**Virginia Automotive Report**

**E Newsletter for December 2017**

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**Col. Steve Flaherty to retire from State Police**

By Steve Akridge

On December 19 it was announced by Governor-Elect Ralph Northam that State Police Superintendent Colonel Steve Flaherty would retire on February 1. This confirms what we had heard for some time that he would retire at the end of the McAuliffe administration.

I first met Colonel Flaherty when he was Captain Flaherty, and the Safety Officer for the state’s safety inspection program. He always asked for our opinions, and kept us in the loop of upcoming regulations or changes to the program. In 1999, a bill in the General Assembly requested a study of retreaded tires, and the possible need for state regulations for the retreading industry. The State Police were charged with conducting the study, and I received a call from Captain Flaherty requesting us to be on the committee to bring our expertise. Terry Westhafer and I represented the VAA on this committee, which after a year’s worth of work, concluded state regulations were not needed for the retreading industry. I know the Captain learned more about tires than he ever wanted to during that time, and expressed his profound appreciation to Terry and I for our support and involvement.

It was during this time I developed a close relationship with the Captain, which has proven very helpful over the years. If a member called me with an inspection related issue, I could call Steve, and he would personally get involved. I am fortunate to have the same relationship today with Captain Maxey and Lieutenant Patterson.

When the Superintendent job opened up in 2003, I wrote Governor Warner a letter asking him to consider Captain Flaherty for the job. When he was appointed, he wrote me back a hand written thank you note for supporting him. While he has been the face of the State Police, and has overseen the many duties of the Department, he has always had a strong support for the safety inspection program.

Over the years, VAA has been directly involved with the many attempts to challenge and end the safety inspection program. Knowing his strong position for the program has been instrumental in us keeping the program solvent, strong, and for what we have today.

My next letter will be a personal one to Steve, thanking him for many years of supporting me, and our industry, and to wish him all the best in his retirement.

**Change to Safety Inspection Program**

*Here is a reprint of the State Police Bulletin concerning the new placement of stickers beginning January 1, 2018.*

**COMMONWEALTH OF VIRGINIA DEPARTMENT OF STATE POLICE RICHMOND, VIRGINIA December 1, 2017 INSPECTION BULLETIN # 373**

TO: All Official Inspection Stations

FROM: Captain Ronald C. Maxey, Jr.

SUBJECT: Virginia State Inspection Sticker Placement

Recent innovations in the automotive industry have necessitated an evaluation of Sections 19VAC30-70-50 and 19VAC30-70-210 of the Motor Vehicle Safety Inspection Manual, which govern the current placement of Virginia’s safety inspection sticker, and any other authorized stickers, on vehicle windshields. Automobile manufacturers now offer crash avoidance technology in many of their vehicles. Many of these new features utilize the center of the windshield; therefore, the placement of items in this area, including stickers, may result in the crash avoidance systems not operating properly.

The purpose of the Virginia Safety Inspection Program is to promote highway safety and the crash avoidance technology is another tool provided by manufacturers to ensure vehicles operated on the roadways are safe at all times.

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**VAA 2018 Speakers Announced**

Our Educational sessions at VAA 2018 truly have something for everyone. For the first time, there will be 2 sessions designed specifically for counter sales personnel and service managers. Also, by popular demand, we will continue a separate Peer to Peer Roundtable just for this group. The owner’s and key managers will have their own separate Roundtable. The Convention Committee just finished their work, and we are excited to present this fantastic lineup of speakers. Convention Registration and Homestead room reservations will open January 1. Visit our website, www.vaauto.org to register and see the complete schedule.

**Opening Keynote Speaker:** Dave Zielasko, Publisher and VP of Tire Business magazine, will review how the industry has changed over the past 10 years and then look at what’s happening today and how some of these changes could impact dealers and the industry going forward. Don’t miss this unique opportunity to hear from this veteran industry journalist.

**Owner’s/Key Managers Special Session** with Richard Flint. He will address the biggest issue facing shops - People-who-do you hire, where do you find them, how do you keep the right people! Get up close and personal with Richard-- In this custom designed session “Hiring the Right People for Your Company”.

