

# Dealers' Choice

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GETTING TO KNOW  
2022 TADA CHAIR  
JOE CHASTANG

OFFICIAL PUBLICATION OF THE TEXAS  
AUTOMOBILE DEALERS ASSOCIATION

ROBERT C. VACKAR, A  
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IN BUSINESS  
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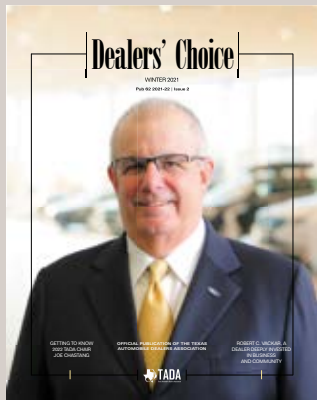
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**Jim Stephenson**, VLK Principal of Automotive  
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# Dealers' Choice

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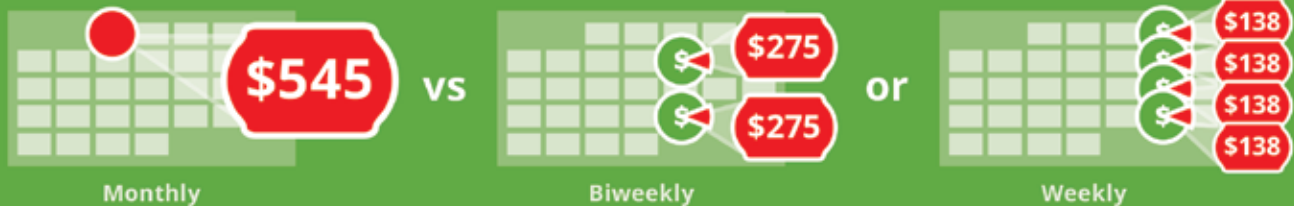
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# A Message From TADA President Darren Whitehurst



**T**he year 2021 is now in the books ... and what a year it was. The continuation of a worldwide COVID pandemic, a contested federal election, the 87th Texas Legislature, the Texas winter freeze, the chip shortage, and mask mandates were but a few of the challenges that we all had to face. Texas dealers have navigated these challenges and more. You worked with the resources you were given and then improvised and achieved impressive results for the year according to various state and national reports as well as sales tax numbers from the Texas Comptroller's Office.

Dealers were also there for their communities in 2021. Not only did you provide good jobs and wages for employees, but your organizations also supported local charities and sponsored events and groups that produced tremendous benefits.

As we look to what 2022 and the future hold, there is an air of uncertainty. No one knows for sure the trajectory of COVID or the government's response. One thing we do know — the federal government is all-in on replacing internal combustion engines with electric ones to power vehicles. Manufacturers are enthusiastic as well,

and there has been rapid acceptance by most that the electrification of automobiles is the future, and they are investing heavily in production. They are also pushing this enthusiasm down to dealers with requirements to invest in infrastructure to handle electric vehicles. We know that dealers will meet the consumer's demand, and while that might not yet match the aforementioned enthusiasm, we do want to be sure that any consumer interested in EV thinks of Texas franchised dealers first. We know that when the customer is interested or ready to try the new technology, Texas dealers will be there to help educate the buyer and make the sale and that you will keep the vehicle in good repair.

While you are focused on all this, the political world also turns. All 181 seats in the Texas Legislature are up (150 House/31 Senate), as are all the major statewide elected offices, and 38 members of our Congressional delegation. There will surely be several issues of interest to Texas dealers, some positive and some detrimental, and TADA's Legislative Committee and staff will be working diligently this next year to identify and prioritize the issues most relevant.



There are a few things I encourage you to do throughout this year. First, get to know your local elected officials. This is particularly important after redistricting with so many new folks running for office. Although the candidates already know their local dealerships because of your community work, it is important for them to know you personally as well. Invite them out to meet your employees, tour your facilities, and learn more about you and your commitment to your customers, employees, and community. **Take a picture with them and send it to us as well as sharing it on your social media.**

If you participate financially in campaigns, please let us know and when possible, reach out to TADA staff to learn more about a particular candidate or elected official's commitment to franchised dealers and the communities we serve.

We also encourage you to let TADA know about your local community's philanthropy efforts. I ask you to

send your stories of volunteering and giving back to [jennifer@jhlcompany.com](mailto:jennifer@jhlcompany.com) so that we can package these stories and share them with relevant political leaders and on our TADA social media channels. Likewise, when you are doing employee recognition or training, please share some of those stories with us. Your investment in the people you employ is something of which we are proud and want to share.

TADA's messaging is focused on the value of the franchised dealer system to Texas and Texans. Texas dealers will continue their commitment to providing customers with the vehicles they want. They also are the most efficient and effective way to reach these goals and meet the state's transportation needs.

