

THE HORN

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**Automotive Aftermarket Association of the
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*Serving the Automotive Aftermarket in North Carolina,
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2019 AAAMS Business Conference News

AAAMS Business Conference September 12-15, 2019 The Margaritaville Resort, Gatlinburg, Tennessee

The 2019 AAAMS Business Conference Chair Doug Moore of Pickens, S.C. is pleased to announce that this year's Annual Business Conference will be held at the brand new Margaritaville Resort in Gatlinburg, Tennessee, September 12-15, 2019.

This will be the first time in several years that we have been in Gatlinburg, and the Margaritaville Resort is a great venue. The resort is within walking distance of everything in downtown Gatlinburg.

The weekend will be filled with education and fun, and the conference committee will be meeting soon to finalize details. Please mark your calendars and plan to join us in the East Tennessee mountains. Let's make this one of the best Conferences ever!

INDUSTRY NEWS

Electric & Hybrid Aftermarket Impact

"Despite the hype surrounding battery electric vehicles (BEV) and hybrid electric vehicles, their impact on the 2018 U.S. aftermarket has been limited and they will record only minor aftermarket product gains over the next five to ten years."

"Battery electric vehicles reached 3% of 2018 new vehicle sales in the U.S., with hybrid electric vehicles sinking to 2% of the 2018 market. Even combined, they accounted for less than 2.5% of all cars and light trucks on U.S. roads during 2018.— Jim Lang

Big Hype but Small Bang

Until battery electric vehicles and hybrid electric vehicles capture a larger share of the U.S. new car and light truck market, their aftermarket product impact will be limited. The battery electric vehicle (BEV) sales share tripled between 2013 and 2018, but hybrid electrics dropped one-third in their share of new vehicle volume.

Their combined share of the new vehicle market in the U.S. recorded only a modest increase between 2013 and 2018, from 4% to 5% of annual car and light truck volume.

Continued on page 2

Electric & Hybrid Aftermarket Impact

Continued from page 1

Vehicles in Operation

Battery electric models accounted for less than 0.5% of all vehicles in operation (VIO) in the U.S. during 2018, with hybrids falling just short of 2% share. Since most battery electric and hybrid vehicles in operation during 2018 were less than 5 years old, their combined aftermarket product share barely reached 1% last year.

Three Barriers to Greater BEV and Hybrid Sales

Three major barriers have limited electric and hybrid new vehicle U.S. sales so far: range; battery life and replacement costs, and vehicle purchase price.

Range

The performance gap between conventional gas-engine vehicles and electric/hybrid models is greatest in terms of operating range. While new electric and hybrid models continued to increase their battery-powered driving range, the bulk of these vehicles on the road during 2018 were relatively limited in their battery-operating range, undercutting their appeal to consumers.

Battery Life and Replacement Cost

Two key issues for battery electric vehicles and hybrids are the life of their battery systems and the replacement costs. In some cases, estimated battery replacement costs are so high that the operating life of some BEV and hybrid models might not be much beyond the life of their original battery systems. The problems with battery life and replacement costs are reflected in the generally lower used vehicle values of BEV and hybrid models compared to similar gas-powered cars and light trucks.

Vehicle Purchase Price

When they see the purchase price differences between alternative-powered vehicles and conventional models, many consumers lose their enthusiasm for battery electric and hybrid vehicles. Even with generous rebates and government incentives (which are being phased out), battery electric vehicles can cost up to 25% more than comparable internal combustion models, with hybrids often carrying a 20% purchase price premium.

Limited Aftermarket Impact

Lang Marketing expects that battery electric and hybrid vehicles will have little impact on the aftermarket until after 2025. Without technological breakthroughs, purchase price reductions and the development of a charging system infrastructure, a significant aftermarket impact of battery electric and hybrid vehicles could be as far off as 10 years or more.

