NEW YORK STATE AUTOMOTIVE AFTERMARKET ASSOCIATION

NEWSLETTER

The Association For Automotive Professionals

Serving the Automotive Aftermarket Since 1949

The Association For Automotive Aftermarket Professionals

September 2017

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A Heartfelt Thank You

The 2017-2018 Membership Billing Cycle is now complete and the Board of Directors and Staff of the New York State Automotive Aftermarket Association, wish to convey our deepest appreciation for your continued support and loyalty.

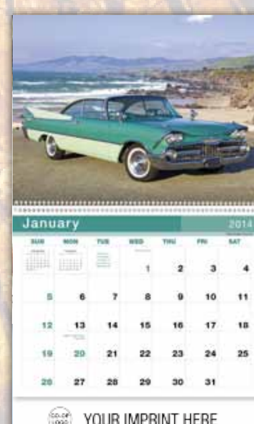
We can never say "thank you" enough to those who have been and remain loyal to this Association. Without a core base of loyal customers, members and employees, we would all fail to exist.

Your response to our request to bolster the Memorial Scholarship Funds was very well received. This insures that for the 27th straight year, our tradition of awarding two young adults, a scholarship, will continue on. We wish them the best as they begin their studies and plan their future careers.

The recipient of the Debbie J. Tranello Memorial Scholarship is Kendra Collings of Baldwinsville, NY. Kendra will continue her education, enrolling at the University of Hartford in Hartford, CT.

The recipient of the John J. Lorenzen Memorial Scholarship is Daniel Sweeney of Vestal, NY. Daniel will continue his education, enrolling at Monroe Community College in Rochester, NY.

Last call for our 2018 Automotive Aftermarket Calendar Program



As fall approaches, it is still not too late to order your 2018 calendars. Many of our members were able to take advantage of the early bird special, ensuring that their selections had adequate stock. Order today and avoid getting shut out of your preferred style.

Calendars are in use all year long and are used when decisions are made: on the job, in the office, on the road or at home. Over 65 % of all calendar recipients write appointments and reminders on their calendar.

This daily involvement is an economical way to advertise your businesses' name all day, every day of the year. To ensure holiday delivery, all orders must be placed by November 1, 2017.

AP Emissions Technologies, Centric Parts Combine

Harvest Partners, LP and Audax Private Equity have completed the combination of AP Emissions Technologies (Goldsboro, NC) and Centric Parts (City of Industry, CA) to form APC Automotive Technologies. As part of the transaction, Harvest completed a new equity investment into the combined business and Audax retained a significant ownership stake in APC.

Both firms have extensive experience in the automotive aftermarket and will provide their joint resources to support APC. APC offers a comprehensive product portfolio including a full line of exhaust, friction, brakes and chassis to traditional warehouse distributors, feeders, retailers, performance and specialty channels.

Both businesses will continue to offer their industry leading product depth, support and customer service. Hugh Charvat will lead the combined business as Chief Executive Officer; Dan Lelchuk who co-founded Centric Parts in 2000, will remain President of Centric Parts.

“We expect our platform to continue to grow through leveraging the combined strengths of both businesses and through future acquisitions in the undercar aftermarket to provide a comprehensive offering to our customers.”

“I am looking forward to working with Dan and the rest of the talented Centric team to continue delivering exceptional service to our customers and accelerating our growth,” said Charvat.

“This is a transitional event for our customers, employees and suppliers as APC will provide one of the broadest undercar offerings in the market. This combination will help increase our growth by providing a true one-stop-shop experience for our customers,” added Lelchuk.

“We have been privileged to work with both AP and Centric teams in developing leading aftermarket platforms. Together with Harvest, we look forward to expanding APC by leveraging their strengths and by continuing to acquire leading brands in the undercar aftermarket,” said Young Lee, managing Director of Audax.

Michael DeFlorio, Senior Managing Director at Harvest added, “AP and Centric are leaders in their industry, with longstanding track records of supplying high-quality parts to their customers. We are excited to partner with Audax and the management team and look forward to supporting APC in its next phase of growth.”

Jefferies LLC advised AP and Lazard Middle Market LLC and Angle Advisors advised Centric. Kirkland & Ellis, LLP provided legal counsel to AP and Centric. White & Case, LLP served as legal counsel to Harvest. Financing for the transaction was provided by Jefferies, Goldman Sachs and Crescent Capital Group. Terms of the agreement were not disclosed.

Source: searchautoparts.com Motor Age

Auto Parts Stores Mix Changing

There are two types of Auto Parts Stores in the U.S. Aftermarket: Jobbers and Retail Auto Parts Stores. In the past five years the population mix has shifted, driven by the changing numbers of Jobbers and Retail Auto Parts Stores across the country.

