA Boston in Framingham, Mass. All three are members of the National Automobile Auction Association and the National Auctioneer Association. Each is very active in his professional career. In fact, all three were interviewed via cell phone from their automobiles while traveling either to or from an NAAA auto auction.)

MICHAEL J CHAMBERS: THIRD PLACE



MICHAEL
J CHAMBERS

Michael J Chambers, 40, of Atkinson, N.H. was the runner up (third-place) in the 2014 World Automobile Auctioneer Championships. He is married to Kathleen, and is the father of two children, ages 6 and 7 years. He has been a licensed auctioneer since 1994, and for the past 19 years has worked

throughout New England as an automobile auctioneer with ADESA, Manheim, and Independent auctions. Michael earned the title of 2006 Massachusetts Bid Calling Champion from the Massachusetts Auctioneers Association. Most recently, Michael earned the "Chuck Cumberlin Sportsman Award" during the July 2014 National Auctioneer Association International Auctioneer Championship. He will be presented with the National Auto Auction Association Bernie Hart Award later this year at the annual convention in Boston in late September.

Q. What do you really like to do outside of auctioneering?

A. I enjoy spending time with my wife and children. I play bass guitar and do a little

singing. We have a cottage on a lake and a boat. I enjoy fishing for bass and trout. During the winter, I like to snowboard and snowmobile. Whenever possible we like to see a live production. It doesn't matter what it is.

Q. How did you get to this point in your career?

A. My Dad. When I was coming out of high school my father asked how would I like "to be a one-man band?" I attended the Mendenhall School of Auctioneering in February 1994. After that, I worked at various auctions as a clerk and calling re-runs. I was told by Fred McGee that I wouldn't be complete until I attended the World Wide College of Auctioneering, which I did. I shadowed with Fred as my mentor for about one and a half years.

Q. Where do you see yourself in 10 years?

A. I will still be working auto auctions throughout the Northeast. I will be working closely with the National Auctioneers Association as an advocate for our members and our industry, and teaching young auctioneers the business.

Q. What is one thing people don't know about you?

A. I'm a huge roller coaster enthusiast. We've been

to parks across the U.S. and if there is a park with a roller coaster near a conference or contest, we usually go. The scariest I've been on is "The Dragster" at Cedar Point in Ohio.

Q. Who do you look up to?

A. I have several people. Shane Ratliff is a champion in our industry. He is very visible with Barrett-Jackson Auctions and is a teacher for auctioneers. JillMarie Wiles. She is an IAC Champion and mentored and empowered me to believe I can do the things I have learned how. Chuck Cumberlin. I have been inspired by how much he has given back to the industry. Paul Behr. He is the owner of the Worldwide College of Auctioneering and has done so much to promote our industry.

Q. At what auction(s) do you work?

A. I work at ADESA Boston, ADESA Concorde, Manheim's New England Auto Auction, and Hartford-Springfield Auction Co-Op. I typically work 6-8 sales a week, all wholesale auto auctions. I also serve as an auctioneer at benefit auctions for Special Olympics, Boys and Girls Clubs and the Juvenile Diabetes Association.

Q. What do others say about you?

A. Kevin McGlothlen, the 1998 WAAC Champion, said, "Auctioneering goes way beyond the chant or the sale. It's about the person with the microphone, and Michael Chambers is rapidly becoming a statesman for our industry." Melanie Benoit, an auto auction co-worker, said, "He is the very best, as colleagues we enjoy and respect him. He is a marvel!" ■



JOSEPH MAST: SECOND PLACE



JOSEPH MAST

Joseph Mast, 33, of Millersburg, Ohio, earned second place during the 2014 World Auction Championships. Mast has been in the auction business since he was 19 years old. He worked on the family dairy farm managing 600 head of dairy cows. Just about the

time he was headed to college, he learned about the Missouri Auction School. Not long after that he started work at Manheim's Metro Detroit Auto Auction working for Mike McKinney, the general manager, and Jerry Caldwell, the head auctioneer. He worked there for 10 years. He is married to Marie and they have three children, ages 10, 9 and 5. Joe is known for his auctioneering outside of the wholesale auto business in the collector car (Barrett-Jackson), thoroughbred horse and real estate industries. He is also known for his portrayal as the "Grocery Store Auctioneer" in a nationally televised GEICO commercial. He is a Certified Auctioneer Institute (CAI) Auctioneer.

