MAKING A DIFFERENCE

Dealership Showcase
Lake Country Chevrolet Buick

Industry Spotlight
Mark Morcomb

Does More than Fix Cars

Spring 2015  www.mada.org  Volume 11 • Issue 3
I need to get more mileage out of my dealership. When your business isn’t hitting on all cylinders, let Wipfli Dealership Consultants run a diagnostic. They’re trained experts at providing accurate and actionable insights into your company’s process, people and profitability. Their power of focus can put you back on the road to success.
IN THIS ISSUE

Table of Contents

GMADA Minutes
Twin Cities Auto Show Photos .................. 4
TCAS Opening Night Party .................... 18

On the Cover
Making A Difference ............................... 10

Legislative News
Assembling the Pieces to Build a Strong Workforce ..................... 8

Dealers Are Good Neighbors
Good News ............................................... 16

Minnesota Auto Outlook
Comprehensive New & Used Vehicle Information on Minnesota’s Automotive Market .............................. 20

Industry Spotlight
Mark Morcomb ......................................... 32

Dealership Showcase
Lake Country Chevrolet Buick .................. 34

On the Cover:
Making a difference are the MADA Collision & Service Council Advisory Committee members (l-r): Wayne Nielsen, Steve Weisenberger, Mark Morcomb, Brian Steffensmeier, Tony Simoneau, and Sid Osterman at the 2015 Twin Cities Auto Show Council exhibit. Above, MADA’s own Denise Anderson and Jim Schutjer emphasize the Council’s tagline.

Data Source Information for Minnesota Auto Outlook on pages 20-31.
Exclusive source for new vehicle registration data presented in Minnesota Auto Outlook is R. L. Polk and Company, a leader in providing detailed new and used vehicle sales and registration statistics. Data is available on a timely basis on the internet.

For more information visit www.polk.com

Advertising Directory

Blue Cross Blue Shield MN ...................... 15
CliftonLarsonAllen .................................. 19
CVR .......................................................... 7
LubeTech .................................................. 33
MADA Business Cards ............................ 27
MADA Direct Mail .................................... 6
MADA Endorsed Services and Vendors .... 6
Meg Corp .................................................. 23
MSRA ........................................................ 17
Pleasureland RV ...................................... 9
Protective ............................................... Back Cover
Reliable Plus .......................................... 9
Schmit Towing ......................................... 9
Super America ........................................ 29
StarTribune .......................................... Back Inside Cover
WIPFLI LLP ........................................... Inside Front Cover
2015 Twin Cities Auto Show

The Twin Cities Auto Show drives sales once again. Thousands of buyers and automotive enthusiasts packed the aisles to see the latest in over 525 new cars and trucks that were on display.

Other show highlights included the Davisson Brothers performance, the 1st Annual Military Appreciation Night, Downtown Days, Disney star Peyton List and a GMC Canyon Truck Giveaway.
MADA Endorsed Services & Vendors

Computerized Vehicle Registration
CVR

Dealership Marketing
Visible Customer

F&I Products
Protective

Group Health Insurance
Blue Cross Blue Shield of MN
Delta Dental
ReliaStar Life

Workers Compensation
Ensure Agency

Dealer Bond Program
Ensure Agency

Collections
Springer Collections

Check Guarantee/Credit Card Processing
Certegy / FIS

Disability Income Insurance & Section 125 Cafeteria Plans
American Fidelity Assurance

OSHA, EPA & DOT Compliance/Training
ComplyNet Corporation

Fleet Fueling Program
SuperAmerica

Office Supplies
S & T Office Products

Uniforms and Linen Services
AmeriPride Linen and Apparel Services

Hole-In-One Insurance
Hole-In-One-USA

Pre-Paid Legal, Jim Gavin
Identity Theft Shield & Pre-Paid Legal Services
Benefits of CVR:

• Increase CSI scores
• Accurate fees
• Flexibility with plate assignments
• Increased revenue

Contact MADA today to get in touch with CVR.
State statistics on “occupations in demand” are bearing out what MADA Collision & Service Council members already know: there is a definite shortage of qualified automotive service technicians and mechanics. According to data from the Minnesota Department of Employment and Economic Development (DEED), vacancies in transportation-related occupations make up over 15% of the total job vacancies in Minnesota. With an aging workforce – over 10,000 Minnesotans turn 65 daily – the gap between skilled workers and job vacancies will continue to worsen.

To help combat the problem, the Minnesota Legislature is considering a variety of proposals to help shrink the gap between the supply and demand of skilled workers. MADA is actively supporting two of these efforts as they move through the legislative process:

The first, Senate File 2 /House File 340, calls for free two-year college tuition at any Minnesota state community or technical college. The bill allows any Minnesota public or private high school student to receive free tuition for two years if they meet satisfactory requirements set by the college they are attending. Minnesota’s students have one of the highest student debt loads in the nation at over $30,000. Hopefully this initiative can lessen that load while encouraging more students to enroll in programs that teach the skills needed to succeed in occupations in demand. State instructional programs that develop workforce training for the transportation sector graduate approximately 826 vehicle maintenance and repair students per year, nowhere near enough to fill the 14,230 current job vacancies in these fields.

The second proposal, Senate File 5/House File 551, provides grants to expand dual education opportunities through a public-private partnership allowing Minnesota companies to invest in and develop the talent that the state economy needs to grow. Dual education is a model that provides for more flexibility than traditional apprenticeship programs by giving students work experience while they work toward earning a postsecondary credential. Currently, the legislation is limited to the fields of advanced manufacturing, health care, information technology, and agriculture. MADA is working to add the transportation sector to the mix.

By advocating for these proposals, MADA is able to showcase to state policymakers that investing in automotive education is a sound decision:

• Automotive and heavy duty-diesel repair jobs provide some of the highest median wages in the transportation sector.
• These jobs are long-term and can provide a stable career for individuals.
• These jobs are not subject to the boom-and-bust cycles of other industries and cannot be outsourced.
• The industry has a strong relationship with the Minnesota State Colleges and Universities (MnSCU) system which ensures students are learning about the latest technologies to prepare them for rapid changes in the industry and economy.

Beyond promoting the workforce need at the Capitol, the CSC is working on a multi-pronged public awareness campaign to advertise the benefits of jobs in the industry. The first is a recruitment tool kit for dealers to use to attract prospective employees. The second is the development of NitroX, a summer camp to introduce youth to the promise our industry holds. To learn more about either program, contact CSC Program Director Denise Anderson at denise@mada.org.

The Best of Both Worlds:
Soft-touch & Touch-free now on one machine.

Introducing the Mark VII Choicewash XT®, Decades of proven Aquajet® Touch-free technology and the unsurpassed efficiency and effectiveness of a Softwash XT® Soft-touch automatic—truly two machines in one! Choicewash XT® is an industry first . . . One machine that can deliver a top quality wash in either mode and it’s your customer’s choice!