All population growth of Auto Parts Stores between 2011 and 2016 has been generated by Retail Auto Parts Stores. The mix of Jobbers and Retail Auto Parts Stores has also changed substantially during this time period.

There were nearly 18,000 Jobber stores nationwide at mid-year 2011, with their numbers slipping to 17,200 during 2013. The decline in Jobber stores continued, although at a reduced pace, falling below 17,000 stores at mid-year 2016.

As Jobber stores diminished, the number of Retail Auto Parts Stores steadily climbed. From less than 16,400 outlets in 2011, they topped 19,000 by 2013, reaching nearly 19,500 during 2015 and hit a record-high of more than 19,600 outlets by mid-year 2016.

Despite a decline in Jobber outlets, the number of Auto Parts Stores nationwide combined, had expanded from almost 34,400 to over 36,600 between 2011 and 2016. There were 1,560 more Jobber stores than Retail stores at mid-year 2011. Representing a 52 % market share.

Retail Auto Parts Stores in contrast took the population lead in 2012, surpassing the number of Jobber locations by over 500 nationwide. The number of Jobber outlets fell by more than 400 over the next four years as the number of Retail Auto Parts Stores expanded by 2,200.

As a result, Jobbers fell from a 52 % share in 2011 to a 46 % share in 2016. In contrast, Retail Auto Parts Stores had climbed from a 48 % share to a 54 % share of all Auto Parts Stores across the country during these five years.

Source: WAPA and the Lang Report

Advance Auto Parts Cuts 475 Jobs as Sales Waver

Advance Auto Parts cut nearly 500 jobs as it seeks a turnaround predicated on store upgrades after two consecutive years of sales declines. The Roanoke, VA based retailer confirmed on June 27, 2017 that it had eliminated 475 positions in corporate, supply chain and field management.

The company, which has more than 5,000 stores, employed about 74,000 workers as of February, according to a public filing. Advance Auto Parts spokesperson Laurie Stacy said the company had not cut any positions at its stores, where the company has been focusing its investments.

"These organizational changes ensure our structure and resources are properly aligned with our short and long-term strategic business plan," she said in an email. "We are focused on productivity enhancements in areas that do not affect our customers, while also significantly improving the customer experience."

The move came after a tough first quarter for Advance, whose sales at stores open at least a year, fell 2.7%. The company blamed the timing of its quarterly period and a lighter second half of winter for undermining sales.

The performance "serves as a reminder that its turnaround will have plenty of puts and takes along the way," UBS analyst Michael Lasser said in a May 25 note. But, Lasser said, Advance boasts a "long-term growth story" that "remains attractive."

Source: USA Today

Don't Blame Amazon for Auto Parts Retailers' Woes

E-Commerce giant Amazon.com has disrupted how consumers buy products from books to cat litter and food.

But auto parts retailers, a recently beaten down sector of the stock market, can lay blame on a more banal culprit: Mild winter weather.

O'Reilly Automotive Inc., Advance Auto Parts and AutoZone were slammed in early July for double digit declines. O'Reilly's weak same store sales sent ripples across the industry.

While some homed in on the threat of e-commerce to the auto parts business model, most analysts on Wall Street voiced skepticism that internet competition is yet a formidable threat.

"The Street seems fixated on the Amazon fear, but we would downplay this concern," RBC Capital Markets analyst Scot Ciccarelli wrote in a note published on Thursday July 6, 2017.

Rather analysts pointed to two consecutive mild winters, which don't damage cars as much and weak consumer demand from certain demographic groups.

"We think these explanations are valid and are probably the most significant reason, rather than an abrupt shift to the online channel," UBS analyst Michael Lasser wrote in a note published on Wednesday July 5, 2017.

Better vehicle quality, a smaller number of older cars (remember cash for clunkers) and slower growth in the overall number of miles driven, are also challenging auto parts retailers.

Competition from online firms is certainly a bearish factor, but retailers like Amazon primarily sell parts like tires and performance accessories that are not a major focus for companies like O'Reilly, Wedbush analyst Seth Basham said in an interview.

O'Reilly Chief Executive Greg Henslee made a similar point in the company's most recent earnings call on April 27. "For the majority of our business in hard parts, I don't feel like we're exposed much to online retailers" and "I don't see that changing in the short term."

Amazon does sell auto parts and accessories such as windshield wipers and has struck purchasing deals with the large auto parts manufacturers. And there are signs that more inventory is finding its way online, noted Basham from Wedbush.

In an April survey of suppliers at the Automotive Aftermarket Suppliers Association (AASA) Vision Conference, the percent of those suppliers selling directly to Amazon was found to be at 48 %, up from 45 % a year earlier.