Q. What do you really like to do outside of auctioneering?

A. I like to hunt and I am an avid cyclist. In the past year, I have acquired my pilot's license and I fly personal aircraft and own a Cessna. I now fly to auctions and we take the kids on trips, vacations.

Q. How did you get to this point in your career?

A. Chad Bailey is the president and owner of the Akron Auto Auction. I started working for Chad early on. He entrusted me to take charge of the auctioneers at a relatively young age. I was just 21 or 22. I've worked that sale for 11 years now. I started working with the National Auctioneers

Association as well. Spanky Assiter introduced me to the Barrett-Jackson Auction and hired me. That tremendous exposure gave me an introduction to the Fasig-Tipton thoroughbred auctions in New York State. It's the largest auction of its kind in the world.

Q. What is one thing people don't know about you?

A. That's a tough question. Let's put it this way. If there's one thing people don't know about me, it's by design.

Q. Where do you see yourself in 10 years?

A. I'll still be selling using my voice, if the good Lord is willing. I plan to help other auctioneers and mentor them and help them get into this business. I look to support auctioneers, improve their working conditions and generally be an advocate for this industry.

Q. Who do you look up to?

A. My most important mentor is my father Jon Mast. He has given me lots of great advice, since when I worked for him on the farm. Now we have transitioned from me working for him, to him working for me in the real estate business. You can't pay for advice from someone that really has your best interests in both heart and mind. Chad Baily has also been a mentor and played a very important role in my success. He taught me this business from the auction owner's perspective. Danny Green with Fasig-Tipton taught me about the horse auction business and helped me a lot with my career. Spanky Assiter gave me a chance at Barrett-Jackson, and that has helped tremendously with my career. He pushed and stretched me. I owe a lot of gratitude to many.

Q. At what auction(s) do you work?

A. I worked at six auto auctions a week, including Akron Auto Auction. ■

BEN DEBRUHL: FIRST PLACE



BEN DEBRUHL

Ben DeBruhl, 38, of Fredericksburg, Va., is the 2014 World Automobile Auctioneer Champion. He is a second-generation auctioneer and has been selling cars since he was 19 years old in 1995. He has been married to Jessica for 17 years and has two children, Ezra 10, and Onnika 9. He comes from an automotive family; his grandfather was a wholesale car dealer. He had been a competitor in the World Championships for the past 6 years and is a past Virginia State Auctioneer Champion.

Q. What was it like to be recognized as the 2014 World Automobile Auctioneer Champion?

A. It was an amazing and humbling experience. It's one thing to be considered good at what you do, and a whole other thing to be recognized by your peers and the people I serve in our industry.

Q. What do you really like to do outside of auctioneering?

A. I enjoy spending time with my family. We enjoy skiing and other outdoor activities. I also like to ride my Harley. I have a 2009 Road Glide.

Q. How did you get to this point in your career?

A. My grandfather was a wholesale car dealer, and my father is an auctioneer. He is also a past Virginia State Auctioneer Champion. When you are around car sales and auctions as much as I was, it's sort of inevitable. I was fortunate enough to grow up in this wonderful industry. My whole family attended the World Wide Auctioneer School in Iowa. A lot of people talk about being an auctioneer, but you're not really an auctioneer until someone cuts you a check with your name on it.

Q. What is one thing people don't know about you?

A. I like to wear crazy colored socks.

Q. Who do you look up to?

A. My father, Ted. He's 62 and has been an auctioneer since 1974. He still works three sales a week at Manheim's Baltimore-Washington, Harrisonburg and Fredericksburg auto auctions. He is a man of great conviction and character. He showed me that your word is everything. If you don't have your word, you don't have anything. That's what brought me here. I believe it, and will teach my son the same thing.

Q. At what auction(s) do you work?

A. I work at five auctions sales – Manheim North Carolina, Baltimore-Washington and Fredericksburg. I also work at two Independent auctions, Tidewater Auto Auction and Richmond Auto Auction.

