

the VIRGINIA

Q4 2023

INDEPENDENT NEWS



DMV COMMISSIONER, DR. GERALD LACKEY &
MVDB EXECUTIVE DIRECTOR, WILLIAM CHILDRESS
ANSWER DEALER QUESTIONS

Convention highlights inside!



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THE VIRGINIA INDEPENDENT NEWS

Virginia Independent Automobile Dealers Association

1525 Huguenot Road, Suite 102
Midlothian, VA 23113

(757) 464-3460 | (800) 394-1960
Fax: (757) 299-6331

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Alvin Melendez, CMD

Executive Director
alvin@viada.org

Tommie Melendez

Director of Education & Dealer Development
tommie@viada.org

Gonzalo Aida

Director of Government Affairs & Lobbying
gonzalo@viada.org

Maria Maurer

Creative & Marketing Director
maria@viada.org

Blake Jackson

Office Director & Education Coordinator
blake@viada.org

Chris Maher

VIADA Instructor
chris@viada.org

DMV Staff

Jasmine Walker & Daniel Thompson

DMV Processing Center
dmv@viada.org

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See VIADA Convention highlights on page 8 & 9



*State President and State Quality Dealer,
Donald Sullivan Jr (right) with family*

FEATURES

7 | Dealer Operator and Recertification Schedule

Check out our in-person dealer operator course schedule and our new ZOOM recertification schedule!

8 | 63rd Convention & Trade Expo: highlights

Check out some of the fun times we had in Norfolk!

10 | Join us in Vegas, June 17-19!

See State Quality Dealer, Donald Sullivan Jr, compete for the national Quality Dealer title!

11 | Our DMV Commissioner is Listening

Meet Dr. Gerald Lackey and his commitments to our VIADA/DMV relationship.

12 | Control of General Assembly changes again!





The 2023 Virginia General Assembly Election Results saw a significant shift in power, with Democrats regaining control of the House of Delegates and maintaining control of the Virginia Senate.

DEPARTMENTS

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EXECUTIVE DIRECTOR'S MESSAGE



FINDING COURAGE DURING CHALLENGING TIMES

Every day I must find the courage to adapt to change. There is no doubt that we are in challenging times as interest rates are high, and payments are almost to the point of “who can afford this”?

Reconditioning is another challenge, that is, if you are lucky enough to buy a car at an auction after bidding against 85 other people that wanted the same car. So, the question is, “What do we do”? My best advice is to buy and concentrate on one vehicle at a time. Look at your selling history and concentrate on those cars that had a quicker turn time and a higher profit margin. Stay away from projects, as they take too long to fix, and by the time it is ready for sale you could have sold three other vehicles. Stay away from negative people, all they do is bring you down. Stay positive and think clearly about every decision you make. Address consumer concerns quickly, as they will not go away if you ignore them and in the end will cost you more if you delay addressing the problem. Don't take shortcuts! They don't exist in the car business. There is only one road and it's long and bumpy. The climb can be steep, and you may need to drop it into low gear to get traction, but in the end there is real success. It may take you years to get there but trust me, it is the only way.

If you need advice on anything, don't hesitate to call your State Association; we have the resources to provide you with the right answers. We also have a chat messaging app on our website that we always answer (if we are awake 😊). VIADA membership has continued to grow; however, we need more participation at our events. The education we provide you during these seminars is necessary for you to stay in business during these challenging times. Also, we have a Political Action Committee (PAC). “What is that?” you ask. Let me explain, VIAD PAC exists to raise money from Independent Dealers via your contributions. We then use those funds to gain access to legislators so that we can make the voices of Virginia's Independent Dealers heard.

I will end with this; everything has a solution. We just need to get together and work together and things will get resolved. Stop pointing fingers, grab a pen, create an action plan then get to work.

“NOTHING IN LIFE IS GIVEN TO YOU, IT'S EARNED”

A handwritten signature in black ink that reads "Alvin".