**Counter Sales & Service Managers Special Session** with Joe Ferguson. He will share techniques to develop skills for “Selling Maintenance to Smart Customers with Smart Vehicles”. Capture your share of the over $40 billion in unperformed service and maintenance that escapes our bays.

**Counter Sales & Service Managers Special Session** with Bryan Stasch. In his presentation, “Welcome to The Days of Digital”, he will share with you techniques on how to reinvent your process around digital inspections, rather than just adding them to your process.

**Peer to Peer Roundtable for Counter Sales & Service Managers** moderated by Bryan Stasch and Dave Crawford.

**Peer to Peer Roundtable for Owner’s & Key Managers** moderated by Dave Zielasko.

**Closing Keynote Address** by Richard Flint. His presentation based on his recent book, “Making Your Life Simply Simple”, will be one everyone can relate to and will appreciate. He will explore steps that will bring a simpler life to you. Those attending this exciting closing session will take home a copy of his new book.

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I hope all of you had a wonderful Christmas with your families! It’s hard to believe another year has come and gone. As an industry, as an association and as shop owners we’ve had several excellent years in a row. You’ve all heard the adage, “a rising tide lifts all boats.”

As the year turns it is natural that we become more introspective and ask ourselves what we want to stand for in the future. To what narrative arc do we want to focus our efforts upon to that help advance our industry, our families, our employees and our neighborhoods. Do we want to continue competing in a market defined by our competition, dividing up markets so that one shop’s gain comes at the expense of another? Or is there a better way?

I don’t think this win/lose scenario is what attracted us to our industry. It isn’t the proposition that first inspired us. As for myself, I never thought the world desperately needed another shop in Springfield, VA. What captured my imagination was the chance to effect change. To create new opportunity, growth & jobs. Instead of worrying about dividing up an economic pie, I wanted to help grow the industry. Honestly, that has been an easy task as the repair & maintenance industry has consistently grown over the past decades. Recently, however, everything is changing. The overall market is flat and competition is increasing.

The beginning of a new year is a great time to question yourself and your assumptions. How can we translate aspiration into action, intention into reality? How can we forget the limitations of today and build the possibility of tomorrow?

First, we must build up the confidence of ourselves and our teams. Realize that change is scary, and each of us bring our own biases & baggage to the table which must be recognized, considered and in some cases discarded. Just because a strategy has worked in the past is not reason enough to continue it in the future. It may be that your shop is perfect, without flaw and doesn’t need change. More likely your shop is basically the same as the shop across the street. Managed with the same KPIs, offering the same seasonal specials, paying your employees using the same schemes and even using the same marketing providers.

I think this happens because as shop owners we share so many assumptions. These are the things that every shop owner knows. Each of us makes a decision on where we want our shop to be located on the Price/Value curve. Because everyone knows that to increase volume we must lower price leading to a lower quality tradeoff. Or we can achieve incredible, world class service at the expense of timeliness and price.

Good technicians are impossible to find is another “fact” that every shop owner knows. There just aren’t enough technicians in our industry. Why even bother, even if we find someone they probably won’t work out.

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Foreign Vehicles Hit Miles Majority

"Foreign nameplate cars and light trucks will generate a majority of light vehicle miles on U.S. roads for the first time during 2017. Despite representing approximately 46% of total cars and light trucks in operation, foreign nameplates will account for a majority of light vehicle 2017 mileage because of their concentration in vehicle age categories recording above-average annual miles."

"With foreign nameplates capturing nearly of 55% of new light vehicle sales over the past seven years, they will increase their total light vehicle annual miles in the U.S., also boosting the size of the foreign nameplate light vehicle aftermarket."

Foreign Nameplate VIO Growth
Foreign nameplates have rapidly expanded their share of total light vehicles in operation (VIO). Foreign nameplates accounted for 35% of cars and light trucks in the U.S. during 2007, increasing to 38% of the 2012 VIO. By 2014, foreign nameplates represented 43% of cars and light trucks in operation, climbing to an estimated 46% VIO share by 2017.