Morgan Stanley analyst Simeon Gutman pointed to a slowdown in activity for warehouse distributors, parts suppliers and auto mechanics this year, factors that likely don't have much to do with e-commerce hurting auto parts retailers sales.

"We don't believe a slowdown in activity is a function of consumers buying parts online and doing the repairs themselves," he wrote.

Source: www.mema.org

AutoZone Has Begun Reimagining Its' Commercial Operations

During the company's quarterly report conference call May 23, AutoZone Inc. Chairman, President and CEO Bill Rhodes announced that management has embarked on a strategic planning exercise focused solely on how to profitably accelerate the company's commercial market share growth.

This comes as AutoZone's commercial business has been decelerating and decelerating more than management would have expected. For the three months ending May 6, 2017, the company's domestic commercial sales (excluding IMC) increased 3.6 %, down from last quarter's 7.2 %.

In fact, AutoZone's commercial sales growth has decelerated over the last several quarters.

"Some of the deceleration, as we have previously discussed, has been the result of slower growth in new programs and less maturation of stores opened in recent years," Rhodes told analysts on the call. "We just haven't been pleased with our level of growth."

He added: "We are quite pleased with tripling our sales and more than tripling our profitability in this business in the last nine years, but what got us to this level won't necessarily get us to the next level. So we're going to take an objective look at our approach for the next several months."

Rhodes also told analysts that management will continue to push for current performance, while also exploring other possibilities. "This continues to be the most significant midterm growth opportunity, as we currently have approximately 3 percent market share," he said "and we are determined to substantially enhance that over time."

Source: www.mema.org From Marc Vincent, The Greensheet

Icahn Expands Aftermarket Business with Precision Auto Care Acquisition

Carl Icahn's investment company, Icahn Automotive Group, has agreed to acquire Precision Auto Care, an automotive service company with more than 250 corporate-owned and franchised Precision Tune Auto Care locations in the U.S.

Precision Auto Care has been in business for 40 years and spans across 26 states, concentrated in Georgia and the Carolinas. The acquisition also includes Precision Auto Wash and Precision Lube express centers. Terms of the deal were undisclosed, but the Wall Street Journal said it was worth about $35 million dollars.

Icahn Automotive Group consists of Pep Boys, Just Brakes and Auto Plus, a parts distributor and have been buying auto service and repair companies over the past few years, expanding its presence in the auto service industry.

"Coupled with our existing footprint of more than 1,000 corporate owned locations, as well as our in-house automotive parts and tire distribution capabilities, we are uniquely positioned to provide high quality parts, tires and services to our customers' at the most competitive price," Icahn Automotive CEO Daniel Ninavaggi said in a statement. Robert Falconi will remain as CEO.

The deal positions Icahn Automotive to take advantage of anticipated increases in fleets, ride-hailing and ride-sharing services and rental cars, Carl Icahn told the Wall Street Journal in an interview. He also owns shares in Lyft and Hertz Global Holdings Inc.

His goal is to build a network that makes, sells and installs parts, specifically positioning itself for widespread fleet and ride-hailing business, which is often handled by local stores or regional operations. But the acquisition also poses supply-chain risks.

It's no secret that Icahn Automotive Group wants more installation and service operations, but whether they can acquire them fast enough to maintain control over their manufacturing and distribution assets is in question.

By expanding downstream assets of a service and repair company such as Precision Auto Care, Icahn risks jeopardizing business with some customers higher up in the supply chain that have business with Auto Plus, Federal-Mogul or Pep Boys.

If those businesses think they're becoming a competitor, you run the risk that they will look elsewhere for their parts and preferred distributors. And that could create a shortage of demand for Auto Plus or indirectly for Federal-Mogul.

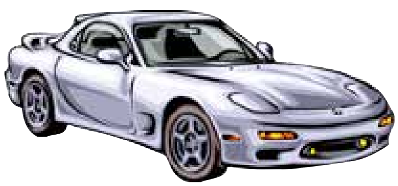
Source: www.autonews.com

The End of Car Ownership

Cars are going to undergo a lot of changes in the coming years. One of the biggest: You probably won't own one. Thanks to ride-sharing and the looming introduction of self-driving vehicles, the entire model of car ownership is being upended-and very soon may not look anything like it has for the past century.

Drivers, for instance, may no longer be drivers, relying instead on hailing a driverless car on demand and if they do decide to buy, they will likely share the vehicle-by renting it out to other people when it isn't in use.

Automakers, meanwhile, already are looking for ways to sustain their business as fewer people make a long-term commitment to a car. And startups will spring up to develop services that this new ownership model demands-perhaps even create whole new industries around self-driving cars and ride-sharing.



Here's a look at the changes to come and what they mean.