For more information on uprating your car wash—
Call Reliable Plus today
800.782.8793
reliableplus.com

Minnesota • Wisconsin
North Dakota • South Dakota
Some of us are joiners. We like to belong, see where we fit, meet people, and be connected. It’s important for us to make a difference - even just in our little corner of the world. You may be one of us. We serve as little league baseball coaches, church deacons and Girl Scout leaders. We head up the local neighborhood block party. We bring the grill.

Within MADA, we have an exemplary group of joiners. They are the members of the MADA Collision & Service Council (CSC). The CSC is all about joining in, meeting people, learning new things, connecting with peers, having fun and of course... making a difference.

What began as an effort to build a collective voice to positively promote fixed operations within MN dealerships has blossomed into a strong organization that’s forward-thinking and working to get ahead of the challenges facing the industry: unfair warranty reimbursement, insurer-mandated intrusions to operations, workforce shortages...
CSC membership is open to people - not organizations. The Council now boasts 175 members encompassing the collision, parts and service repair sides of the business. In addition to these regular memberships for dealership repair professionals, the Council has 15 associate members - friends of the industry, vendors, suppliers and educational institutions. Membership expanded rapidly during its first years of existence and with recruitment continuing to be a priority, the Council is poised for strong growth into 2016.

As we know, every organization needs its leaders. The CSC is no exception. Leaders go out of their way to make the organization better by devoting their valuable time, knowledge and energy. The CSC is no different. Council leadership is in the form of an eight-person advisory committee. Their mugs adorn the cover of this edition of MADA Dealer Outlook. They are, as featured on the cover (l-r): Wayne Nielsen, Steve Weisenberger, Mark Morcomb, Brian Steffensmeier, Tony Simoneau, Sid Osterman (not pictured Tony Gerlach and Randy Jacobi).

**MAKING A DIFFERENCE**

Some people might quibble with our premise and argue: What’s the logic of expending resources to “make a difference” in a business context where the only real goal is to make money? We here at Dealer Outlook summarily reject that argument. Sure, individual businesses compete every day in a win/lose market environment to make money delivering quality products to satisfied customers. Making a difference is different than that - broader in scope. Sometimes we need to improve business by altering the landscape where businesses compete. We might work through our elected officials to clear away the debris of outdated regulation and to build new and effective legal standards.
prohibitions against anti-competitive and abusive business practices. We could seek ways to bring quality people into our industry through incentives on the one hand and knocking down entry barriers on the other. What do all these initiatives have in common? They’re game changers. The sum is positive. We “make a difference” when we step past our day-to-day activities and work to make business do more for all of us - workers, customers, and industry alike.

**FIRST STEPS**

Changing the game is not easy. MADA’s Collision & Service Council was successful with a modest but significant legislative initiative last year. The Council Advisory Committee urged the MADA Board of Directors to actively seek legislation to reduce the complexity of foreclosing on a shop lien. MADA adopted the Council’s recommendation and successfully passed legislation to permit dealer shops to sell vehicles being held for a repair or storage bill in a far less difficult manner. Dealer shops may now bypass antiquated “sheriff’s sales.” This old procedure had been around since the year 1907 and was filled with complex legalese disclosures and notices.

This year, workforce development is the Council’s focus, with efforts both inside and outside the Minnesota State Capitol. The collision and repair business has a huge need for well-trained and educated newcomers with the technical talent and desire to build a career. The Council is actively supporting legislative efforts to incentivize students and potential workers. Turn back to page 8 in this edition of Dealer Outlook for a closer look.

**LOOKING AHEAD**

There’s much more to accomplish at the Legislature. We need fairer practices from the motor vehicle manufacturers when reimbursing dealers for warranty labor and warranty parts.

There’s no dispute that dealers should be compensated fairly for the labor and parts they expend repairing vehicles under the terms of a factory warranty. Going further, there’s wide
agreement that dealers should be reimbursed for warranty repairs at “retail.” Dealers don’t have a choice of whether to perform warranty services. They are contractually obligated under their franchise agreements. If dealers are paid less for warranty work than their other customer-pay service work, a natural incentive will operate to discriminate against warranty customers and put them to the back of the line. As lawsuits around the country settle down, the legislative climate turns more favorable to open up the issue of unfair warranty reimbursement. The issue is clearly on the minds of dealers for upcoming sessions.

ELEPHANT IN THE ROOM

And of course the elephant in the room - the insurance companies and the incredible power that they exert over collision repair and crash parts distribution.

For the most part, insurance companies are good corporate citizens. They provide a wealth of coverages, products and services. They compete in a crowded national marketplace for customers, market share and profit margins just like Council members do. They are also operated by hard-nosed and competent business people.

It’s difficult to blame them for using whatever power they can bring to bear. And use it they do. Insurance companies and collision centers are both required players in the drama that plays out after a customer crashes their car. We’re business partners each playing a role in a series of scenes beginning with the customer’s first anxious call for a tow and to a hopefully happy conclusion in a beautifully repaired vehicle.

Even though we’re both required players, we’re not even close to being equals. Why? It’s about numbers. There are only a handful of insurance companies who act as payers in a multi-billion dollar industry. Money is concentrated. Their “partners” or perhaps “pawns” are the small business collision repair shops which number in the thousands.
Insurance companies have always bullied collision centers. If it’s not aftermarket parts or steering, it’s mandatory estimating systems, accounting packages and financial practices. They bully us on training, equipment and of course, price.

The issue of the day is mandatory online parts ordering systems - typically described generically as “PartsTrader.” But PartsTrader is just the bully’s new playground. It’s not really different in character from many of the abuses of the past. Collision repair shops have a long history of standing up for themselves and consumers by aggressively seeking legislative action to curb the insurers’ most egregious conduct and adding some notion of fairness to the relationship. Good work has been done. But much, much more needs doing.

The Collision & Service Council and MADA staff have some ideas on legislation to break the tie between referrals and required shop practices. It won’t be easy. Making a difference by fighting for what’s fair never is.

Now, rewind to the 2013 Winter issue of this very publication. It was in that magazine that MADA introduced the Collision & Service Council to MADA members with a cry to “Muscle Up!” Initially launching the Council to advocate for dealership repair work and a means to respond to AASP’s negative dealership advertising, the CSC took the high road. We didn’t need to knock the independents to make a difference.

The CSC is tackling industry issues, winning legislation, and starting initiatives never before addressed for the betterment of MADA dealerships and the industry. But one of our primary focuses not to be overlooked: promoting dealership repair work. With the Council’s inaugural exhibit at the auto show in March, adopting the tagline, “Nobody knows your car better than your dealer,” has taken this meaning to a new level. If you missed the exhibit or missed the reception, you missed seeing the efforts of the Advisory
Committee to position this organization to expand and build on this premise. The photos tell the story. Great participation, wonderful camaraderie and belonging. As the Council gains recognition, it also builds momentum.