Six Major Takeaways

- Until battery electric vehicles and hybrid vehicles capture a larger share of new car and light truck volume in the U.S., their aftermarket impact will be limited.
- Battery electric vehicles accounted for less than 0.5% of vehicles on U.S. roads during 2018.
- Hybrid vehicles failed to reach 2% of the light vehicle 2018 population.
- Most electric and hybrid vehicles on U.S. roads during 2018 were less than 5 years old, limiting their aftermarket impact.
- Three major barriers have limited new electric (BEV) and hybrid vehicle U.S. sales: range, battery life and replacement cost, and purchase price.
- Lang Marketing expects battery electric and hybrid vehicles will not have much aftermarket impact before 2030.

2019 AAAMS North Carolina Capitol Day - Wednesday, May 15

The Fourth Annual Automotive Aftermarket Association of the Mid-South Capitol Day will be held on Wednesday, May 15, 2019 in Raleigh. All North Carolina members are cordially invited to participate in a full day of legislative sessions and visits with elected officials as we seek to personally advocate for our industry's priorities. Refer to the flyer on page 8 of this newsletter for more details



Attorney General

Josh Stein CONSUMER ALERT

This Tax Season, Don't Lose Out to Fraudulent Tax Preparers

Tax season is here, and you may be considering hiring a tax preparer to help you file your taxes. Before you do, follow these tips to help ensure you're working with a qualified, legitimate professional – not a scammer.

- Verify that your preparer has a Preparer Tax Identification Number (PTIN) – without one, they can't prepare a tax return for a paying client. You can also call the NCDOJ's Consumer Protection Division at 1-877-5-NO-SCAM and check with your local Better Business Bureau to see whether the preparer has any previous complaints against them.
- Check their credentials. Search through the IRS for preparers who currently have professional credentials recognized by the IRS or who have an Annual Filing Season Program Record of Completion.
- Research the tax preparer's history. Scammers will often open up a business and claim to be a tax preparer just in time for filing season. Make sure the preparer you're working with has a credible history.
- Avoid tax preparers who are getting paid based on a percentage of your refund, who claim they can get you a larger refund than other tax preparers would be able to, or who want you to pay extra for a guarantee in case of an error on your return.
- Get estimates and compare costs and services from several tax preparers before you hire one. Before you submit your return, review it carefully to make sure your preparer hasn't claimed a credit you're not actually qualified for.
- Do not let your tax preparer direct your refund into their bank account. Your refund should go directly to you.
- Never sign a blank tax return. If you're working with a paid preparer, they need to sign the tax return as well and including their PTIN.

If you have questions about something a tax preparer tells you about your taxes, check it out. You can contact the IRS at 1-800-829-1040 or the NC Department of Revenue at 1-877-2523052.

You can also make a complaint about a tax return preparer online www.ncdoj.emailnewsletter.us with the IRS, or with the North Carolina Department of Justice at 1877-5-NO-SCAM or at www.ncdoj.gov/ complaint.

If you make \$66,000 or less, you can use the IRS' free tax preparation software. People who earn less than \$55,000 or who have disabilities or limited English-speaking skills can also have an IRS-certified volunteer help you prepare your own return. You can find one of these volunteers by using the free Volunteer Income Tax Assistance tool.

Proposed Overtime Rule Covers More Workers

Excerpted and condensed by Sherry Robertson, SPHR

Written by Allen Smith, J.D. March 7, 2019

FLSA OVERTIME RULE PROPOSAL WAIT OR ACT NOW?

The Department of Labor (DOL) has proposed an increase in the salary-level threshold for white-collar exemptions to \$35,308 per year from \$23,660. Unless exempt, employees covered by the Fair Labor Standards Act (FLSA) must receive at least time and one-half their regular pay rate for all hours worked over 40 in a workweek.