Drivers: No more permanent arrangements. Car ownership, for a long time, has symbolized freedom and independence. But in the future, it may be akin to owning a horse today-a rare luxury.

Ride-sharing as we know it will grow in popularity as people get even more comfortable with the sharing economy and more people migrate to dense cities where owning a car is a burden. One-quarter of miles driven in the U.S. may be through shared, self-driving vehicles by 2030, according to an estimate by Boston Consulting Group. And the business of ride sharing may take on some new forms.

Startups such as Los Angeles-based Faraday Future envision selling subscriptions to a vehicle-for instance, allowing people to use it for a certain number of hours a day, on a regular schedule for a fixed price. So, people who need a vehicle for a few hours daily to attend meetings or make deliveries could subscribe and avoid having to summon on-demand rides every day, potentially paying a lot more.

Other companies are experimenting with the idea of allowing drivers to access more than just one kind of vehicle through a subscription-so a driver might choose a compact model one day, but a minivan another day, if more passenger space is needed. By 2022, 2023, the majority of transportation in urban cities with temperate weather will be on demand, shared and likely autonomous. Even people who do end up buying a car may come to see it as a short-term arrangement and a source of income.

Chief Executive Elon Musk has hinted that he's preparing to create a network of Tesla owners that could rent out their self-driving cars to make money. Already, some drivers are testing this idea using other outlet services that let them market their cars, something like Airbnb rental on wheels.

Take Jeff Cohen, who works for an electric-vehicle-charging company. His wife balked at his desire to buy the Model S sedan, which Tesla Inc. typically sells for about $100,000 dollars.

He persuaded her to allow him to buy a Tesla, if he would in turn rent it out on a site called Turo. Doing so-at $189 a day-almost covered the cost of the entire monthly loan payment while giving him the ability to drive the electric car around Atlanta when not in service. "It allowed me to get the car" he says.

Turo, which had more than three million people sign up for the service through the end of May, says, Teslas, along with BMW and Mercedes-Benz cars are among the more popular searched vehicles on the site. "A lot of people are realizing that the car is no longer just a cost-it's an asset too," says Andre Haddad, Turo's chief executive.

Of course, the biggest obstacle to many of the changes, may be the simplest: People have to be willing to give up the idea of owning their car-something that has been culturally ingrained over many decades. What's more, under this vision, car buyers won't just give up the idea of sole ownership. They may also give up the idea of sitting behind the wheel by using autonomous vehicles.

They will have a powerful incentive to do so. A study by Deloitte Consulting, for example, estimates that the cost of personal car ownership is on average $0.97 cents a mile today, but could drop by two-thirds in a world of shared, self-driving vehicles-a tipping point that could usher the technology into daily life for many people.

In cities the idea will be even more appealing, because it takes away the unpleasant sides of ownership, such as parking and negotiating traffic jams. Companies are already looking at how to market vehicles to overcome some of the possible psychological resistance to nonownership. The goal is a better understanding of how to make a service appealing enough to take the place of the family car.

Big auto makers: Making peace with on-demand services.

For auto giants, the new ownership models-whether for traditional cars or self-driving ones-constitute a major threat. As a result of both driverless cars and fleets of robot taxis, sales of conventionally purchased automobiles are likely to drop.

What's more, because autonomous cars will likely be designed to be on the road longer with easily upgradeable or replacement parts, the results could be devastating to auto makers that have built their businesses around two car households, that buy new vehicles regularly. Currently, cars get replaced every 60 months on average, according to Experian.

"It may become more like the airline business where we see jets that have been in service for 50 years," says Chris Ballinger, CFO and head of mobility services at the Toyota Research Institute. "Now I don't think a car will be in service for 50 years, but I'm saying it may move in that direction… with tens of millions of miles and decades of service."

In response, some car companies are trying to meet that threat head-on, by experimenting with different ownership models.

One plan to get drivers to buy a vehicle of their own is to help owners rent their vehicles, as they would in Mr. Musk's planned network of Tesla owners. Toyota's Lexus brand is testing payment plans that let people subsidize the purchase of pricey cars by renting them through a service called Getaround.

The hope is that young buyers, who have been eschewing traditional ownership, but are still attracted to luxury nameplates, will grab the chance to afford fancy cars on Corolla Budgets.

BMW meanwhile, is experimenting with shared rides through its Reachnow service. Members can get access to a fleet of BMW vehicles and Minis, in some areas, that they pick up as needed and can drop off anywhere when they're done.

General Motors Co., the largest U.S. auto maker by sales, seems to be hedging all bets. The company acquired an autonomous car tech startup called Cruise Automation last year in a deal with a potential value of more than $1 billion dollars. It also invested $500 million dollars in ride-share company Lyft, as well as a car-sharing service of its own called Maven.