From the “Trash-to-Treasure” parts donation program, to the $25,000 grant to pilot an automotive summer camp, to accelerated recruitment efforts and OSHA compliance training, as well as the many ongoing and successful initiatives of the Council, it is also about meeting people, having fun and belonging. Belonging to make a difference.

BETTER TOGETHER

Welcome to Blue Cross and Blue Shield of Minnesota. Together, the Minnesota Automobile Dealers Association and Blue Cross are offering you and your employees:

- **More choice** – The largest network of providers in the state delivers value and preserves provider choice
- **Better value** – More benefit plan options make it easy to choose a plan that fits your health care needs and your budget
- **Bigger savings** – Working with providers, Blue Cross rewards quality of care to deliver you bigger savings
- **Added convenience** – From retail clinics to online care options, we make it convenient for your employees to get the care they need

Blue Cross® and Blue Shield® of Minnesota and Blue Plus® are nonprofit independent licensees of the Blue Cross and Blue Shield Association.

**FIND OUT HOW TO ACCELERATE YOUR HEALTH CARE SAVINGS.**

Contact your Blue Cross sales representative or call MADA Insurance at **(651) 291-2400** or **1-800-652-9029**.
Dealers Are Good Neighbors

MADA salutes Minnesota new vehicle dealerships and dealership employees who make their communities a better place to live.

St. Cloud Toyota Scion presented a check for $11,100 to the Coborn Cancer Center. During the “Pink October” event, a $50 donation was made to the Center for every car that was purchased. The $6,100 was matched with a $5,000 contribution from the Toyota Match Program.

Chuck Spaeth Ford, New Ulm-Sleepy Eye, donated a car to a woman whose home was destroyed by a fire in November 2014. The car will be invaluable to her commute to South Central College in Mankato.

Rochester Toyota Scion’s committed staff made a very chilly jump for the Minnesota Special Olympics. This year marked the company’s eighth year participating in the Polar Plunge. Wind chill was -25 degrees! Over $21,000 was raised this year, bringing the total for the eight years to $61,000! The dealership raised the most money in the small business category of 250 or less employees and came in fifth in all corporate categories in the state. Way to go!

Asa Auto Plaza of Jackson donated a portion of its annual “Countdown to 100” end-of-year sales promotion proceeds back to several community causes. The auto dealership donates a portion of each sale to causes that the customers suggest. Six local charities received checks for $500.

The Greater Metro Automobile Dealers Association sponsored the Child Passenger Safety Associates at the Twin Cities Auto Show on both weekends of the show. Out of the 123 seats that were checked, four were installed correctly. Nineteen car seats were also distributed to families who had expired seats or where the child had outgrown the seat they were using.
Minnesota Chevrolet Dealers annually join together to donate a new Chevrolet Silverado 4x4 truck as a grand prize in a fundraiser for Ducks Unlimited. Each $250 raised translates into one more acre of wetland preserved for waterfowl and wildlife in North America. This year’s winner was Josh Wolf of Glenwood. He selected the winning key and will pick up his new Chevrolet Silverado at Marthaler Chevrolet in Glenwood.

Goodwill Easter Seals was the official charity sponsored this year by the Twin Cities Auto Show. Approximately 600 lbs. of donated goods were collected and will be used to ensure 50 hours of on-the-job training for the community. Goodwill maintains a strong belief in the transformative power of work to change individuals, families and communities. They provide services to individuals who have any number of barriers that prevent them from achieving their goals. All services are offered at no cost to eligible program participants.

Send YOUR good news to Sandy at brom@mada.org
TCAS Opening Night Party

Over 350 partygoers enjoyed the opening night festivities of the 2015 Twin Cities Auto Show.
FIND OPPORTUNITY

Tune up your tax plan with professionals who aren’t afraid to get their hands dirty.

Audit  Tax  Consulting  Outsourcing  Wealth Advisory

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

612-376-4500
CLAconnect.com/dealerships
**FORECAST**

**Another Increase Predicted for State New Vehicle Market in 2015**

This year’s increase follows the 4.6% improvement in 2014; market is up 68% between ’09 and ’14

Forecasting automotive sales is a delicate balancing act. There are frequently conflicting indicators that can provide mixed signals on future market conditions. The trick is identifying these trends, separating the meaningful from the meaningless, and forming a consensus on where the market is headed. Below, we identify the key positive and negative forces that are likely to impact the market in 2015.

**Forces leading the market higher**

- Low interest rates and mild inflation growth have kept new vehicle affordability at historically strong levels. Many economists are expecting a slight increase in interest rates in 2015, but wages are likely to move higher and gas prices have fallen, which should give a boost to disposable incomes.
- Payrolls grew steadily during 2014, and the majority of labor market economists are expecting this trend to continue in 2015. Employment levels have been posting impressive increases, while the unemployment rate is down considerably from the highs in 2009. Increasing employment is an obvious plus for new vehicle sales.
- Pent up demand and benefits to “upgrade” should continue to give the market a boost. The average age of vehicles on the road exceeds 10 years, which based on historical standards, is very high. Some have argued that due to improvements in quality and durability, this is to be expected, and the time-line needed to replace vehicles is stretching out. But this only tells part of the story. Greatly improved safety, fuel economy, performance, and technology in today’s cars and trucks provides a powerful motivation for consumers to enter the new vehicle market. The average ten-year-old, 2005 model year vehicle can’t even come close to a new, 2015 model. From a car owner’s standpoint, the motivation to upgrade is powerful.

**Forces holding the market back**

- While U.S. economic growth was solid for most of 2014, the global economy has slowed considerably. Japan is in a recession, Chinese growth has slowed, and Europe appears to be on the verge of a recession, with deflation. Continued weakness in the global economy could eventually impact the U.S. in the form of slower employment growth, and stagnant incomes.
- Household balance sheets. Consumers have made considerable headway in reducing debt, but are largely hesitant to fund increases in spending by adding on more debt. In addition, many have insufficient savings for retirement, necessitating further restraint in retail spending.

Wrap up: Positive factors will likely lead the market higher in 2015, but we believe that the negative factors will place a ceiling on how high new vehicle sales will go, and we could approach that ceiling by 2016.