Q. What do others say about you?

A. That's a tough question. What I would hope they would say is that I'm a man of my word. In this business, that is what you must be. You don't want to be that guy who will do anything to get ahead. Just be honest and a straight shooter. ■

NAAA Reorganizes Staff Structure

► Move designed to enhance meetings, foster joint efforts with industry partners

In a move to streamline operations, enhance internal communications and foster joint efforts with industry partners in producing its meetings, the National Auto Auction Association (NAAA) has reorganized its staff structure. The change involved appointing two current employees to new positions to serve as a meeting management team with the goal of providing enhanced events more efficiently and cost-effectively.

Tricia Heon has been named Operations Manager after serving three years as NAAA's Legislative and Information Manager. While encompassing her previous government liaison, advocacy and leadership education duties, her new role also includes the preparation of agendas for all association meetings and sponsorship

development to enrich event programming.

Sue Saris was promoted to Administrative Manager from Executive Assistant. A 21-year veteran with NAAA, she is now responsible for the planning and implementation of NAAA's conferences and seminars as well as continuing to manage the office.

The staff restructuring follows the departure of NAAA Meetings and Events Manager Tom Dozier, who accepted a position with another trade organization. The changes support NAAA's initiative to host combined events with strategic partners in the industry.

"We appreciate the contributions Tom made during his more than four years here that expanded the networking and training opportunities for our membership with more webinars, educational sessions and expert speakers, which will continue under our new team," remarks NAAA Chief Executive Officer Frank Hackett. "But as we focus on joint events that provide those attending with greater value in a single forum, we can reduce the duplication of staff effort by sharing the management tasks with our partners."

Hackett notes that in 2010 NAAA's co-sponsor agreement to unite its former Quad Zone spring meeting with the Conference of Automotive Remarketing (CAR) has been a success and grown to become a major industry event.

And in November 2016 NAAA will hold its inaugural combined annual convention with Cherokee Automotive Group's (CAG) National Remarketing Conference during CAG's Used Car Week. The two organizations have already begun working closely together, laying the groundwork for the event at the Red Rock Hotel & Casino in Las Vegas, Nev., Hackett adds. ■



6 Master Moves to Merge Social Media and Direct Marketing



Ah, the good ol' days. It was just a few years ago that traditional advertising was king of the kingdom. Direct mail, TV, radio, and print were the "go-to" players to drive buyers into your business. Today, the colossal growth of Social Media has permanently altered the direct marketing landscape. Many consider Social Media as something separate from their marketing plan. "Sure." They say to themselves, "It's something we need to do but the real customer is out there somewhere else."

The truth is that Social Media and direct marketing go hand-in-hand. I've been in the trenches myself with many traditional automotive marketing campaigns. Now that I'm entrenched in the world of Social Media, I witness daily how it can support direct marketing. Even more, when used in tandem, they make each other more effective. Here are 6 moves you can make to integrate Social Media and direct marketing for your business:

1. Establish Consumer & Employee Awareness.

I used to work for guy who demanded we post the ad on the sales manager's office wall every single day. He made us memorize it. Why? So we could integrate it into our sales process.

It's the same today. If you're running a Social marketing campaign, make sure you have visual representation in the store and on your direct marketing to remind your staff and your customer that you're on Social Media. Use QR codes to direct them to your Facebook or Twitter. Growing your fan base is easier when your staff knows you're on Facebook and directs your customers there.

2. Fuse Social Links with Direct Marketing Campaigns.

Have you been watching a TV show lately and seen a hashtag (#) in front of a word at the bottom of your screen? That's allows Twitter users to converse about the show online. Capitalize on that same tactic by including icons, links, hashtags and even stories around your Social networks on your direct marketing. "Join us on Facebook", "Follow us on Twitter" or "Love us on Yelp" are becoming more and more expected by the customer on direct marketing campaigns. Email marketing to your repeat customers linking to your Social profiles also helps build your online community and boosts your online reputation.