Meanwhile, it's offering Cadillac customers the ability to subscribe to ownership, letting them use a vehicle for a month at a flat fee.

New businesses: Helping to power a new industry

The advent of self-driving cars will give people more free time while in the vehicle. And that will create new opportunities for car makers and others to make money. Autonomous vehicles could ultimately free up more than 250 million hours of consumers' commuting time a year, unlocking, a new so-called passenger economy, according to Intel Corp., which is trying to provide the computing power behind self-driving software.

The chip maker released a study in June that estimates as much as $800 billion dollars could be generated by 2035 by this passenger economy, while as much as $7 trillion dollars could be in play by 2050. All of which may explain why new entrants to transportation, such as Apple Inc., Amazon.com Inc. and Samsung Electronics Co., are exploring the field. Apple in April, for example, became licensed to test-drive autonomous vehicles on California roadways.

This could lead to a turn away from using the exterior of the vehicle as a selling point and focusing on making the interior as comfortable and loaded with features as possible. In some cases, that means turning cars into living rooms on wheels: Harman International Industries Inc., the auto parts supplier acquired by Samsung for $8 billion dollars, demonstrated in Las Vegas earlier this year, a vision of a car that replaces a vehicle's windows with video screens that create a wraparound movie theater inside the cabin.

Design firms will also cook up features designed to ease people into the practice of sharing rides regularly. IDEO, the design firm that came up with Apple's first computer mouse, has released a vision of autonomous vehicles designed to accommodate strangers who end up riding together. One central feature is "pods"- seats that can be adjusted to block a passenger from the view of others and there are areas in the vehicle that allow them to lock items while other people use the car.

Other companies are working on ways to make cars recognize passengers' digital profiles and become more responsive to their needs. That might involve such things as reminding someone that a calendar appointment is coming up and nudging them to leave earlier that day or giving advice on places to eat along their route or ways to shop online while in traffic.

Zoox, a startup valued at more than $1.5 billion dollars, is working on designing a robot taxi that takes the entire riding experience into consideration, co-founder Timothy Kentley-Klay said last year. Although he didn't go into details on the so-called mobility services' features, he said such a vehicle would be "smart enough to understand its environment, but more importantly, it's also smart enough to understand you, where you need to be, what you want to do in the vehicle and how you want to move around the city."

Existing industries may change to support an autonomous, shared future. For instance, the alcohol industry might see a rise in drinks consumed weekly with customers not having to worry about driving home, says a Morgan Stanley report by analyst Adam Jonas. He estimates the $1.5 trillion dollar annual market might expand by $250 billion dollars due to autonomous vehicles.

One industry that knows cars very well -dealerships- may also adjust to fit the changing times: Managing autonomous car fleets may be a new line of business, Toyota's Mr. Ballinger noted. The auto makers' finance arms, largely finance local franchise dealers' inventories, called floor plans.

"It may be a variation of that model where we continue to finance the floor plan, only the floor plan now isn't an inventory of cars ready for sale but an inventory of cars going around providing services-maintained and managed by the dealer or somebody like the dealer."

For all the speculation about big changes on the way and plans to meet the changes, it's important to remember that drivers may want to hang onto some form of ownership even if others are more convenient and cost-effective. Mr. Cohen, after spending about two years renting out his Model S on Turo, has begun to wind down that effort.

"At almost exactly the second anniversary of that note, I paid off my Tesla," he says. He's keeping an eye on Tesla's ambitions for renting out autonomous vehicles, though he is dubious about giving up the thrill of driving. "For me, autonomous driving is not something I am looking forward to," he said, "but I can tell you that my 25 year old son and recent UVA Law School graduate certainly is."

Source: The Wall Street Journal, www.MEMA.org

The Biggest Mistakes Salespeople Make

Mistake # 1: Thinking that servicing accounts is more important than selling new ones: I once had a coaching client show me a stack of folders and say, "This is why I can't be out calling on new clients." When I asked what had to be done, she picked up the first folder and said "I'm waiting for a number from the State of Maine on this one."

To which I responded, "Really? A salesperson is sitting in the office waiting for a number from the State of Maine? No one else can handle that?" That is akin to a pilot saying they don't have time to fly the plane because they are back serving the passengers their drinks.

I've heard every excuse for servicing accounts from "they'll only deal with me", to "I want to make sure it's done right." These are simply excuses to avoid the hard work of going out and making calls. Salespeople are hunters, service people are gatherers.

Outside of renewals, scheduled service calls and emergencies, clients should be dealing with Customer Service Representatives and other support people. Not only are the support people more readily available than the salesperson, who should be out chasing new business, they also handle the day-to-day service items more efficiently and effectively than a salesperson.