**Annual Trend in State New Vehicle Market**

```
Source: IHS Automotive.
```

**Market Review**

```
<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>% Chg. '13 to '14</th>
<th>Mkt. Share 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>204,590</td>
<td>214,075</td>
<td>4.6%</td>
<td></td>
</tr>
<tr>
<td>Car</td>
<td>83,346</td>
<td>78,236</td>
<td>-6.1%</td>
<td>36.5%</td>
</tr>
<tr>
<td>Light Truck</td>
<td>121,244</td>
<td>135,839</td>
<td>12.0%</td>
<td>63.5%</td>
</tr>
<tr>
<td>Domestic**</td>
<td>106,809</td>
<td>112,921</td>
<td>5.7%</td>
<td>52.7%</td>
</tr>
<tr>
<td>European</td>
<td>13,880</td>
<td>12,970</td>
<td>-6.6%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Japanese</td>
<td>69,421</td>
<td>74,903</td>
<td>7.9%</td>
<td>35.0%</td>
</tr>
<tr>
<td>Korean</td>
<td>14,480</td>
<td>13,281</td>
<td>-8.3%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

**Domestic consists of Detroit Three brands and Tesla.
Source: IHS Automotive.**
## Brand Registrations Report
### Minnesota New Retail Car and Light Truck Registrations

#### Last Three Months November '14 thru January '15

<table>
<thead>
<tr>
<th>Registrations</th>
<th>Market Share (%)</th>
<th>Registrations</th>
<th>Market Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous</td>
<td>Current</td>
<td>% change</td>
<td>Previous</td>
</tr>
<tr>
<td>TOTAL</td>
<td>48,810</td>
<td>53,877</td>
<td>10.4</td>
</tr>
<tr>
<td>Cars</td>
<td>17,217</td>
<td>17,242</td>
<td>0.1</td>
</tr>
<tr>
<td>Light Trucks</td>
<td>31,593</td>
<td>36,635</td>
<td>16.0</td>
</tr>
<tr>
<td>Domestic Brands</td>
<td>26,551</td>
<td>29,644</td>
<td>11.6</td>
</tr>
<tr>
<td>European Brands</td>
<td>3,107</td>
<td>3,197</td>
<td>2.9</td>
</tr>
<tr>
<td>Japanese Brands</td>
<td>16,187</td>
<td>18,098</td>
<td>11.8</td>
</tr>
<tr>
<td>Korean Brands</td>
<td>2,965</td>
<td>2,938</td>
<td>-0.9</td>
</tr>
<tr>
<td>Acura</td>
<td>408</td>
<td>443</td>
<td>8.6</td>
</tr>
<tr>
<td>Audi</td>
<td>415</td>
<td>413</td>
<td>-0.5</td>
</tr>
<tr>
<td>BMW</td>
<td>667</td>
<td>703</td>
<td>5.4</td>
</tr>
<tr>
<td>Buick</td>
<td>864</td>
<td>979</td>
<td>13.3</td>
</tr>
<tr>
<td>Cadillac</td>
<td>397</td>
<td>332</td>
<td>-16.4</td>
</tr>
<tr>
<td>Chevrolet</td>
<td>7,778</td>
<td>8,609</td>
<td>10.7</td>
</tr>
<tr>
<td>Chrysler</td>
<td>648</td>
<td>915</td>
<td>41.2</td>
</tr>
<tr>
<td>Dodge</td>
<td>1,234</td>
<td>1,389</td>
<td>12.6</td>
</tr>
<tr>
<td>FIAT</td>
<td>49</td>
<td>40</td>
<td>-18.4</td>
</tr>
<tr>
<td>Ford</td>
<td>9,604</td>
<td>9,586</td>
<td>-0.2</td>
</tr>
<tr>
<td>GMC</td>
<td>1,976</td>
<td>2,536</td>
<td>28.3</td>
</tr>
<tr>
<td>Honda</td>
<td>3,894</td>
<td>4,196</td>
<td>7.8</td>
</tr>
<tr>
<td>Hyundai</td>
<td>1,505</td>
<td>1,365</td>
<td>-9.3</td>
</tr>
<tr>
<td>Infiniti</td>
<td>267</td>
<td>237</td>
<td>-11.2</td>
</tr>
<tr>
<td>Jaguar</td>
<td>15</td>
<td>19</td>
<td>26.7</td>
</tr>
<tr>
<td>Jeep</td>
<td>1,933</td>
<td>2,601</td>
<td>34.6</td>
</tr>
<tr>
<td>Kia</td>
<td>1,460</td>
<td>1,594</td>
<td>9.2</td>
</tr>
<tr>
<td>Land Rover</td>
<td>116</td>
<td>115</td>
<td>-0.9</td>
</tr>
<tr>
<td>Lexus</td>
<td>552</td>
<td>599</td>
<td>8.5</td>
</tr>
<tr>
<td>Lincoln</td>
<td>309</td>
<td>352</td>
<td>13.9</td>
</tr>
<tr>
<td>Mazda</td>
<td>887</td>
<td>915</td>
<td>3.2</td>
</tr>
<tr>
<td>Mercedes</td>
<td>540</td>
<td>563</td>
<td>4.3</td>
</tr>
<tr>
<td>MINI</td>
<td>132</td>
<td>138</td>
<td>4.8</td>
</tr>
<tr>
<td>Mitsubishi</td>
<td>407</td>
<td>485</td>
<td>19.2</td>
</tr>
<tr>
<td>Nissan</td>
<td>2,168</td>
<td>2,723</td>
<td>25.6</td>
</tr>
<tr>
<td>Other</td>
<td>54</td>
<td>39</td>
<td>-27.8</td>
</tr>
<tr>
<td>Porsche</td>
<td>41</td>
<td>54</td>
<td>31.7</td>
</tr>
<tr>
<td>Ram</td>
<td>1,747</td>
<td>2,313</td>
<td>32.4</td>
</tr>
<tr>
<td>Subaru</td>
<td>2,131</td>
<td>2,817</td>
<td>32.2</td>
</tr>
<tr>
<td>Tesla</td>
<td>33</td>
<td>27</td>
<td>-18.2</td>
</tr>
<tr>
<td>Toyota</td>
<td>5,468</td>
<td>5,620</td>
<td>2.8</td>
</tr>
<tr>
<td>Volkswagen</td>
<td>937</td>
<td>951</td>
<td>1.5</td>
</tr>
<tr>
<td>Volvo</td>
<td>174</td>
<td>209</td>
<td>20.1</td>
</tr>
</tbody>
</table>

Top ten brands are shaded yellow. Source: IHS Automotive

Any material quoted must be attributed to Minnesota Dealer Outlook, and must also include the statement: “Data Source: IHS Automotive.” Unforeseen events may affect the forecast projections presented. Consequently, Auto Outlook, Inc. is not responsible for management decisions based on the content of Minnesota Dealer Outlook.
**MARKET TRACKER: BRAND MARKET SHARE**

**Japanese Brands Gain Market Share in 2014; Korean Brands Fall**

Japanese brand share increased by 1.1 share points in 2014. Domestic brand share also increased.

**MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES**

Hybrid & Electric Vehicle Market Share Declined to 2% 4Q ‘14

Alternative powertrain market share has trended higher during the past three years, but declined to 2.0% in the Fourth Quarter of 2014.

**State Hybrid and Electric Vehicle New Retail Registrations**

<table>
<thead>
<tr>
<th>Year</th>
<th>Hybrids</th>
<th>Plug in hybrids</th>
<th>Electrics</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>3996</td>
<td>0</td>
<td>8</td>
<td>4004</td>
</tr>
<tr>
<td>2010</td>
<td>3260</td>
<td>0</td>
<td>7</td>
<td>3267</td>
</tr>
<tr>
<td>2011</td>
<td>3176</td>
<td>63</td>
<td>12</td>
<td>3251</td>
</tr>
<tr>
<td>2012</td>
<td>4762</td>
<td>319</td>
<td>115</td>
<td>5196</td>
</tr>
<tr>
<td>2013</td>
<td>6037</td>
<td>364</td>
<td>276</td>
<td>6677</td>
</tr>
<tr>
<td>2014</td>
<td>5034</td>
<td>318</td>
<td>256</td>
<td>5608</td>
</tr>
</tbody>
</table>

Source: IHS Automotive.

New registrations of hybrid and electric vehicles were 5,608 units in 2014, well below the 2013 total.
MARKET TRACKER: SEGMENTS