3. Use Direct Marketing Principles in Your Social Media Channels.

Direct marketing is only part of your business's overall marketing strategy. You design it to reach a certain type of customer. Social Media allows you to stay in touch with other certain types of customers. The fastest growing demographic on Facebook is 45-54 years old. Using social advertising like Facebook ads allows you to target those ideal customers, serving them great information and specials to draw them into your business. The marketing principles are the same; it's only the medium that's changed.

Remember though that Social marketing must have a human component to it, it's Social after all. Which leads me to my next point.

4. No Interruption Marketing, Please.

Attention is scarce these days and you're competing for it every step of the way. Poor direct marketing interrupts and that's been a catalyst for Social Media's rise in popularity. Intrusive, noisy pitches go nowhere fast. In fact, it's a good way to get your hard-earned fan base to bolt, just like they fast-forward through TV commercials. It's time to stop interrupting what people are interested in and BE what people are interested in. How do you do that? Read on.

5. Plan Your Content Strategy.

Content strategy is how you plan to reach the right customer at the right time with the right message. Direct marketing reaches those who are ready to buy right now. Social Media allows you reach those ready to buy but also to connect with those that may be thinking about buying but just aren't ready yet.

The content you share on Social Media should communicate your "Why Buy Here". What makes people want to buy from you; what brings back those repeat customers? Take time to define who you are and what you stand for - passion is contagious.

Next, take that same telephoto zoom lens and aim it at your ideal customers. Who are they? Describe their likes and interests, what their challenges are and how they live in your local community. This will give you ideas on what content to share and write about.

Now you have a solid foundation from which to build your content marketing strategy. If this sounds like something you've never done, remember that you write content for direct marketing. A solid content strategy will build a community online to mirror your offline community of happy, satisfied customers.

6. ABM: Always Be Measuring.

Social or direct, all marketing must be measured. Once you've got your content strategy in place, set the goals and objectives so you have something to measure from. For example, ideal Facebook goals are:

- Growth of Likes (How many likes you acquired by a certain date)
- Reach (How many people saw your content)
- Engagement (How many people liked, commented on or shared your content)
- Leads (How many leads were generated by your efforts)

One of the best parts of Social marketing is you know almost immediately what's working and what's not. Direct marketing is still viable and marrying the two in your overall marketing plan will help you meet your goals faster and with more precision. ■

Presidents' Days in July

► NAAA hosts association and chapter leaders for team-building and planning session

In July it was hail to the chiefs around the National Auto Auction Association (NAAA) headquarters as President-elect Ellie Johnson, Vice President Mike Browning and the incoming presidents of the association's four chapters came together for a planning session for the new year. They also received an overview of the association's operations and a briefing by the staff to assist them in preparing for their terms in office.

"We wanted to provide our new leadership with an opportunity to get to know each other better as well as meet our staff and learn the inner workings of the association itself," explains NAAA Chief Executive Officer Frank Hackett. "Our goal was to encourage greater communication and foster support, especially among the chapter presidents, to forge a strong leadership team."

During the two-day meeting the officers participated in choosing committee members, made arrangements for the second PAC Cup Challenge fundraiser, and developed plans for coordinating and judging the next Pedal Car Auction.

In addition to providing them with a clear understanding of NAAA's mission objectives, initiatives, resources, and industry issues, each member of NAAA's staff gave presentations on their roles and how they can assist the leaders carrying out their duties.

Hackett notes that this was the second year hosting a chapter presidents' planning session. "I think it's been beneficial for them to meet face-to-face, have a chance to ask questions and share in some of the association's organizational decisions such as committee assignments," he says. "It's teamwork that makes us successful in what we do for our members and with a leadership that changes annually, this is a helpful exercise in building that year's team." ■



► NIADA Executive Vice President Steve Jordan (left) presents NAAA CEO Frank Hackett (right) with the Ring of Honor.

National Auto Auction Association CEO Recognized for Industry Leadership

► Frank Hackett Named to National Independent Automobile Dealers Association Ring of Honor

Frank Hackett, chief executive officer of the National Auto Auction Association (NAAA), has become the 24th industry leader to be selected by the National Independent Automobile Dealers Association (NIADA) for membership in its prestigious Ring of Honor — the highest accolade bestowed by the organization on a non-dealer.