Alvin Melendez, CMD

Executive Director, VIADA



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PRESIDENT'S MESSAGE



Derek Simmerman, General Manager of America's Auto Auction (R) presents President's gavel to Donald Sullivan Jr.

2023 was nothing short of challenging for auto dealers in Virginia, and across the country. We were sandwiched from both sides of the market that created a very difficult environment to earn a net profit. On one side, there has been serious margin compression. This was largely contributed to the interest rate hike the federal reserve implemented mid 2022 but accelerated throughout 2023, starting from less than 1% and raising to over 5%. Most consumers finance when they purchase automobiles, so this left us explaining to an 800-beacon customer that their rate was 7.5% when they were used to 1.99% during Covid. There is a sure way to bridge the gap for the customer's payment constraint, and that's to lower prices. Dealers in 2023 experienced inventory devaluation like never before. Those who didn't pay attention to their age, have paid and are still paying the price in late 2023. Moving forward, front end margins remain slim as long as there is no compromise to inventory quality. On the other side of the sandwich dealers have incurred an increase to cost of capital. Most dealers utilize vehicle floor planning, and most of those floor plans are on a floating interest rate. Those with very good floor plan deals, have seen double and in some cases triple the floor plan cost this year.

This has put some dealers in a position of vulnerability financially. This year we have seen major players in the banking industry exit vehicle floor planning as well as indirect lending. Aside from floor planning, any other assets that were financially leveraged experienced rate hikes, real-estate being one of them. For those who own their real-estate and took a lower floating rate during covid are seeing much larger monthly payment towards their brick and mortar. We have also seen that most projections have been wrong regarding the supply of new inventory, some of the largest franchises across the country are still not back to their pre-covid inventory numbers. This has pushed the new car franchises into the lanes with us, competing over a limited supply of good cars. The Feds have a difficult job raising rates to protect the US dollar from inflation without crashing the economy. It is apparent the Feds have no plans to continue rate hikes, and there is speculation that rates will drop up to 2 points by the end of the 3rd quarter 2024. If you have made it this far, the ride is not over but we may be in the final stretch. Never has it been more important to focus on the things that matter in our businesses. People, Processes, and Technology need to be our focus while we prepare for a possible 2024 harvest. In the slower winter months, focusing on P.P.T. should be at the forefront of every owner and manager's mind. Doing so while paying attention to the largest profit killers; floor plan expense, salesperson compensation, and advertising will be imperative to sustainability.

VIADA is on the cutting edge of information to ensure that Virginia dealers are successful. As your President, I pledge to support and equip you with ideas and information that will transform your business and your balance sheet. That is why I am working hard to develop the first of its kind, dealer only Academy that is tailored to the needs of car dealers. Introducing VIADA Academy! A web based extended learning platform that will transform your business. Inside VIADA Academy, dealers will have access to classes centered around Accounting and bookkeeping, Inventory Management, Finance, and Insurance, BHPH and LPHH, HR and Operations Management, Sales and Process, Compliance, Tag/Title/Registration, Marketing and Merchandizing, and much more! Dealers will have much needed access to education opportunities like never before, and they will be able to extend this education to every employee in their business. Never has it been more important for us as dealers to polish up on the things that matter in our business, and VIADA Academy will assist in bridging the gap of knowledge required to be successful in the auto industry. As your president I look forward to engaging and working with you in the coming year, I'm here to serve the auto dealers of Virginia.