As a salesperson your job is to sell, not service. If you are hiding behind the excuse that your clients will only deal with you, that's because you've trained them to do that. It's time for retraining. If you think you are the only who can do it, you're wrong, get over yourself.

Any time you are servicing, outside of renewals, scheduled calls and major issues, you are doing yourself, your company, your client and your future clients a disservice. It's what we call a lose/lose/lose/lose. Go sell and stop hiding behind service.

Mistake # 2: Majoring in minor things and finding other time wasters: I once had a sales manager remark to me, "During the major snow storm last week, when people were confined to their houses, my top salesperson was calling people at home because he had a captive audience. My other salespeople were baking cookies and posting pictures on Facebook."

This along with chatting with friends and colleagues, checking e-mail more than four times a day, taking ten coffee breaks and in general, finding things to do other than calling on prospects and customers are all examples of time wasters.

Spending two hours looking up prospect information before you call, servicing clients on routine items, as in Mistake # 1 above, and spending time practicing your call 400 times before making the call, are all examples of majoring in minor things.

Your highest priority is to spend time with prospects and “sometimes” the top 20 of your best customers (again, renewals, scheduled calls and emergencies). You should be talking to or on your way to talk to, prospects and customers 80 % of the time during prime calling hours.

Mistake # 3: Focusing on reactive versus proactive marketing: The fastest and best way to build business is by making phone calls and knocking on doors. It is the most effective way and the only one in which you have almost complete control over.

Going to a Chamber of Commerce event, Business Network International (BNI) or some similar networking event, hoping to get a lead is reactive. In those situations, you are relying on others, whose first priority is to get business for themselves, not to give you any business. Worse yet, is to hang out on social media or send blind, unsolicited e-mails, in the hopes of getting business.

Mistake # 4: Not being prepared for and not practicing sales situations: If you are in leadership, I dare you to walk up to one of your salespeople who has been with you a while and say “What do you say when someone says ….” and then give them a common every-day objection like, “I am not interested?”

I promise you that 9 out of 10 times, the first verbal sound out of their mouth will be “Ahhhh”. It happens to me all the time. Just last week at a sales meeting at an insurance agency, I turned to an agent who’s been there 17 years and said “Joe (named changed to protect the guilty) what do you say when someone says I can get my insurance cheaper down the street? The response? You guessed it, “Ahhhh”. Game over.

You have to be prepared for every sales situation you are going to encounter and you have to practice ahead of time. Ideally with another person, but if not, then with yourself. Each and every answer has to be scripted and committed to memory so that you know it verbatim and can respond immediately in a real-life sales situation.

Mistake # 5: No goals, no plans and no clue how much activity has been done, or needs to be done, in order to be successful: Whenever I begin working with someone, one of the first questions I ask them is, “How many calls did you make last week on brand-new prospects?” As with the objection above, I am usually met with an “Ahhhh”.

Usually followed by a guess, like, “Um, I think about 4”. “You think four? Is that number too big to count?” The truth is: they didn’t keep track and it wasn’t four. It may have been two or even none at all.

In order to be successful, you have to have weekly, monthly and annual goals, along with knowing the daily activity that is necessary to make those goals a reality. Then you have to make the calls.

Mistake # 6: Giving up too soon: Eighty-one percent of sales are made after the fourth contact. Roughly, only 20% of salespeople make it past the fourth contact. Enough said.

Mistake # 7: Not doing the work necessary: Ninety-nine percent of the time a salesperson fails, it’s due to a lack of activity. Not making enough calls, to talk to enough people, in order to make enough sales.

The other 1 % of the time, the salesperson got hit by a bus. Since activity is the primary reason for success or failure, I could have led off with it, but it’s so obvious, you probably would have stopped reading.

By: John Chapin a sales and motivational speaker and trainer. www.completeselling.com

Thunderstorm Severely Damages Syracuse Business

On Monday July 24th, a microburst from a severe thunderstorm completely tore off the roof of the back of the building of long time member Ted’s Electric, Inc.

“I saw the rain start and the hail start so I was trying to close the door over there. I started to move towards the back of the building, when I heard the wind pick up, pick up, pick up louder than I ever heard before.”

“As I moved into this section of the building I saw daylight where the roof was,” said Ted Dziergas, the owner of Syracuse Diesel & Electric and Ted’s Electric Inc. The water was dripping into the service bay areas, onto customer vehicles, tools, card trays, computers, shelving and inventory.

The insulation that was once a part of the roof was blown over 200 feet in to the road at the front of the building. Many trees in the area were also blown over and downed by the powerful storm. Our thoughts are with Mr. Dziergas as he picks up the pieces and moves forward.