"He has always been a strong advocate for our dealers, our associations and the industry as a whole," observes NIADA Executive Vice President Steve Jordan. "Like our other Ring of Honor members, Frank has dedicated his career to the automotive industry, always giving of his time and resources to improve the industry and to assist its dealers."

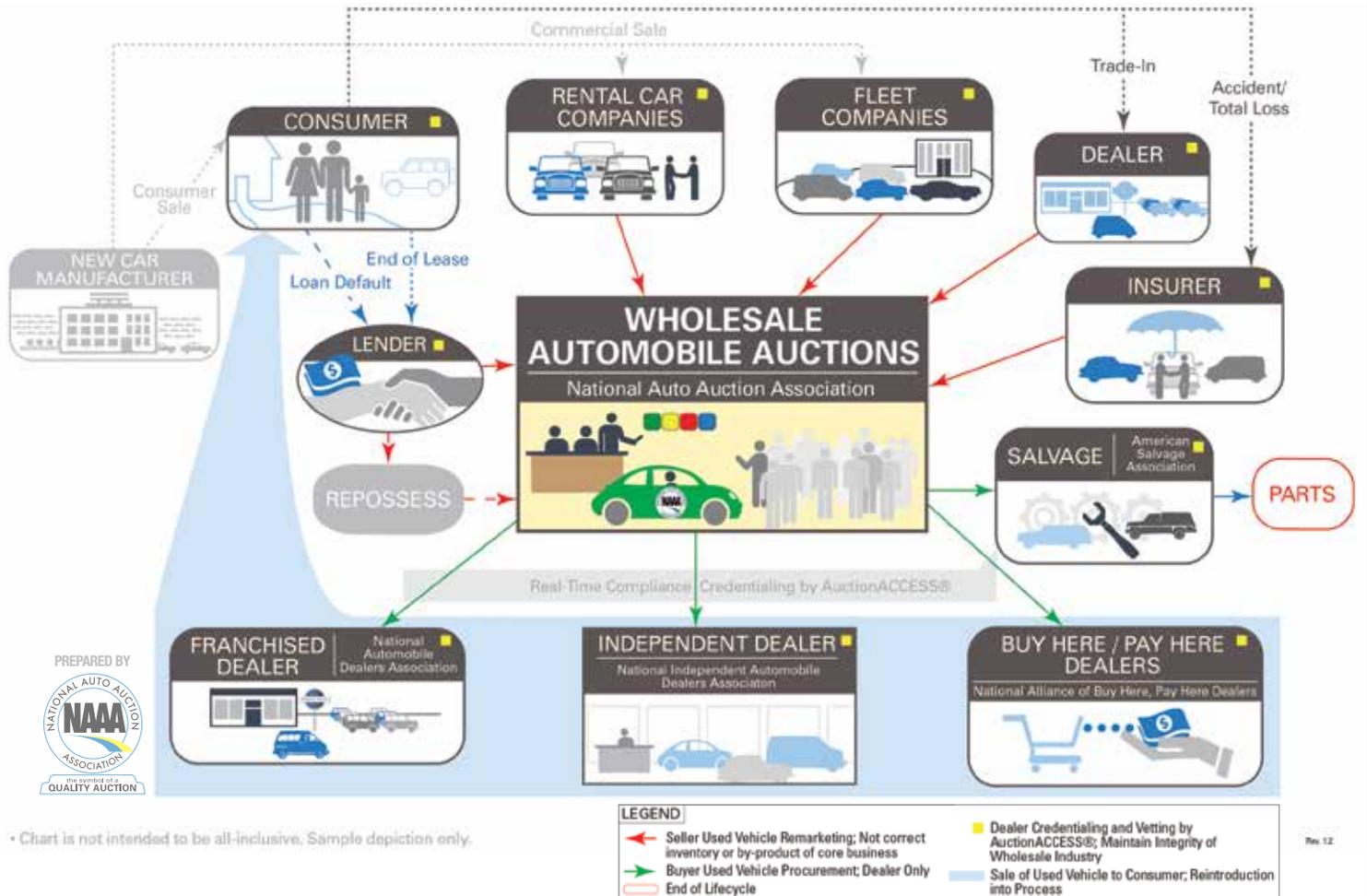
Each year NIADA names to its Ring of Honor an allied industry executive who, through outstanding performance and leadership, has contributed to the professionalism and growth of the automobile industry. Hackett, who has led NAAA since 2004, was inducted into the distinguished group at the National Leadership Awards Banquet during the annual NIADA Convention and Expo in Las Vegas, Nev., on June 25.