Compact SUV Market Share Increased by 3.8 Points in 2014
Small cars lose market share

Change in Segment Market Share
2014 versus 2013

Minnesota and U.S. New Vehicle Markets

Typical models in segments:

- Small Car: Hyundai Elantra
- Mid Size & Large Car: Toyota Camry
- Luxury & Sports Car: BMW 3-Series
- Pickup: Ford F-Series
- Van: Honda Odyssey
- Compact SUV: Jeep Liberty
- Mid Size SUV: Jeep Grand Cherokee
- Full Size SUV: Chevrolet Tahoe
- Luxury SUV: Lexus RX

Source: IHS Automotive.

FREE FUEL SEMINAR

11:00a-1:00p Tuesday, May 12th
HAMPTON INN
10600 Wayzata Blvd, Minnetonka, MN

11:00a-1:00p Wednesday, May 13th
HOLIDAY INN EXPRESS
1100 East County Rd E, Vadnais Heights, MN

Attend a free Fuel Seminar. Learn about the latest in fuel trends. Help your customers understand the benefits of Flex Fuel Vehicles. A fuel expert with 30+ years experience will be able to answer all your fuel questions.

LUNCH INCLUDED!

RSVP Email: sally@megcorpmn.com Phone: 952-473-0044
If you would like this seminar presented to your staff, please call or email to schedule a date.
Mitsubishi Had Biggest Percentage Increase in 2014
Jeep, Subaru, Ram, and Porsche also had big increases

The graph below shows the percent change in new retail light vehicle registrations in Minnesota from 2013 to 2014. Mitsubishi had the largest percentage increase (up 84%). Jeep, Subaru, Ram, and Porsche were all up by more than 20%.

<table>
<thead>
<tr>
<th>Brand</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mitsubishi</td>
<td>84.0%</td>
</tr>
<tr>
<td>Jeep</td>
<td>28.0%</td>
</tr>
<tr>
<td>Subaru</td>
<td>25.0%</td>
</tr>
<tr>
<td>Ram</td>
<td>24.0%</td>
</tr>
<tr>
<td>Porsche</td>
<td>17.0%</td>
</tr>
<tr>
<td>Audi</td>
<td>16.0%</td>
</tr>
<tr>
<td>GMC</td>
<td>13.0%</td>
</tr>
<tr>
<td>Nissan</td>
<td>12.0%</td>
</tr>
<tr>
<td>Mercedes</td>
<td>10.0%</td>
</tr>
<tr>
<td>Lexus</td>
<td>7.0%</td>
</tr>
<tr>
<td>Dodge</td>
<td>4.0%</td>
</tr>
<tr>
<td>Honda</td>
<td>3.0%</td>
</tr>
<tr>
<td>Mazda</td>
<td>2.0%</td>
</tr>
<tr>
<td>Acura</td>
<td>1.0%</td>
</tr>
<tr>
<td>Buick</td>
<td>-2.0%</td>
</tr>
<tr>
<td>Lincoln</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Chevrolet</td>
<td>-7.0%</td>
</tr>
<tr>
<td>Infiniti</td>
<td>-10.0%</td>
</tr>
<tr>
<td>Toyota</td>
<td>-12.0%</td>
</tr>
<tr>
<td>Ford</td>
<td>-15.0%</td>
</tr>
<tr>
<td>Chrysler</td>
<td>-16.0%</td>
</tr>
<tr>
<td>Kia</td>
<td>-18.0%</td>
</tr>
<tr>
<td>BMW</td>
<td>-20.0%</td>
</tr>
<tr>
<td>Cadillac</td>
<td>-22.0%</td>
</tr>
<tr>
<td>Hyundai</td>
<td>-24.0%</td>
</tr>
<tr>
<td>Land Rover</td>
<td>-26.0%</td>
</tr>
<tr>
<td>FIAT</td>
<td>-28.0%</td>
</tr>
<tr>
<td>Volkswagen</td>
<td>-30.0%</td>
</tr>
<tr>
<td>Volvo</td>
<td>-32.0%</td>
</tr>
<tr>
<td>MINI</td>
<td>-40.0%</td>
</tr>
</tbody>
</table>

Source: IHS Automotive.
BRAND SCOREBOARD-PART TWO

Ford and Chevrolet Are Relatively Strong Performers in State
Subaru, Ram, GMC, Buick, and Mitsubishi also rank high

The graph below provides an indicator of brands that are popular in Minnesota (relative to the National standard), and those that are not. Here's how it works: For the top 30 selling brands in the state, each brand’s share of the U.S. market is multiplied by retail registrations in the state during 2014. This yields a “target” for the state market. Target registrations are subtracted from actual registrations to derive the measurement of sales performance. Brands at the top of the graph (i.e., Ford, Chevrolet, Subaru, Ram, GMC, Buick, and Mitsubishi) are relatively strong sellers in the state, with actual registrations exceeding the calculated target by a large margin. For instance, Ford registrations exceeded the target by 10,833 units.

Minnesota Retail Market Performance based on registrations for 2014
Actual registrations minus target (state industry registrations times U.S. market share)

Data Source: IHS Automotive.
The table below shows the top five selling models during 2014 in 16 primary market segments. In addition to unit registrations, it also shows each model’s market share in its respective segment. Ford Focus was the best-selling Sub Compact Car, with a 14.4% share. Kia Soul was first among Entry Cars, followed by Honda Fit. BMW 3-Series remained at the top, as the best seller among Near Luxury Cars. Dodge Caravan and Ford Escape were the best selling Mini Van and Compact SUV, respectively. Ford F-Series narrowly beat Chevrolet Silverado as number one among Full Size Pickups. Lexus RX was the best-selling Luxury SUV.

### Top Selling Models in Each Segment - Minnesota

**New Retail Registrations - 2014 Annual Total**

<table>
<thead>
<tr>
<th>Entry</th>
<th>Sub Compact</th>
<th>Entry Luxury</th>
<th>Near Luxury</th>
<th>Standard Mid Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kia Soul</td>
<td>1765 32.2</td>
<td>Ford Focus</td>
<td>3838 14.4</td>
<td>Chevrolet Camaro</td>
</tr>
<tr>
<td>Honda Fit</td>
<td>946 17.3</td>
<td>Chevrolet Cruze</td>
<td>3475 13.1</td>
<td>Ford Mustang</td>
</tr>
<tr>
<td>Chevrolet Sonic</td>
<td>580 10.6</td>
<td>Honda Civic</td>
<td>3048 11.5</td>
<td>Dodge Challenger</td>
</tr>
<tr>
<td>Ford Fiesta</td>
<td>548 10.0</td>
<td>Toyota Corolla</td>
<td>2588 9.7</td>
<td>Hyundai Veloster</td>
</tr>
<tr>
<td>Nissan Versa</td>
<td>387 7.1</td>
<td>Toyota Prius</td>
<td>2428 9.1</td>
<td>Subaru BRZ</td>
</tr>
</tbody>
</table>

### Large Mid Size | Mid Size SUV (2 rows) | Mid Size SUV (3 rows) | Full Size SUV | Luxury SUV |
| Chevrolet Impala | 1257 23.4 | Mercedes CLA-Class | 195 29.5 | BMW 3-Series | 677 16.7 | BMW 5-Series | 372 12.1 |
| Ford Taurus | 1129 21.1 | Audi A3 | 170 25.7 | Lexus ES | 435 10.7 | Mercedes E-Class | 350 11.4 |
| Buick Lacrosse | 848 15.8 | Lexus CT200H | 107 16.2 | Mercedes C-Class | 347 8.6 | Chevrolet Corvette | 350 11.4 |