Higher Mileage among Newer Vehicles
Annual mileage of cars and light trucks varies significantly by their age. For example, light vehicles 2 years and younger in the U.S. average approximately 14.5 thousand miles per year, compared to an estimated 12.7 thousand in annual miles for the average vehicle in age categories 3 through 5 years. Annual mileage drops significantly among older vehicles, with cars and light trucks 6 to 10 years old averaging approximately 10.5 thousand miles and those 11 to 15 years of age averaging just over 8.0 thousand miles per year.

High New Vehicle Share
With foreign nameplates recording nearly 55% of new car and light truck sales over the past seven years, they hold a dominant share of vehicles in the age categories averaging the highest annual mileage. This means foreign nameplates are generating a larger share of car and light truck miles than their light vehicle VIO share.

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"My Turn"
By Robby Cutchins

Just like anything in life everything relies on one thing, “communication.” I know what you are thinking right now, really!? You are saying that is the most elementary thing I’ve heard in a while. But take a minute and think about it the more communication you have the smoother things will be and more than likely the more success you will have. Now, I’m not a counselor but yes this can pay huge dividends in anything in your life from your relationships in your personal life all the way through to your business and your professional life. Let’s take a minute and look at it from the business side of things because that is what our focal point needs to be here. Our industry is swamped with so many different avenues that we must cover that at times as owners and operators we wonder how in the world we can handle it all! Well it is simply amazing to me how three simple letters if not cover it all then it gives you the avenues to be able to cover it all and that is the VAA.

Being in this industry full time now for over 18 years, I have seen and learned so much through so many different avenues to say the least. Being young, growing up, and watching my father start the business for years I just assumed that you worked hard and everything just kind of fell in to place. Man was I wrong, that is definitely one of the key ingredients but there is so much more to it then that. As the business has grown over the years there were so many more things that needed to be dealt with and you wonder how do you deal with such stuff. In my early years when I was a service writer/sales consultant there is nothing that irritated me more than for my father to leave for a day or two and come back with all of these notes and say “we need to do this because so and so is doing it and this is what you are supposed to be doing." However, little did I know at that point in time this is where the “communication” came in to play. Over the years as the responsibilities grew for me personally within the business I started to understand the values of these meetings and organizations because of the valuable information that was brought to the table along with answers to many questions we had in our day to day operations. Over time we attended the VAA on an annual basis and my father even became active on the board (serving as President) which led to so many more valuable avenues of communication for us through the relationships that he built with people throughout the industry. The meetings throughout the year on an annual basis along with the convention which has always been a grand slam with so many people throughout the industry brought together at one time from vendors to business owners to management personnel. It is simply filled with so many different avenues to communicate with people just like YOU.

Article Continued on Page 6
Preparing for the Holiday Season

As employers approach the holiday season, many questions arise from both employers and employees alike about holidays. The following commentary and SESCO advice will help prevent misunderstandings and possible liability.

Are holidays required to be provided? For private, for-profit and not-for-profit employers, holidays and even sick days and vacation time are a normal part of an employee benefit package. However, the federal law and a majority of states do not require that employers provide holidays, sick days, vacation time or any other time off.

Are employers required to pay for holidays if they are provided? The federal government and, again, most state laws do not regulate holidays, sick or vacation days to include whether or not they are paid or how much an employer has to pay.

If an employee works a holiday, does the employer have to pay a special rate? The federal government and most state laws do not require that an employer pay any special rate to employees for working on holidays. Should an employee work the holiday and the time worked create overtime (hours worked in excess of 40 hours per week), the only requirement is that the employer pay overtime as required.

Does an employer have to provide an employee time off for religious observance/religious holidays? The rules are different when an employee requests time off to observe a religious holiday. Title VII, which applies to employers with 15 or more employees, is the primary law prohibiting workplace discrimination. Title VII makes it illegal for employers to make job decisions based on an employee’s religious beliefs or practices. For example, an employer may not refuse to hire Muslim applicants or refuse to promote employees who don’t share the owner’s Christian faith.

Title VII also requires employers to make reasonable accommodations for their employees’ religious beliefs, unless the accommodation would create an undue hardship for the company. An accommodation could be a change to the usual rules, employee’s schedule, job duties, or position requirements that will allow an employee to practice his or her religion. Examples include relaxing a dress code to allow an employee to wear religious clothing or jewelry, or providing a private space and breaks during work day for prayer.