Donald
DONALD SULLIVAN JR
PRESIDENT, VIADA



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1/30/2024	ZOOM	9 AM - 1 PM
2/9/2024	ZOOM	9 AM - 1 PM
2/27/2024	ZOOM	9 AM - 1 PM
3/8/2024	ZOOM	9 AM - 1 PM
3/26/2024	ZOOM	9 AM - 1 PM
4/12/2024	ZOOM	9 AM - 1 PM
4/30/2024	ZOOM	9 AM - 1 PM
May	IN-PERSON	CONVENTION RICHMOND AREA
5/30/2024	ZOOM	9 AM - 1 PM

Chantilly

December 5-6

Home 2 Suites by Hilton
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Midlothian

December 12-13

VIADA Office
1525 Huguenot Road, Suite 200, Midlothian, VA 23113

Suffolk

January 9-10

Hilton Garden Inn Chesapeake/Suffolk
5921 Harbour View Blvd, Suffolk, VA 23435

Midlothian

January 16-17

VIADA Office
1525 Huguenot Road, Suite 200, Midlothian, VA 23113

Chantilly

February 6-7

Home 2 Suites by Hilton
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Midlothian

February 13-14

VIADA Office
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Blacksburg

March 5-6

Hilton Garden Inn
900 Plantation Road, Blacksburg VA 24060

Midlothian

March 12-13

VIADA Office
1525 Huguenot Road, Suite 200, Midlothian, VA 23113



Michelle Jackson (speaker)



Michael York (speaker)



Cory "3K" Collins (speaker)







Symbol of Quality



JOIN US AT THE WYNN IN
VEGAS JUNE 17-19, 2024 TO
SEE STATE QUALITY DEALER,
DONALD SULLIVAN JR
COMPETE FOR THE NATIONAL
QUALITY DEALER TITLE!

The VIADA Quality Dealer Program has come to embody all that it means to be a dealer who is committed to quality, excellence, outstanding customer service, and to making their community a better place for everyone. This award honors dealer nominees representing one of VIADA's districts. Each year, this prestigious award has become more and more coveted...as the standards and what it takes to achieve this award reach new levels with each recipient selected.

The Program was originally created by Dick Keller and is a "One of a Kind" recognition program that VIADA bestows on its members. The program was adopted by many fellow states and by NIADA in 1976. We encourage every member to get involved.

DMV COMMISSIONER DEDICATED TO DEALER NEEDS

Virginia Department of Motor Vehicles



In less than a year as Commissioner of the Virginia Department of Motor Vehicles, Dr. Gerald Lackey has made an impression on the independent dealer community. With an interest in history and a focus for the future, Lackey is taking a hands-on approach to fostering relationships with his constituents. His efforts reflect a commitment to understanding the industry's dynamics, addressing concerns, and collaborating for the benefit of both dealers and the motoring public.

Lackey, who earned a Ph.D. in Social Psychology from the University of North Carolina at Chapel Hill and served as a business optimization leader for the world's largest roofing manufacturer, emphasizes the importance of staying connected to DMV's customers, especially the dealer industry. Lackey is putting this belief into practice by staying informed of VIADA activities and advocacy, engaging in one-on-one meetings with independent dealers, and participating in discussions with agency dealer-adjacent groups such as towing operators. Lackey has quickly become well-versed in the industry.

Describing an October visit to an auto auction as "one of the most exhilarating behind the scenes visits I've ever done," the Chair of the Motor Vehicle Dealer Board says he has a newfound appreciation for the secondary car market. The experience not only sparked personal excitement, but also underscored the critical role of supporting the industry with common-sense regulation from a business perspective.