"I am honored and humbled to be recognized by NIADA and join a group of highly respected automotive professionals who have worked hard to advance the industry," states Hackett. "I'm lucky to work with a team of professionals at NAAA who are dedicated to helping members and dealers achieve profitable goals as a result of our commitment to the automotive industry."

NAAA President Jack Neshe notes that Hackett has been instrumental in leading the association's vision of building strong strategic partnerships for the benefit of all those in the industry.

"Frank has worked hard to develop and implement industry-wide standards and to promote more training and networking opportunities, especially by combining conferences and events in a joint effort with other organizations to offer more content and greater value in fewer meetings," Neshe says. "We're proud NIADA has recognized Frank's commitment to excellence and professional contributions, and, on behalf of NAAA, congratulate him on this well-deserved honor." ■

WHOLESALE AUTO REMARKETING PROCESS OVERVIEW



* Chart is not intended to be all-inclusive. Sample depiction only.

When the National Auto Auction Association (NAAA) began its annual “Day on the Hill,” we thought we were launching a concerted effort to educate our legislators on the wholesale auto auction industry. What we have learned over the past four years, as relationships with National Independent Automobile Dealers Association (NIADA), National Automobile Dealers Association (NADA), The National Alliance of Buy Here, Pay Here Dealers (NABD) and others have grown, and we have continued our advocacy efforts before Congress, is that it is not surprising our legislators do not understand the wholesale auto auction space. Our legislators do not have a full grasp of the automotive industry as a whole.

With this realization came our own realization: We are not just the wholesale auto auction industry, we are a piece of the overall automotive industry. We are an integral part of the automotive

ecosystem that relies on all of us to function and deliver the end result: provision of transportation to consumers. These are the very consumers legislators are seeking to help and protect.

In order for our elected officials to do their jobs well, they must first understand our jobs. And it is our responsibility, as an industry, to develop and nurture that understanding. Realizing that nomenclature, process, flow, etc. that are so ingrained in us “insiders” are foreign to those “outside,” we took a step back and, working together, developed a very high-level overview of the wholesale auto remarketing process.

We purposefully did not include every piece of the pie, as that level of detail would be too overwhelming and intricate. What we ended up with is a conversational aid which proved to be very helpful in talking with the House and Senate auto caucus, key committees and various legislators

on the Hill. We feel certain this document – and our conversations – will continue to evolve.

We are proactively seeking out opportunities to interact at both the federal and the state level to ensure an understanding of our industry – the automotive industry. And just as importantly, we are continuing deep interaction and dialogue amongst our fellow industry members to get a united message out. One voice may be heard; several voices will certainly be heard; but many voices with the same message will not only be heard – they will be impactful. ■



Karyn Wrye
 Senior Director,
 Government Affairs, Manheim

Rev. 12

Isn't it frustrating when you hear,
'Sorry, that's not my department?'

We agree.

That's why, from the sales area to
the back lot, our team works hard
for you at every level. Here at
the McConkey Auction Group,
every department is
'our department.'

This Is My Department

McConkey
AUCTION GROUP



NORTHWEST
SPOKANE, WA



SEATTLE
AUBURN, WA



EL PASO
EL PASO, TX



KANSAS CITY
KANSAS CITY, MO

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ServNet

 AUCTION EDGE
Powering Independent Auctions

Repossessions Up Even as Consumers Make Timely Payments

“Credit is a sacred trust. It’s what our free society is founded on.”

One person places trust in another, loans that person money and expects to be paid back. The recipient of the credit line hopefully uses the access to funds for something productive — to buy a house or a new vehicle, or to start a business. This extension and use of credit is indeed the oil that keeps our economic engine purring.

The quote at the beginning of this article sounds like it could have come from an Ivy League business professor or a bank president, doesn’t it? Well, it doesn’t. It comes from Harry Dean Stanton’s character, Bud, in the 1984 cult classic movie, “Repo Man.”