Shift and scheduling changes are among the most frequent religious accommodation requests. If an employee requests time off to observe a religious holiday, you must provide it absent an undue hardship. You don’t need to pay the employee for this time off; however, unless the employee is using paid leave like vacation or paid time off.

What is an undue hardship? A reasonable accommodation for an employee’s religious practices creates an undue hardship if it imposes anything more than a minimal burden. When an employee requests a religious holiday off, for example, you might have to pay some additional administrative cost such as those associated with additional scheduling and administrative time or pay another employee to come in or even pay overtime.

The undue hardship test also includes non-monetary factors such as whether the accommodation infringes on the rights of other employees. If, for example, another employee is willing to swap shifts with someone who needs time off for a religious holiday, that wouldn’t be an undue hardship. However, Title VII does not require you to force a shift swap on an unwilling employee or to disrupt your usual scheduling or seniority system.

To prevent discrimination charges based on religious beliefs or practices, SESCO strongly recommends that the following policies are communicated during the interview (prior to hiring) as well as in the employee handbook:

Dress Code - The EEOC (Title VII) is normally hands-off when it comes to an employer’s dress code. For a number of reasons, dress codes should be very specific and can also discriminate between males and females within your workforce. Dress codes can address piercings, tattoos, appropriate necklines for women’s dress, shoes, facial hair, type of dress (especially for customer service or sales-related employees) and a number of other guidelines which can prevent significant issues associated with religious beliefs.

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Majority Foreign Nameplate Mileage
Foreign nameplate cars and light trucks generate a majority of miles recorded by vehicles in age categories 1 through 10 years. Domestic nameplates generate a majority of miles among vehicles 11 years and older. However, these vehicle age groups account for a diminishing volume of annual mileage. For example, vehicles 1 to 2 years old account for over twice as much annual mileage, individually, as that of vehicles 14 to 15 years of age.

Repair-Age Sweet-Spot
Foreign nameplates will total approximately 24% more miles during 2017 than domestic nameplates, among vehicles 1 through 5 years of age. This large disparity in miles between foreign and domestic nameplates also exists in the repair-age sweet-spot: vehicles 6 to 10 years of age. Among these cars and light trucks, which represent the highest annual rates of aftermarket product usage, foreign nameplates will generate approximately 22% greater annual mileage during 2017 than domestic nameplate cars and light trucks.

Aftermarket Impact
The majority of miles recorded by foreign nameplates, along with their dominance of annual mileage in key vehicle age categories, will boost the size and growth of the foreign nameplate aftermarket in the U.S. during 2017, as well as for many years to come.

Six Major Takeaways
- Foreign nameplates have rapidly increased their share of light vehicles in operation, climbing from 35% to 46% VIO share over the past ten years.
- Annual mileage varies significantly by the age of cars and light trucks.
- Averaging nearly 55% of new car and light truck sales over the past seven years, foreign nameplates hold a dominant share of vehicles in the age categories with the highest annual mileage.
- Foreign nameplates generate a majority of miles recorded by vehicles in age categories 1 through 10 years.
- Foreign nameplates will total approximately 24% more miles during 2017, among both cars and light trucks 5 years of age, than domestic nameplates.
- The majority of miles recorded by foreign nameplates will help boost the size and growth of the foreign nameplate aftermarket.

My Turn Article continued from Page 4

Now you may say well I don’t like crowds of people or it is overwhelming because somebody there may know more than you do. Well let me communicate to you, because you are wrong that is simply not the case. These people are no different from you they want to learn and want to have that avenue knowing they can have someone to reach out to and also that there is an origination out here fighting for all the positive things that tire/automotive shops need to be successful on a daily basis.

The tire and automotive industry has changed more in the last decade then I could imagine any other industry changing. With this being said it is very important that we all use the valuable resources that are available to us and the VAA has all of this to offer and then some. Having the lines of communication open to your access at all times regardless of the avenue that you need is simply priceless.

I’ll leave you with this, remember your employees and your customers bank on you daily to provide them with the correct information regardless of what it is, so utilize it and communicate so you are filled with knowledge of “rights” and “wrongs” along with simple ways to benefit you daily. Remember (in all phases of your life but in our industry especially) communication is the key to success!