| Toyota Avalon | 825 15.4 | Acura ILX | 73 11.0 | Lincoln MKZ | 347 8.6 | Cadillac CTS | 224 7.3 |
| Dodge Charger | 447 8.3 | Acura TSX | 47 7.1 | Audi A4 | 342 8.4 | Audi A6 | 206 6.7 |

### Compact Pickup | Full Size Pickup | Van | Compact SUV |
| Model | Regs. Share | Model | Regs. Share | Model | Regs. Share |
| Toyota Tacoma | 814 53.1 | Ford F Series | 12981 33.9 | Dodge Caravan | 2098 20.4 | Ford Escape | 6840 15.0 |
| Nissan Frontier /Xe | 284 18.5 | Chevrolet Silverado | 12847 33.6 | Chrysler Town & Country | 2031 19.8 | Honda CR-V | 6654 14.6 |
| Honda Ridgeline | 255 16.6 | Ram | 7572 19.8 | Toyota Sienna | 1934 18.8 | Chevrolet Equinox | 6139 13.5 |
| Chevrolet Colorado | 133 8.7 | GMC Sierra | 4047 10.6 | Honda Odyssey | 1684 16.4 | Toyota RAV4 | 5142 11.3 |
| GMC Canyon | 40 2.6 | Toyota Tundra | 776 2.0 | Chevrolet Express | 503 4.9 | Jeep Cherokee | 3429 7.5 |

### Source: IHS Automotive.
MINNESOTA MARKET VERSUS U.S.

Minnesota and U.S. Markets Both Increased in 2014
Car market share in state was just 36.5%, 11.3 points below the Nation

The accompanying table provides a comparison of results in both the Minnesota and U.S. markets. New vehicle registrations in the state improved 4.6% from 2013 to 2014, while the U.S. market increased 6.5%. Detroit Three market share in Minnesota was 52.7%, well above the 40.8% share in the Nation.

<table>
<thead>
<tr>
<th>Change in registrations</th>
<th>Minnesota Market</th>
<th>U.S. Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>% change in registrations</td>
<td>4.6%</td>
<td>6.5%</td>
</tr>
<tr>
<td>2014 vs. 2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Car Market Share</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Car share of industry retail light vehicle registrations - 2014</td>
<td>36.5%</td>
<td>47.8%</td>
</tr>
<tr>
<td>Detroit Three Brand Market Share</td>
<td>52.7%</td>
<td>40.8%</td>
</tr>
<tr>
<td>Domestic brand share of industry retail light vehicle registrations - 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top selling light vehicle brands and market share - 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First</td>
<td>Ford 17.5%</td>
<td>Toyota 13.4%</td>
</tr>
<tr>
<td>Second</td>
<td>Chevrolet 15.0%</td>
<td>Ford 12.5%</td>
</tr>
<tr>
<td>Third</td>
<td>Toyota 11.3%</td>
<td>Chevrolet 10.4%</td>
</tr>
<tr>
<td>Fourth</td>
<td>Honda 8.5%</td>
<td>Honda 9.9%</td>
</tr>
<tr>
<td>Fifth</td>
<td>Nissan 4.9%</td>
<td>Nissan 7.5%</td>
</tr>
<tr>
<td>Sixth</td>
<td>Subaru 4.9%</td>
<td>Jeep 4.5%</td>
</tr>
<tr>
<td>Seventh</td>
<td>Jeep 4.4%</td>
<td>Hyundai 4.2%</td>
</tr>
<tr>
<td>Eighth</td>
<td>GMC 3.9%</td>
<td>Subaru 3.7%</td>
</tr>
<tr>
<td>Ninth</td>
<td>Ram 3.7%</td>
<td>Kia 3.7%</td>
</tr>
<tr>
<td>Tenth</td>
<td>Kia 3.3%</td>
<td>GMC 3.1%</td>
</tr>
</tbody>
</table>

Data Source: IHS Automotive.
**Recent Results in Minnesota Used Vehicle Market**

**Used Vehicle Registrations Declined by 10.8% in 2014**

Market expected to recover in 2015

Below is a list of key trends in the Minnesota retail used vehicle market:

- Used registrations in the state fell by more than 10% in 2014, which followed the 9.3% increase in 2013. The decline was due largely to tightening supplies of used vehicles, caused by several years of below average new car sales.

- As shown on the graph to the right, after falling sharply in 2009, the Minnesota new vehicle market has been on a fast track to recovery. Gains in new vehicle sales have easily out-paced used vehicles in each of the past four years.

- The 2009 low point for new vehicle sales led to a significant decline for five-year-old vehicle market share. Used registrations of four year old or newer vehicles were stronger, due to improving supplies.

- Chevrolet Silverado was the best-seller in the state among six-year-old or newer vehicles.

- Chevrolet and Ford, combined, accounted for more than 42% of the two-year-old or newer used vehicle market.

<table>
<thead>
<tr>
<th>Registrations</th>
<th>% Change '13 TO '14</th>
<th>Market Share 2013</th>
<th>Market Share 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cars</td>
<td>762,182</td>
<td>-10.8%</td>
<td></td>
</tr>
<tr>
<td>Light Trucks</td>
<td>389,657</td>
<td>-12.7%</td>
<td>51.1%</td>
</tr>
<tr>
<td>Detroit Three</td>
<td>536,256</td>
<td>-12.3%</td>
<td>70.4%</td>
</tr>
<tr>
<td>European</td>
<td>372,525</td>
<td>-8.7%</td>
<td>48.9%</td>
</tr>
<tr>
<td>Japanese</td>
<td>160,483</td>
<td>-8.4%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Korean</td>
<td>19,732</td>
<td>-1.2%</td>
<td>21.1%</td>
</tr>
</tbody>
</table>

Source: IHS Automotive.

**% Change in Retail New and Used Vehicle Markets 2009 thru 2014**

![Graph showing % change in retail new and used vehicle markets 2009 thru 2014]

Source: IHS Automotive.

**Minnesota Retail Used Vehicle Registrations - Percent Change in Three Month Moving Average (Jan. '13 thru Dec. '14)**

![Graph showing percent change in three month moving average]

Source: IHS Automotive.
USED VEHICLE SALES BY AGE

Market Share for Four-Year-Old or Newer Vehicles Increased 7.2 Points in ‘14
Three-year-old vehicles accounted for 21% of six-year-old or newer market

The accompanying pie chart shows market share by vehicle age for six-year-old or newer used vehicles. Three-year-old vehicles had the highest market share, at 21%. The table shows used vehicle market by vehicle age during the October thru December periods for 2013 and 2014. Three-year-old market share increased 3.6 points, while five-year-old vehicle share fell 5.8 points.

<table>
<thead>
<tr>
<th>Age</th>
<th>October thru Dec 2013</th>
<th>October thru Dec 2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 yr. old or newer</td>
<td>29.3%</td>
<td>31.3%</td>
<td>2.0</td>
</tr>
<tr>
<td>2 yrs. old</td>
<td>17.6%</td>
<td>17.8%</td>
<td>0.2</td>
</tr>