RECLASSIFICATION

Reclassification makes sense whenever the minimum salary level is significantly above the salaries paid to currently exempt employees. Things to consider:

- Employees who are currently classified as exempt from the white-collar exemptions AND have salaries at or above the current salary-level threshold of \$455 per week or \$23,660 per year might be considered for reclassification as nonexempt to keep wage costs in check. Companies then might set an hourly rate for those employees that would result in the same number of hours worked and the same total pay, even with overtime hours.
- Businesses could implement restrictive overtime policies, limiting employees' authorized overtime, though companies would still have to pay for any unauthorized overtime employees worked. They might discipline employees for working unauthorized overtime.
- Companies could reduce newly reclassified employees' hours or use part-time employees to ensure that newly nonexempt employees do not work overtime. Or some newly reclassified workers' tasks might be reassigned to employees whose classification remains exempt.
- Reclassifying employees from exempt to nonexempt status could result in the loss of fringe benefits, like health insurance coverage, as many employers use the exempt/nonexempt distinction as the basis for providing benefits or not.

INCREASED PAY

How employers react will depend largely on the number of hours exempt employees work. If employees work well in excess of 40 hours per week, it might be less expensive, and less of an administrative burden, to increase their salary to get over the new threshold rather than paying a lot of overtime. For employees who do not work much beyond 40 hours per week, it might make more sense to reclassify to non-exempt.

WAIT OR ACT NOW?

It is recommended that employers NOT reclassify yet; however, employers do not have to wait for the final rule to review the duties.

Management Notes

New Year's Resolutions for Leaders

When a new year arrives, it becomes customary to formulate some resolutions for the next 12 months. But rather than wrestle with the usual goals about money, health, or relationships, managers may wish to consider resolutions dealing with ways to improve their supervisory skills and maximize success for themselves and their employees. Below are goals to consider for a productive, successful year ahead. So, for 2019 leaders should consider the following resolutions:

Set S.M.A.R.T. goals with each employee

Employees need to be fully involved in deciding what needs to be accomplished, how it should be done and by when. But to be effective, they also need to be S.M.A.R.T. goals: specific, measurable, attainable, realistic, and timely. This is the best way to assure goals are met.

Continued on page 5

Overcoming the Salesperson's Biggest Obstacle

(Continued from page 5)

life we have to do if we're going to live a successful, fulfilling life, even though we don't want to. In sales, that means getting ourselves to make the calls necessary for success.

Below I list techniques and tricks used to make the calls that need to be made. Some of these are tips, others are techniques, and some are the names of books or programs along with the authors. Some will need further explanation. Contact me about any you don't understand. Although this is a fairly exhaustive list, I'm sure I've missed some. Feel free to e-mail me with others.

Solutions to call reluctance:

- Get 100% sold on what you have to offer. Convince yourself that people need what you have and it's your obligation to 'save' them from inferior products and competitors.
- Focus on the ultimate payoff of breaking through and no longer having the fear of making calls. What are all the ways in which you'll benefit? Focus on the ultimate pain of not making the calls you need to make. What are all the things it will cost you?
- Based upon the dollar amount of your average sale, calculate how much each call is worth. If each call is worth \$10, then every time you pick up and dial you make \$10, even if someone doesn't answer, or they say "no".
- Start with some affirmations before you make your calls.
- Get motivated: read something positive, watch a motivational video, listen to motivational music, read inspirational stories.
- Think of those you have an obligation to: employer who pays you, kids, yourself
- Have someone hold you accountable.
- Schedule prospecting time and stick to it.
- Prospect every day, or almost every day to build consistency and momentum.
- Eliminate distractions and other options.
- Get coaching.
- Make a commitment to the people in your life and/or post what you're going to do on Facebook and other social media sites.
- Post your goals and put up pictures of the rewards you're going to get as a result of making the calls you need to make.
- Write a check for \$500, or more, to someone if you don't do what you say you'll do.
- Reward yourself for making the calls.
- Get to your calls as quickly as possible and have as little time as possible between calls.
- Focus on how good you'll feel after you've gotten yourself to make the calls.
- Start with the most difficult calls first and get them over with, or...
- Start with the easy calls first to get some momentum.
- Put yourself in a peer environment where you have to make the calls.
- Compete with someone else.
- Talk to people who are successful at making calls and ask how they do it.
- Be fully prepared.
- Have a script memorized for all information you need to convey.
- Realize that the hard work will pay off.
- Just start. There's power in momentum.
- Think of everyone who is pulling for you and everyone who is pulling against you. See those people, one group on the left, one on the right. Each time you make a call "your group" wins, and the group against you loses. When you don't make a call, it's the opposite.
- Get angry. Who do you want to prove something to? What irritates you about your call reluctance? What other thoughts, feelings, and emotions can you use to motivate yourself?
- Think of times in the past when you've overcome a fear or been successful and look for clues as to how you did it.
- Have a conversation with yourself. What's really going on? What's the worst thing that can happen? Realize that nothing can really hurt you. The payoff for making calls is much greater than any perceived sub-conscious payoff for not making calls.
- Build up your health and energy and avoid the energy suckers: negative people and news.
- Build your self-confidence.