Robby Cutchins is the CEO/President of Bobby’s Tire & Auto with 2 locations in Franklin, and one in Emporia. He is a member of the VAA’s Next Generation Advisory Council.

What is the NGAP?
Next Generation Automotive Professionals
is a networking group comprised of anyone from our industry, both dealers and suppliers, who is under 40. There is no sign up required; anyone who fits this criteria is automatically a member- just tune in to our upcoming functions. We are again planning an after hours reception after the Trade Expo on Saturday, April 14 at The Homestead. Make your plans to attend the VAA Convention and join us for this exciting opportunity to network with one another.

We are also planning an NGAP event in Richmond, sometime in February. This will be an open Roundtable, and will be held at a brewery. Watch for an email and text alert for the details. The NGAC is an advisory council, comprised of five VAA dealer members under the age of 40. The Council reports directly to the VAA Board of Directors and brings their ideas and energy back to the VAA.
State Inspection article continued from Page 1

Therefore, after careful consideration, effective January 1, 2018, the Virginia state inspection sticker will be affixed to the windshield at the bottom left corner of the windshield, when viewed from the inside of the vehicle. The left edge of the sticker is to be approximately one (1) inch to the right of the left edge of the windshield and the top edge of the sticker is to be approximately four (4) inches from the bottom of the windshield, when viewed from the inside of the vehicle. (See Attachment – Page 2)

Please ensure you begin affixing the inspection sticker at the new location on the windshield beginning January 1, 2018. If you have any questions, please contact your local Safety Trooper or Safety Division Area Office. This inspection bulletin serves as guidance concerning these specific circumstances and these changes will be reflected in the next official revision to the Motor Vehicle Safety Inspection Manual.

Here is a written description of exactly where the sticker should be placed:
On all windshields, the sticker is to be placed at the bottom left corner of the windshield, when viewed from the inside of the vehicle. The left edge of the sticker is to be placed as close a practical, but no closer than 1 inch, to the left edge of the windshield, when viewed from the inside of the vehicle. The top edge of the sticker is to be approximately 4 inches from the bottom of the windshield, when viewed from the inside of the vehicle.

Here is a written description of where county, town or city stickers, which in the past were next to the inspection sticker, should now be placed:
Authorization is hereby granted for stickers or decals, to include those required by any county, town, or city, measuring not more than 2-1/2 inches in width and four inches in length to be placed in the blind spot behind the rear view mirror. The normal location for any required county, town, or city sticker is adjacent to the right side of the official inspection sticker, when viewed from inside the vehicle. The top edge of the sticker is to be approximately 4 inches from the bottom of the windshield. The left side edge adjacent to the official inspection sticker shall not be more than 1/4 inch from the right edge of the official inspection sticker when viewed from inside the vehicle.

Other Considerations:

Windshield Replacement: if a windshield is replaced and the inspection sticker is removed and placed back on the new windshield, if it has an “18,” then it needs to remain in the center (old location) of the windshield. Only those inspection stickers with a “19” are to be placed in the new location.

Rejection Stickers: Beginning January 1, 2018, Rejection stickers will be placed in the same new position as Approval stickers.
Make it very clear to the applicant and subsequent employees what your expectations are in terms of schedules and hours worked including days worked. Make it very clear up front to the applicant when you expect them to work regardless of if it’s on a Saturday or Sunday or another religious holiday or observance. This will greatly prevent the need for future accommodation, although it does not prevent an employee from requesting an accommodation.

What is a typical holiday package? Most employers (70%) provide paid holidays, sick days, vacation days (or a combination thereof entitled Paid Time Off). Normal practices are as follows:

**Holidays** - The typical number of holidays provided are 5-7 holidays. These typically include:

- Christmas
- New Year’s Day
- Thanksgiving
- Day After Thanksgiving
- Memorial Day
- July 4th
- Labor Day

**Sick Days** - A common number of sick days provided to employees annually are three (3). More and more states are actually passing state laws providing paid sick days including California, Connecticut, Massachusetts, Oregon and others.