IMPORTANT SECURITY UPDATES FROM SUPERIOR FINANCIAL SYSTEMS REGARDING YOUR MERCHANT ACCOUNT

Visa and MasterCard have announced some new changes to the operating rules for merchant accounts. Please read through the items below, and contact Superior Financial Systems Customer Service department if you have any questions. Our contact information is included at the bottom of this announcement.

UPDATES TO TERMINAL PROGRAMMING

Updates are now available for the VX and FD line of terminals to accept the following updates:

- Series 2 MasterCard acceptance (Vx520, Vx680, all FD terminals)
- EMV programming (for the Vx680 specifically)

The Series 2 MC update is mandatory per MasterCard, and merchants will be required to schedule a reprogram for their equipment. Merchants who are using old equipment (Nurit, Omni, Hypercom, Vx510 terminals) will need to purchase new equipment to handle the Series 2 updates, as those terminals have been marked as end-of-life by the Card Brands. Superior Financial representatives will be contacting every merchant within the next few weeks to schedule a time for the programming update. Merchants are also welcome to call in at their convenience if they wish to complete the update right away. Programming updates are pending for Tip Adjustment and PIN Debit processing for the VX line of terminals, and is currently available for the FD line of terminals.

CHANGES TO EMV LIABILITY FOR KEYED SALES

The Card Brand associations recently announced that transactions that are keyed in a retail environment will be subject to the EMV liability shift rules. This means that merchants who have NOT upgraded their equipment to accept EMV chip transactions will not be able to dispute chargebacks for keyed sales. This rule change impacts merchants who have a retail store, and allow customers to keep a card on file for processing recurring sales. *Merchants who have not upgraded their equipment are encouraged to call into Customer Support to discuss how much of an impact this new change will have on their processing.*

SECURITY UPDATE TO TLS 1.2

The PCI Security Standards Council recently announced the disablement of the TLS 1.0 & 1.1 security protocol effective February 2018. TLS is used when connecting to the internet for credit card terminals and online transaction processing. Merchants who use physical credit card machines that connect over the internet will need to update their programming before December 2017, and will be contacted once the new programming is available. Merchants who use Authorize.net or a similar online virtual terminal will need to contact their Internet Service Providers and any Third Party POS providers to make sure they are prepared for the disablement by September 2017. Merchants who use the uCharge program will be contacted if any changes are necessary to the mobile app settings.

CUSTOMER CARE CONTACT INFORMATION
(866) 601-2733 Toll Free | (661) 294-3696 Direct | CustomerService@SFSProcessing.com
Hours of Operation: Monday – Friday 8am to 4pm Pacific Time

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Reducing Staff vs. Reducing Hours

If your small business falls on hard economic times, you may be faced with the tough decision of making cuts to your workforce. You can do this in one of two ways: letting people go or cutting hours. There are pros and cons to both options and you should understand their ramifications.

Reducing Staff: Businesses reduce staff to cut costs to better align their employee numbers with the amount of work that's available. There are two main ways to reduce staff: permanent layoff or temporary layoff. In a permanent layoff, a small business usually targets a certain group; such as poor performers, the newly hired or those earning the most money.

Another way to reduce staff is to offer a buyout. This is a monetary inducement to get people to leave their jobs, and it is usually targeted at older workers, who are near retirement age. In a temporary layoff, the business lays off workers with the promise or expectation that they will get their job back, with full pay, benefits and seniority when business picks back up.

Advantages of Reducing Staff: Though reducing staff may be expensive upfront because of buyout costs and severance pay, it does save the most money. By reducing staff, you reduce the number of employees for which you are contributing to their health insurance and retirement plans.

You also have fewer employees on staff, so you pay less in payroll, less in employer taxes and reduced disability and unemployment insurance. If business picks up in the future and you hire again, you may be able to hire potential new employees at lower pay rates.

One big disadvantage though, is who will cover for an already reduced staff, once vacations begin to take place.

Cutting Hours: Another way a small business can save money in hard economic times is to reduce labor costs, by cutting hours and pay. This can be done in a number of ways.

The business may choose to equally cut wages or salaries of employees' or reduce workers hours across the board. This can be done by having full-time workers work only 30 hours a week instead of 40 hours a week. Another way to cut hours is to have workers take unpaid time off, called a furlough. This may involve one extra unpaid day off a month or a full unpaid week off per quarter.

Advantages of Reducing Hours: Reducing hours can save money in the short term because you don't have to pay severance costs. Reducing hours is better for employees because they take only a minimal cut in pay rather than losing their job altogether. It's also better for the overall economy because those workers are less likely to file for unemployment compensation or have a need for other government assistance.