(Continued on page 7)

Overcoming the Salesperson's Biggest Obstacle

(continued from page 6)

- Hypnosis and meditation
- Psychologist or psychiatrist
- Visualization
- Face and conquer other fears
- Caffeine and similar
- Overcome approval addiction.
- Focus on trying to get 'nos' instead of yeses.
- Neurolinguistic Programming
- Tapping
- The Peace Process
- Can't Hurt Me – David Goggins
- The Unstuck Process – Robert Middleton
- Not Caring What Other People Think is a Superpower – Ed Latimore
- The Art of Fear – Kristin Ulmer
- Jump and the Net will Appear – Robin Crow
- Face the Fear and Feel the Power – Stephen Edwards
- The Work – Byron Katie
- Feel the fear and do it anyway – just push through. Do what you fear and the death of fear is certain.
- Find your WHY and ultimate motivation through Facilitated Introspection – John Chapin learned from Steve Siebold
- Keep searching for answers.

Ultimately what you'll do will come down to why you're doing it. If you have powerful reasons WHY you must do something, you'll figure out the HOW and you'll endure the pain to get it done. Come up with all the things that are important to you, that you're willing to fight for, and tie your sales success to those items.

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AAAMS News

Scholarships Application Deadline Approaching: Apply by March 31

The Automotive Aftermarket Association of the Mid-South, Inc., is pleased to announce that applications are available for annual AAAMS Scholarship(s). **The deadline to apply is March 31.**

AAAMS plans to make available at least three (3) \$1,000.00 scholarships. All students who apply must be sponsored by an AAAMS member in good standing. AAAMS scholarships are also awarded regardless of the student's planned field of study. Keep in mind that AAAMS members, and their immediate families, as well as AAAMS members' employees and their families, are all eligible for the scholarships. AAAMS owner-members and immediate family members of an AAAMS Scholarship Fund Trustee are not eligible to receive an AAAMS scholarship grant.

Again this year, the student applicant may complete the application for the AAAMS Scholarships online at www.automotivescholarships.com/AAAMS. This way, the student will not only be eligible for the AAAMS Scholarship, but also ones from several other sources within the industry. All applications need to be completed online by **March 31, 2019**. The AAAMS scholarships will be awarded by mid-May, 2019. If the applicant desires to apply only for an AAAMS scholarship, then only a paper application should be completed and returned to AAAMS...call 919-821-1314 if you need a copy. But why not apply online and have a chance at multiple scholarships (especially if the student intends to enter the aftermarket)? Please contact Randy Lisk at the AAAMS office if you have any questions on this process for applying for scholarships.

- - Randy Lisk, Executive Vice President

AAAMS North Carolina Capitol Day May 15, 2019



Please join us for our fourth annual Automotive Aftermarket Association of the Mid-South Capitol Day event on May 15, 2019 at the North Carolina State Capitol in Raleigh, NC.

North Carolina members, you are cordially invited to participate in a full day of legislative sessions and visits with elected officials as we seek to personally advocate for our industry's priorities.

Experience the legislative process first-hand as you travel to North Carolina's capital city and participate in meetings with members of the North Carolina legislature and the Executive branch.

We encourage you to take advantage of this opportunity and join us at the Capitol to promote the industry, the association, our businesses and legislative issues with new elected officials and existing friends of our industry.

For more information, please contact:

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