DR. GERALD LACKEY

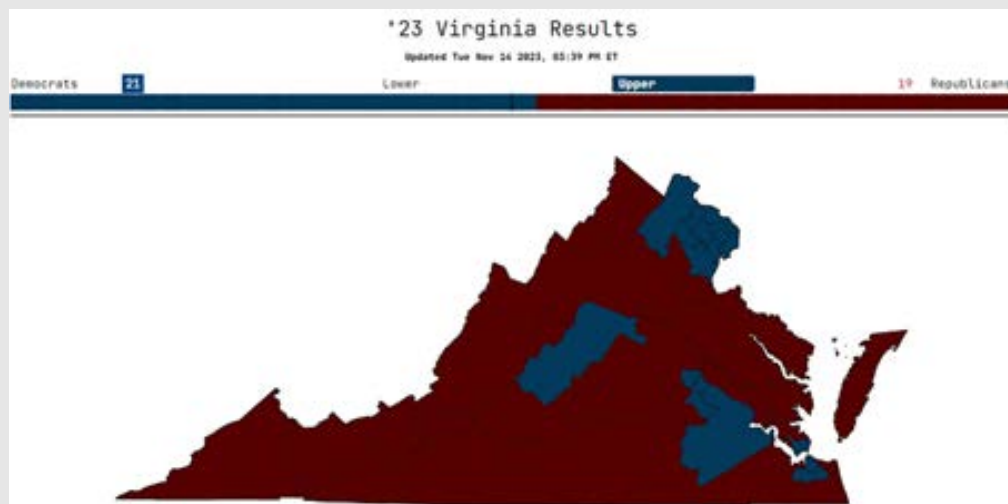
Reflecting on his participation in the VIADA fall convention, the Commissioner stated, "I am grateful for the invitation to speak. It was a wonderful opportunity to share a little bit of DMV's history and mission. I also appreciated open and candid dialogue involving concerns and opportunities, particularly regarding the handling of the state's highway use fee (HUF)."

To further the VIADA/DMV relationship, Lackey emphasized the importance of listening, his commitment to a continued partnership for new dealer training, and an open-door policy for concerns. He also outlined specific initiatives aimed at problem-solving, including more options for electronic signatures, expanded online dealer services, and support for the simplification of HUF processes. The Commissioner expressed his commitment to modernizing DMV's infrastructure to reduce paper forms and manual work burdening independent dealers.

Lackey's proactive and collaborative approach signals a promising future for the agency's role in the industry. The focus on modernization and partnership reflects a commitment to addressing challenges and enhancing services for both dealers and the consumers.

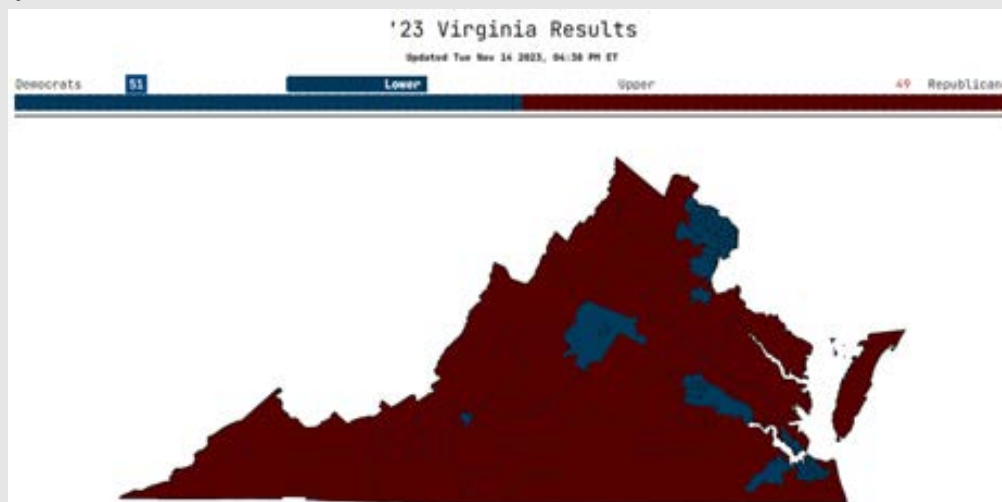
Control of the General Assembly Changes Again

BY GONZALO AIDA, DIRECTOR OF GOVERNMENT AFFAIRS & LOBBYING



Senate Election Results Graphic courtesy of CNAlysis

The 2023 Virginia General Assembly Election Results saw a significant shift in power, with Democrats regaining control of the House of Delegates and maintaining control of the Virginia Senate. This marked a reversal of the 2021 elections, when Republicans had gained a narrow majority in the House. Democrats picked up five seats in the House, resulting in a 51-48 majority. This was a turnaround from the previous election when Republicans gained a 52-47 majority.