<tr>
<td>3 yrs. old</td>
<td>14.1%</td>
<td>17.7%</td>
<td>3.6</td>
</tr>
<tr>
<td>4 yrs. old</td>
<td>8.9%</td>
<td>10.3%</td>
<td>1.4</td>
</tr>
<tr>
<td>5 yrs. old</td>
<td>14.5%</td>
<td>8.7%</td>
<td>-5.8</td>
</tr>
<tr>
<td>6 yrs. old</td>
<td>15.6%</td>
<td>14.2%</td>
<td>-1.4</td>
</tr>
</tbody>
</table>

Source: IHS Automotive.

BUY FUEL ?
WANT FUEL DISCOUNTS ?
NEED CONTROL ?

SA FLEET  smart answer!

SAVE 10¢ a gallon for the first 90 days
Then continue to save 5¢ a gallon
with the MADA discount

Call Lisa
651-403-3267
Start SAVING Today

www.mada.org
TOP SELLING MODELS

Chevrolet Silverado is Best Seller in Used Vehicle Market
Impala and F-Series were second and third, respectively

The graph below shows top selling models in the state for vehicles six years old or newer.

Source: IHS Automotive.
The two graphs below show brand market share leaders for vehicles two years old or newer, and for three- to five-year-old vehicles. Chevrolet, Ford, and Dodge were ranked first, second, and third in the two-year-old or newer category. Dodge had a 5.8% share for three- to five-year-old vehicles, compared to 7% for vehicles two years old or newer.

**BRAND MARKET SHARE BY VEHICLE AGE**

**Chevy and Ford Accounted for 42.2% of Two-Year-Old or Newer Market**

**Toyota and Honda rank third and fourth for 3 to 5 year old vehicles**

The two graphs below show brand market share leaders for vehicles two years old or newer, and for three- to five-year-old vehicles. Chevrolet, Ford, and Dodge were ranked first, second, and third in the two-year-old or newer category. Dodge had a 5.8% share for three- to five-year-old vehicles, compared to 7% for vehicles two years old or newer.

**Brand Market Share – Vehicles Two years old or newer**

**2014**

- **Chevrolet**: 22.9%
- **Ford**: 19.3%
- **Dodge**: 7.0%
- **Toyota**: 6.5%
- **Honda**: 4.9%
- **Nissan**: 4.3%
- **GMC**: 4.0%
- **Chrysler**: 3.7%
- **Volkswagen**: 3.2%
- **Kia**: 3.1%
- **Hyundai**: 3.0%
- **Jeep**: 2.8%
- **Buick**: 2.8%
- **Subaru**: 2.1%
- **Mazda**: 1.3%
- **Mercedes**: 1.2%
- **Cadillac**: 1.1%
- **Lincoln**: 1.1%
- **BMW**: 1.1%
- **Audi**: 1.0%

**Brand Market Share - Three- to Five-Year-Old Vehicles**

**2014**

- **Chevrolet**: 18.8%
- **Ford**: 15.8%
- **Toyota**: 11.3%
- **Honda**: 7.0%
- **Dodge**: 5.8%
- **Nissan**: 4.6%
- **GMC**: 4.4%
- **Hyundai**: 2.9%
- **Buick**: 2.9%
- **Chrysler**: 2.7%
- **Volkswagen**: 2.6%
- **Kia**: 2.6%
- **Jeep**: 2.5%
- **BMW**: 2.1%
- **Subaru**: 2.0%
- **Mazda**: 1.9%
- **Lexus**: 1.6%
- **Cadillac**: 1.6%
- **Lincoln**: 1.3%
- **Mercedes**: 1.2%

Source: IHS Automotive.
Like any large business operation, Luther Automotive is full of different personalities. There are visionaries, managers, “car guys,” marketing whizzes, problem solvers and good business people. Making sure they all mesh together in a cohesive unit that moves the company forward is part of David Luther’s genius. One of the most interesting characters that has contributed greatly to this effort is Luther’s Fixed Operations savant, Mark Morcomb. Mark is not the most flamboyant of Luther’s managers. But over an 18-year career with Luther Automotive he has quietly and efficiently built many of the successful branches that have made the dealer group more than just about selling new and used vehicles. Two summers ago he approached MADA’s Executive Vice President Scott Lambert with the notion of creating a Collision and Service Council (CSC) within MADA. Scott recently visited with Mark to discuss the success of the CSC and his life in the auto business...

I have to admit I was pretty skeptical of the plan to create the CSC. I thought it would only be 4 or 5 stores that were disgruntled with the AASP-MN organization. Not an organization with 180 members in less than 2 years.

A few of us sensed that there was a need for our own space. The growth has been a lot of fun to be a part of. We have a big footprint right now and it’s getting bigger.

Your leadership has been a key to its success. How many branches of the Luther Automotive Company have you started and currently oversee? There’s the body work, custom color, PDR, glass, towing and our call center.

How did all this come about?
David. He allowed me to take ideas and turn each into a small business. He provides the resources such as HR, training, tech support and legal tools then creates a collaborative environment that’s upbeat and fun to work in.

Well you must’ve gained his trust somewhere along the way. What was your path to Luther Headquarters?
I started as a lot person for Bob Ryan when I was 17.

Was that your first job in automotive?
Not really. I grew up in Bismarck, North Dakota working for my dad who owned a machine shop and a NAPA Parts store. I worked there when I was in junior high before we moved to Minneapolis.

How long were you with Bob Ryan?
I was a lot boy for a couple years, then in the early 80’s I moved over to Ryan Olds Mazda where I worked in the prep department and did a lot of aftermarket work such as luggage racks and body side moldings. There, I gradually moved into the warranty business, did some dispatching and became a service advisor.

Did you manage?
Yep. I eventually became the Mazda Service Manager and the Oldsmobile Service Manager before I moved to Ryan Cadillac, Renault AMC in Buffalo.
Geez, I’ve forgotten about some of those brands. But you finally moved out of the Ryan world?
Yes, in 1987 John Hirsch hired me at Thomas Pontiac Buick GMC to be their service manager.

It seems like a lot of current dealers have some connection to Thomas. How was your experience at that store?
It was very satisfying. When I came in, the service department wasn’t profitable and had one of the lowest CSI in the nation. After one year, the CSI became one of the highest.

I bet Thomas was grateful.