What does that have to do with credit in Q1 2014? Unfortunately, a few too many people weren’t able to repay their loans in a timely fashion. And that meant good

business for the Repo Man.

Repossessions were up significantly in Q1 2014 to 0.68 percent from 0.50 percent in Q1 2013.

However, while repossessions were up, overall credit delinquency actually was down. In Q1 2014, 60-day automotive loan delinquencies fell to 0.63 percent, compared to 0.65 percent a year ago. Thirty-day delinquencies also dropped to 2.24 percent in Q1 2014 from 2.36 in Q1 2013.

While it seems counter-intuitive for delinquencies to be down while repossessions are up, it likely was caused by finance companies that typically provide a significant majority of their loans to credit-challenged customers. In Q1 2014, finance companies’ repossession rates jumped by 69.1 percent from the previous year — from 1.78 percent to 3.01 percent. In all likelihood, these companies made a conscious decision to repossess vehicles earlier in the delinquency cycle than normal.

In other Q1 2014 trends:

- Total outstanding dollar volume for automotive loans was \$811.4 billion,



which was the highest since Experian Automotive began publicly tracking loan volumes in 2006

- Leased vehicles accounted for one in four of all new vehicles sold, or 25.6 percent, compared to 22.9 percent a year ago
- All lender types experienced growth in year-over-year quarterly loan volume, with banks up by \$33 billion, credit unions up by \$23 billion, finance companies up by \$19 billion and captive finance companies up by \$9 billion
- The average charge-off amount for loans gone bad jumped from \$7,401 in Q1 2013 to \$8,541 in Q1 2014
- The average amount financed for a new vehicle loan was \$27,612 in Q1 2014, which was up from \$26,648 in Q1 2013
- Monthly payments for new vehicle loans reached a record high of \$474 in Q1 2014, which was up from \$459 in Q1 2013

What does it all mean for the auction industry? Keep an eye on the repossession stats. If repo rates keep increasing, it could mean a source of additional inventory coming through the lanes. However, it’s also important to watch delinquency numbers. If more people start breaking the sacred trust that Harry Dean Stanton’s Bud discussed, it could be a bad sign for the industry as a whole. If credit becomes harder to get, it will have a negative impact on overall vehicle sales, ultimately leading to less inventory for the auctions. ■



By Melinda Zabritski,
Senior director of automotive credit, Experian Automotive

Floor-Plan Companies Can Be a Valuable Asset For Auctions

Auctions and floor-plan companies have a mutually beneficial relationship. Creating and maintaining these relationships is essential for success, especially for auctions, which face numerous challenges in their day-to-day business, including but not limited to:

- Dealers lacking funding.
- Slow payment.
- Difficulties in flooring.
- No assistance available.
- No marketing.
- Fewer dealers at sales.



Floor-plan companies help auctions negate some of these challenges, as they provide a valuable service of fast, timely guaranteed payments for sold units, which allows auctions to focus on what they do best: selling cars. But there are other advantages to auctions having a solid relationship with floor-plan companies:

- 1. Guaranteed funds in the lane.** It is in an auction’s best interest to have buying power in the lanes. This is common knowledge, but it is the basis and most important aspect of an auction’s business. As their business is predicated on one thing, selling more cars, having a relationship with a floor-plan company provides the auction with a customer with funds to spend. This leads to more units in the lane, which has a more positive effect on the auction’s available working cash.
- 2. Higher conversion rates.** Generally, more money in the lanes equals more cars sold, resulting in higher conversion rates. Furthermore, with wholesale prices continuing to be volatile, sellers like to sell cars at auctions where dealers have open and available funds. Therefore, they want to go where there is money in the lanes.
- 3. Stronger ongoing relationships.** As with any business, auctions want dealers to be recurring customers who purchase vehicles from them again and again. If an auction has a solid relationship with a floor-plan company that many dealers use, those dealers will be more likely to become recurring customers. What’s more, it will provide auctions with word-of-mouth advertising, as those dealers will be more likely to tell other dealers about the auction, thereby attracting even more customers.