House Election Results Graphic courtesy of VPAP.org

The 2023 Virginia General Assembly Election Results had a number of implications for the state. With Democrats in control of both chambers of the legislature, they will have the ability to pass legislation that is aligned with their priorities. Additionally, the outcome of the elections could have a ripple effect on the 2024 presidential election, as Virginia is a key battleground state.



HOUSE DEMOCRATS NOMINATE DON SCOTT FOR SPEAKER OF THE HOUSE

Delegate Don Scott of Portsmouth (pictured left)

Delegate Don Scott of Portsmouth is poised to become the first Black person chosen to become Speaker of the Virginia House of Delegates since the legislature was first formed in 1619. Del. Scott was born in Houston, Texas and was raised by a single mother. After attending Texas A&M University, Scott served in the United States Navy and later attended Law School at Louisiana State University. Scott began practicing law in Virginia in 2014 and quickly built a strong reputation in Portsmouth. In 2019 he was first elected to the Virginia House of Delegates and became Minority Leader in 2021. After Scott was nominated by his caucus for the Speakership, outgoing Speaker of the House Todd Gilbert shared his congratulations and committed to “work with the incoming Speaker to ensure a seamless transition of the institution.” Governor Youngkin also called Scott to congratulate him on his historic nomination. Scott takes the Speaker’s Gavel in January when the new General Assembly is sworn in.

VIAD PAC



**VIRGINIA INDEPENDENT
AUTO DEALERS PAC**

The purpose of the VIAD PAC is to promote the independent automobile industry in Virginia and raise funds for the same purpose. From such funds we can make campaign contributions to those seeking election or re-election for political office in the Commonwealth of Virginia, without regard to party affiliation.

VIAD PAC had a record year in 2023. In 2022 we launched our PAC Fundraising Program the President’s Club. The President’s club successfully raised over \$10,000 in 2022 and nearly \$24,000 in 2023! Please visit www.viadpac.com to learn more about the program and to stay up to date on PAC Activity.