Pontiac was grateful. As a reward they flew me and my whole family to Florida for a vacation.

When you’ve got a young family those things are important. Speaking of family, let’s pause here and get the rundown.
My wife Susan and I have been married for 31 years, and we’ve got three terrific kids all in their mid- to late-20s. My oldest, Heather, works for Luther in a support role. Jessica graduated a couple of years ago with a degree in operations and immediately got a job with 3M, and our youngest Dustin is still in school in St. Paul.

No grandkids yet?
Not yet. But I can’t wait for some.

OK so how’d you get to Luther?
After six years with Thomas, I needed a break from direct dealership operations so seven other guys and I formed Automotive Fleet Service. After a year of that, I set up my own consulting firm. In 1997, I met David and worked on some projects for him.

Is that when David saw your genius and hired you?
Actually, it was the other way around. It took me 8 months to convince David to hire me.

So this is the question I always ask people with lots to manage in different locations: how do you keep track of it all?
We meet constantly. We’ve hired good people. And we watch the basics.

Tell me more.
I’ve got a team of about six people, and for the past several years we’ve had a rolling agenda every two weeks with a regularly updated action plan.

Those must be interesting.
It’s very inclusive. Actually, we usually end up with about 12 people in each meeting. Anyone from the main office is invited to sit in. David will often come listen to what’s going on and contribute. It’s part of the culture here that made us all so successful.

This all sounds stressful. What do you do for fun?
I get to my cabin in Ely when I can.

Ely is a long way off.
Five hours if we drive, one hour if we fly.

You have a pilot’s license?
I’m an IFR-rated [instrument flight rules] private pilot.

Do you have your own plane?
An SR 22, four passenger, single engine, with a parachute.

Parachute?
My wife insisted on the parachute. It’s the only way she’ll fly.

What do you like most about your job?
Over 17 years, it has been watching people grow. Service advisors have become service managers; car washers have become techs; techs have become GMs.

What’s the biggest lesson you’ve learned with the Luther organization?
It’s important to have fun at work. And if you’re going to make withdrawals from people in terms of extra effort, then you’ve got to remember to make deposits as well.
If you ask Mike Kvarnlov, owner of Lake Country Chevrolet Buick in Warroad, Minnesota what the most important aspect of his dealership is, he will say, “Community.”

Located just six miles south of the Canadian border in northwestern Minnesota and less than a mile from some of the best walleye fishing in the world on Lake of the Woods, Lake Country Chevrolet Buick is a successful dealership known for being all about its neighbors.

Because of its extreme northern location, Lake Country Chevrolet Buick is a long way from competition which, as any successful dealership knows, isn’t usually a good thing. However, after being in the business at this location for nearly 30 years, Mike has learned that the best way to build a successful business is through customer loyalty. Lake Country Chevrolet Buick looks to create customers for life - a sentiment that is shared by other area businesses including Marvin Windows and Doors, located just across the street from the dealership.

“We work very, very hard at taking care of our 60 mile radius: to market those people, to try to do what we can to give them the opportunity to stay home and make their vehicle purchases locally, and to having all aspects of their service and body shop needs also done locally. That’s our goal. If you want to be successful in business today, customer loyalty is a must.”

One way that Lake Country Chevrolet Buick shows its community spirit is through its ardent support for local education and sports. Known as “Hockeytown USA” for over 50 years, Warroad has produced some amazing athletes over the years. Most recently, Gigi Marvin and TJ Oshie, both of whom were 2005 Warroad High School graduates, played on the USA hockey teams at the 2014 Winter Olympics in Sochi. During the Winter Games, and in the middle of their participation in General Motors voluntary remodel program, the dealership displayed a 6 foot by 80 foot banner celebrating the 2014 Olympians. This banner became a key focal point and the town’s unofficial “welcome sign” during the Olympics.

The decision to participate in the GM element program was not an easy one for this small dealership in remote northwestern Minnesota, but Mike ultimately decided to do it. “Is it going to sell us more vehicles? I doubt it. But, it is going to provide us with a better facility and a better environment for our consumers today and in the future. Absolutely.”

Mike’s long-term vision is really no surprise. With a succession plan in place he’ll eventually retire, passing on not just a dealership, but a legacy to his son and grandsons.
Ready to **buy.**

With more consumers buying autos now is the time to turn to Star Tribune – Minnesota’s **#1 source** for reaching quality car buyers ready to take action.

In print and online, we **reach 65%** of metro adults. To reach the active car buyer we offer more options to drive more car buyers into your showroom.

**Turbocharge your advertising today.**
Call Steve Engelhart at 612-673-4950 or Tim Haley at 612-673-7026.
Protective Asset Protection is a proven F&I provider that dealers can rely on to protect tomorrow, so they can embrace today.

Contact us today so a Protective Asset Protection representative can shorten your to-do list.

Contact Protective’s Minnesota representative, James Mercer at 866 927 2908