**Vacation** - Typical vacation days provided are, in fact, paid at the employee’s regular salary or hourly rate based on 8 hours per day, even if the schedule requires the employee to work 10 or even 12 hours per day. Typical vacation is earned versus accrued. Common vacation schedules are as follows:

- After 1 year of service - 2 weeks paid vacation
- After 5 years of service - 3 weeks paid vacation
- After 15 years of service - 4 weeks of paid vacation (or 3 weeks’ vacation and 1 week paid)

If our company provides for paid holidays, sick or vacation leave, do we have to pay an employee the days earned and not used upon separation? The answer is strictly based upon state law. Federal law does not mandate or regulate holidays, vacation, sick leave or PTO. However, many states to regulate these fringe benefits to include whether or not an employer has to pay these earned, unused days at time of separation whether it is resignation or termination. Most states leave it up to the employer’s policy. However, there are a hand full of states that require an employer to consider these fringe benefits as wages earned and thus to be paid at time of separation.

In summary, SESCO recommends that employers articulate both while interviewing and after hiring the fringe benefits provided as well as dress code and hours of work expectations. Further, employers should have their employee handbook reviewed annually as more and more states are implementing regulations regarding fringe benefits as well as hours of work and overtime. As our clients know, SESCO is recognized nationally as an expert in drafting and preparing employee handbooks and our retainer clients receive a free handbook review annually. For those that are not a retainer client, we welcome you to explore our retainer options available and/or allow SESCO to review your employee handbook.

**Note:** This article does not address governmental or public organizations as the rules and regulations are much more generous and accommodating for federal, state, local and public governmental agencies and organizations. SESCO does provide professional services to many state and local governments and public agencies and certainly welcome your call should you have questions that pertain to your specific sector.

**Note:** Through our contract retainer with Sesco, as a VAA member, you get unlimited phone consultation at no cost as part of your membership. Contact Sesco at:

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Legislative Update

By Steve Akridge

January 10, the 2018 session of the General Assembly convenes for this the “long” session which will adjourn March 10. This year brings many changes— a new location as the old General Assembly building will be torn down to make way for a new one. And this year’s election is bringing a big change in who will occupy the seats this year. At the time, the balance of the House is still not completely determined as we still await the results of a race in the Newport News area. Depending the final outcome, it could be a 50-50 split or a 51-49 Republican advantage. Either way, a far cry from the 66-34 advantage the Republicans enjoyed this time last year.

One of our biggest allies, Tim Hugo of Northern Virginia, won a very tight race. However another, Ron Villanueva of Virginia Beach, who chaired the powerful Transportation Committee, lost his race. In the Senate, the Republicans hold a slim 21-19 majority. We expect Senator Carico, a former State Police trooper, to remain the chairman of the Senate Transportation Committee. With all the new faces, 2018 will be an interesting year to say the least. We may find ourselves again strongly defending the safety inspection program, as we really don’t know how any of the new legislators feel about it. We have already heard our new Governor may not care for the program. Time will tell, and we’ll know very soon as the bills begin to trickle in.

VAA has again contracted the services of The Keeney Group here in Richmond. Bruce and Bo Keeney serve as our Registered Lobbyists, and they are some of the most respected in town. They keep a close monitor on the over 2500 bills that are introduced each year, and provide us legislative counsel as we determine positions to take on bills of interest. A big thank you to our Legislative Committee, which is made up of John Kline, our Chairman, Scott Brown, our current President, Jerry Tatum, Mike Fortune, ST Billingsley, Mark Anderton, and myself. From now until the session is over, each of us is basically “on call” and could be summoned to the General Assembly at a moment’s notice. Sometimes it is meeting with the patron of a bill for our opinion, or testifying before a sub-committee or full committee.

Every year VAA is there to support our members and our industry. Please watch your inbox for email updates from me. We will reach out to members when needed—it could be you who is a constituent of the patron of a bill that will hurt our industry, and we’ll need you to make a call. The outcome of legislation impacts everyone who is in this industry, both dealers and supplier vendors.

As we enter into another year, and another session, we’ll once again be there for you.

2018 Membership Dues Renewal
Invoices
Will be emailed on January 2.

Please check your inbox— you will receive an email from our bookkeeper, Theresa Bruski. Watch for her email from tbruski@vaauto.org. You can now pay your dues online right from this invoice. Pay before March 1, and you can take a 10% discount.