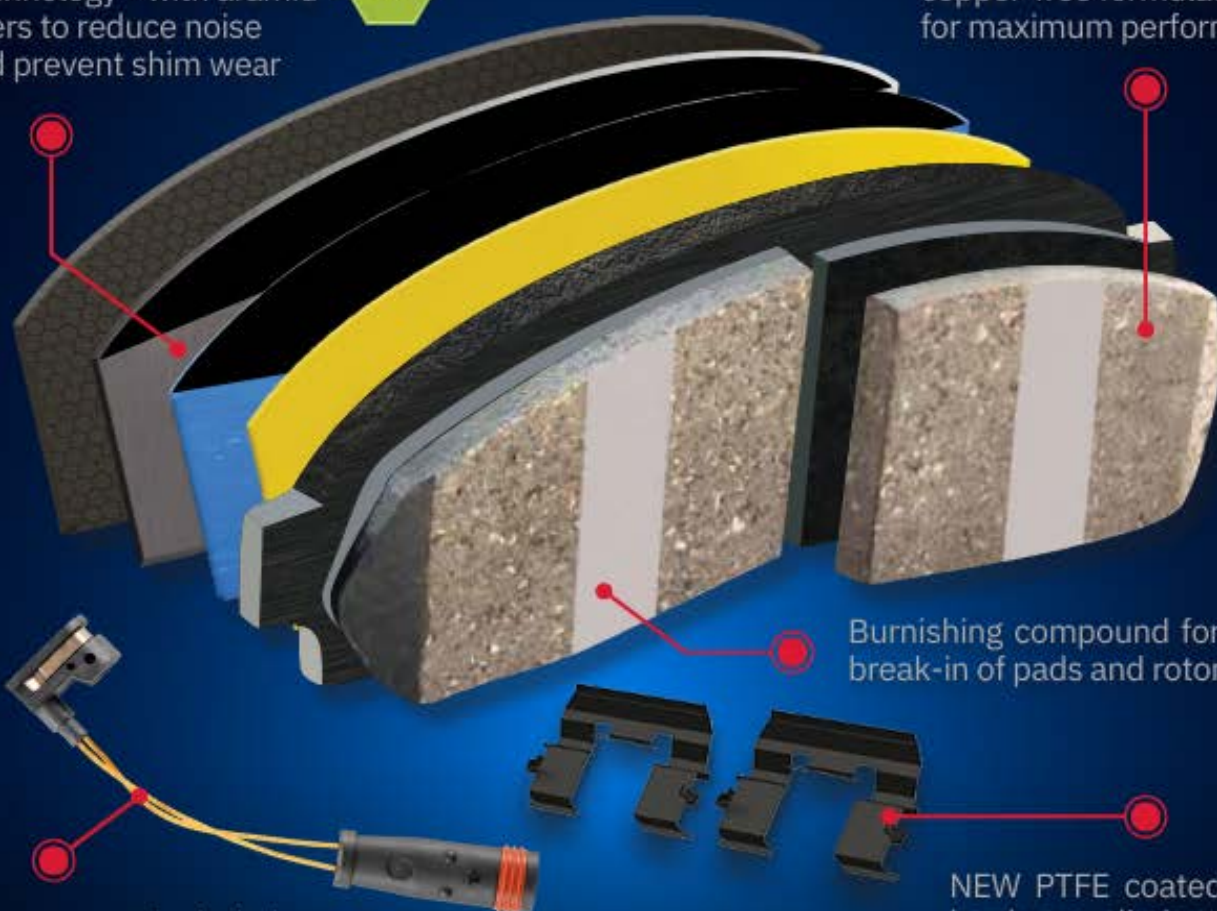
The VIAD PAC relies on voluntary contributions from our members. If you’d like to make your voice heard please consider donating. For more information, please visit our website, reach out to me directly at Gonzalo@viada.org or call our office. I’d love the opportunity to speak to you about the PAC and our advocacy efforts in the Virginia General Assembly.



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LADIES AUXILIARY AUCTION

Fun was had by all celebrating VIADA through the decades. Thank you, dealers, districts, and vendors for your generous donations of items for our Annual Auction. The lively auction, led by auctioneer Steve Farmer, generated over \$10,000 in income which will be used to support our mission of promoting the educational and welfare betterment of children and the residents of the Commonwealth of Virginia. An added attraction to the auction is bidders' opportunities to put a pie in the face of our Executive Director, Alvin Melendez and the Executive Director of the Motor Vehicle Dealer Board, William Childress. Proceeds from the winning bid for Mr. Childress's pie were made to his designated beneficiary, 423 Fund a mentoring program for middle and high school youth.



SHIRLIE SLACK SCHOLARSHIP

The Ladies Auxiliary provides the annual Shirlie Slack Scholarship to a child or grandchild of a VIADA member. Please refer to the VIADA website for scholarship guidelines and the application. The deadline to apply is April 2, 2024. <https://viada.org/ladies-auxiliary>



FILL-A-WISH

In addition, our Fill-A-Wish program grants requests from children and families in need. We recently granted the wish of a family with a child with emotional and mental challenges. This child has a tendency to wander so our auxiliary will provide a security system for their home.

At our recent meeting, we approved the following contributions:

- \$1,000 Armed Services YMCA
- \$ 500 Gartlin Walk-in Mission
- \$500 HER Shelter
- \$ 500 Alzheimer's Association
- \$ 500 Hurt Pentecostal Outreach

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¹Dealertrack User Timing report through Google Analytics 9/30/21 to 9/30/22.

²Based on average industry timeframe for vehicle title release and vehicle payoff process of 18+ days, as determined by 2022 Dealertrack data

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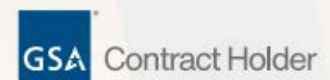
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