To make the most of these advantages, it’s important that auctions leverage their relationships with floor-plan companies and it’s equally important that they think about the future as well as the present when it comes to these relationships. Transparency and trust are vital to the relationship-building process, making it important that both parties set clear, concise goals from the beginning of the relationship. This will allow both auctions and floor-plan companies to work together through a relationship that is built on mutual trust and respect.

This relationship’s added value can be measured on many levels in addition to what has been mentioned here. Flexibility, clear and concise goals, ease of use and mutually beneficial relationships are all equally important for the dealer who is looking for a positive buying experience.

Providing all of these tangibles can set businesses apart and promote success. Simply put, when auctions and floor-plan companies come together and act as partners to create an atmosphere that benefits the dealer, all parties can win. ■

Prepared by NextGear Capital

Is the Internet Part of Your Business Strategy?

► Cox Automotive's Peter Lavellee Says it Should Be

We read daily—ad nauseam—that the Internet is disrupting industries and businesses. Publishing. Automotive. Media.

What about auctions and the entire remarketing industry and value chain? Has the Internet already spread its disruption or is it in progress as we speak? Or, perhaps the disruption has peaked and we are at equilibrium—for now. What will the landscape look like in 2, 5, 10 years?

Geographical barriers are now removed. Your reach is not even national—it's international.

The point in asking these key questions is not to predict what will happen but to be prepared for whatever does happen. We have seen what happens to businesses that are in denial, don't prepare and don't incorporate strategic thinking into their overall business and execution plan. Remember BlackBerry? Blockbuster? Even mighty Wal-Mart is scrambling for a digital strategy to combat Amazon. The operative word being "scrambling."

Since no one can predict the future, the next best thing is to hedge your bets and prepare for it.

The best way to prepare for and incorporate the Internet into your business plan is to get really close to your customers and intimately understand their needs, and the trends, challenges and changes they're experiencing.

From there, you can determine what digital disruption means for you. It won't mean the same for everyone.

For some, it might mean a rock-solid simulcast system with all lanes outfitted. For others it might mean just listing no sales on a static bid/buy platform. For others it might mean moving everything online. Auctions come in all shapes and sizes and serve myriad market segments, so only you know best what the Internet means to you and how to formulate and define a business strategy that takes it into account.

At a minimum this requires a dedicated, accountable person or department at your auction



who is responsible for:

- Growing your digital sales.
- Expanding your online buyer base.
- Crafting your online identity and branding.
- Overseeing digital operations.
- Deciding which internet platforms to use.
- Leveraging social media.
- Determining which emerging technologies to deploy for customers (e.g., smartphones and tablets).
- And more.

The person should be just as integral to your business as are your dealer sales, fleet-lease and recon managers. And, he or she should have a seat at the table. This should

not be an afterthought.

You can't predict the future, but by placing a person in the trenches who talks to customers daily and using this information to develop a digital strategy, at least you will be prepared.

Is it not equally, if not more, important to have a person in the trenches and talking to customers daily helping you determine your future? ■



Prepared by Cox Automotive
Peter Lavellee, VP Industry
Solutions Group



Wholesale or Retail? The Choice Could Affect Your Bottom Line

There is no perfect time to retail versus wholesale a new trade-in vehicle. However, there is one thing dealers should keep in mind: Decide quickly. Studies show that vehicles wholesaled sooner generally bring in higher gross profits. The longer a dealer waits, the more profits tend to decrease.

Choosing whether to go retail or wholesale used to be more cut and dry. Most dealers wanted newer, low-mileage vehicles for their lots. Now, believing that a good gross profit can come from any vehicle, more units are likely to be sold retail.

Inventory management programs can help you choose. They give insight into which vehicles might bring in the most cash by providing local retail data and helping predict how quickly a specific unit might turn. While all of this information can be found through research, specialized software can streamline the process.

If dealers do decide to keep a vehicle for retail sale, they should be sure to have a good turn policy in place. For instance, if the vehicle doesn't sell within "X" days, it goes to auction. While each dealership is different, 30 days is usually a good guideline to follow.

Dealers should also establish a relationship with their local auctions before they actually need them. Learning about operational procedures early could make for a smoother process down the road. ■

Prepared by ADESA