Reducing hours can also be better for your business in the long run because once conditions do improve, you have not lost expertise and you will not incur costs or time to train new workers. Reducing hours can be especially beneficial to a small business that may not have very many employees to begin with.

By: Matt Kuchera www.smallbusiness.chron.com

New Members for the 2nd Quarter of 2017

Pittsfield Auto Supply
440 Merrill Road
Pittsfield, MA 01201
413-445-5628

Schenectady Truck & Auto Supply
95 Dahlia Street
Rotterdam, NY 12306
518-393-2148

Paid Family Leave Early Payroll Deductions Demystified

Do I have to start deductions from my employees starting in July? No, you don't have to start July 1, this is just the earliest date that you are allowed to start.

- Just note, that if you start later than January 1, 2018, you can't retroactively collect payroll deductions for Paid Family Leave (for example, if you miss implementing withholdings for January 2018, you can't take a catch-up contribution in February 2018.)

Do I have to take deductions? While Paid Family Leave is frequently referred to as an employee-funded benefit in the law, it doesn't require you to withhold (i.e., you may choose to fund the Paid Family Leave premium directly from employer funds). If you decide to take deductions from your employees, the deduction can't exceed each employees' maximum contribution. (If you do, you will have to return the excess amount to your employees).

How much can I withhold? The 2018 weekly maximum contribution for Paid Family Leave is 0.126 % of an employees' weekly wage, capped at NY's current average weekly wage of $1305.92. This translates into a maximum contribution of $1.65 per week.

What if I start early deductions and an employee leaves my company before January – do I have to refund the PFL deductions taken out from their paycheck between July and their last day? No.

What about new hires, or employees starting in 2018, will my company begin deducting PFL contributions from the time of hire or once they become eligible? (Workers must have been employed full time for 26 weeks or part time for 175 days by a covered employer at the time they apply for the benefits). Paid Family Leave premiums apply from time of hire. If you plan on deducting contributions, you may want to start those at time of hire to line up with when that new employee would be counted for premium purposes.

What's a possible upside of withholding early? Paid Family Leave premiums need to be paid together with DBL premiums. DBL contracts are often paid annually in advance, which means employers will pay for both benefits upfront and only recoup the Paid Family Leave portion gradually through payroll deductions over the course of the year. Collecting PFL premiums from payroll early, alleviates some of the upfront financial burden if you pay your bill annually in advance.

DBL is a simple rate per employee, but PFL is a percent of salary with a cap – managing the extra complexity around deductions is an unexpected burden for our company, especially given the fairly nominal rate. Can we just skip the deductions? Since withholding payroll deductions for Paid Family Leave is optional, this is up to you and depends on what's best for your company's situation. Reach out to your payroll vendor – or start looking into solutions that may help minimize the added burden.

Source: ShelterPoint Life Insurance

Final Paid Family Leave Regulations Released - Top 10 Things to Know

The wait is over! On July 19, 2017 New York's Workers' Comp Board (WCB) adopted final regulations on Paid Family Leave. This was the last piece of the puzzle in allowing insurance carriers, employers and brokers to gear up and implement Paid Family Leave before the phase-in begins in January 2018.

As insurance carriers are finalizing the administrative details, such as the claims process, employers will have to prepare as well, as it brings new obligations and compliance considerations for them. Here are the top 10 things to keep in mind:

1. Employers that have to provide DBL, must also provide PFL.
2. All employees who are currently covered under DBL, will be covered under (and thereby have the right to take) PFL effective 01/01/2018 **– some employees could be out as early as the first day of next year!**
3. Just like with DBL, **a printed PFL notice** will need to be **displayed and posted,** as published by New York State later this year.
4. PFL benefits phase in over 4 years with gradually increasing benefit amounts and duration, so it's important to stay on top of **annual changes** to the maximum benefits.
5. New York State sets the rate and can change it every year.
6. Employers can start taking payroll deductions starting July 1, 2017.
7. Employers **cannot require employees to exhaust their accumulated PTO** before letting them go on paid family leave.
8. Employees will need to **give 30 days' notice for foreseeable leave.** This means employers could start receiving notices by 12/01 of this year.
9. PFL provides **job security** for employees out on paid leave, similar to unpaid leave under FMLA, regardless of the size of the employer.
10. If an employer **declines** to **reinstate an employee** returning from PFL, the employee may report that employer to New York State. The employer then has 30 days to either take corrective action or file a formal response to the employee.

There's a good chance one or more employees at a company will take PFL in 2018 – maybe even as early as January 1. Do you have a staffing plan in place to cover their workload(s)?

Employers must **add PFL to their written guidance** for employees concerning employee benefits & leave rights, such as an employee handbook.

Source: ShelterPoint Life Insurance