TADA will continue to keep you posted on the outcomes of the primary elections, interim legislative areas of focus, and all the other efforts that can impact your business. Thank you for all you do. ▶

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# Getting to Know 2022 TADA Chair Joe Chastang



*Joe Chastang*



*Mary and Joe Chastang*

**TADA recently sat down with Joe Chastang, our 2022 chair, to learn more about him, his years in the Texas auto industry and his family. We enjoyed getting to know him and appreciate the time he gave us.**

## **What is your educational background?**

After high school, I drove a parts truck during the day and took business classes at night at the University of Houston. However, I started selling when I was in my early 20s and did not graduate.

Leaving school doesn't mean you are out of school; it just means you are in a different kind of school. The biggest thing college teaches you is how to learn.

## **Tell us about how you became a dealer.**

My dad came to Houston in the 1930s. He was an automotive salesman. Growing up, I would take a bus to the dealership to hang out, and I worked in the parts department for \$1 an hour during the summer I was 15. When I wanted to start

selling vehicles, my dad told me that the dealership only hired experienced salespeople. He told me I needed to get the training somewhere else. I found a job at a Chevy store.

When I was 25, my first management job was as a sales manager for the Rush store on the Gulf Freeway with 15 salespeople and a pickup on a pole. Mr. Rush let us run with it, we hired good people, and we were fortunate. The dealership went from doing poorly to becoming the country's No. 2 GMC retail store.

Mr. Rush was a Peterbilt and GMC dealer, so the work was a mixture of commercial and retail. I sold light-duty pickups and commercial, heavy-duty trucks.

I started working for Volvo Heavy Truck in 1991. Volvo hired me to

run the dealership in Houston. It was losing a lot of money and doing poorly. My brother was working there, too. I reported to the then-president of Volvo Trucks U.S., Karl Trogen, and I talked with him three times a week.

We turned the store around quickly, but Volvo decided to sell all their stores about a year later. Karl Trogen said Volvo would help me if I wanted to buy one of them. We closed the deal in February 1994, and we repaid the Volvo loan within a year.

## **Please tell us about your father, Claude Chastang.**

He taught me everything I know about selling, and he treated people well. When I first became a manager, I could be too hard on people, but my dad would say, "You need to be

► **JOE CHASTANG** — CONTINUED ON PAGE 10





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Of course there is a return on investment but we get the real benefit on our insurance premium for our inventory so that was the biggest financial driver on top of tax credits plus accelerated depreciation. I would tell my fellow dealers to contact Big Sun Solar to look at the opportunity and have them crunch the numbers.



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Left to right: Patrick and Meredith Chastang, Joe and Mary Chastang, and Mandy and Dennis Venghaus



Dennis, Mandy, Tyler, Joe and Carter Venghaus



Meredith and Patrick Chastang with son Mac

▶ **JOE CHASTANG** — CONTINUED FROM PAGE 8

a little nicer. You can't be that rough." He could be very direct when he told me how to act. It wasn't easy to modify my approach, but he helped me.

**Please tell us about the other family members who have been involved in the business.**

For a while, my brother and dad both worked for me. My brother still does. We have a great relationship, and his office is next to mine.

My wife, Mary, handled human resources for the first five years in business. After about five years, she didn't work unless she was needed. We have been happily married for almost 46 years, and we have two children, Patrick and Mandy.

Patrick is the general manager now. Mandy played softball through college, earned a CPA and worked for PWC. She came to the dealership in 2009. Mandy's husband, Dennis Venghaus, is a CPA, too. He came to us from the oil and gas business. We were very fortunate to hire Dennis just a little over a year ago.

Patrick, Mandy and Dennis are going to be running everything

**Dealerships used to be pretty much the same, but people expect a higher level of service than they used to. That's going to continue. Since customers can get the same product from many other places for the same price or less, your level of service is what differentiates your business from other businesses.**

eventually. They are smart, and they care about the business, the employees and customers.

**Who have your mentors been? I'm sure your father mentored you, but have there been others?**

Yes. Karl Trogen and Marvin Rush were mentors, and so was Cal Wallace. Cal was the general manager of the Peterbilt store and gave me my first job as a manager. He was hard on me, but I liked the pressure. I thought everybody liked it like that, but not everybody does, and not everyone responded to it the way I did.

Some of my employees have been with me since I bought the dealership. I firmly believe people will do anything for you as long as they know you care about them. Then you can push them to do their best.

**Your dealerships have worked extensively with Ford and Autocar commercial fleets. How did you end up specializing in these markets?**

It's just because of my background. Most dealers come out of the retail side, but I have experience on the commercial and retail sides. A commercial store is only slightly different from a retail store. You are still dealing with people. If you treat them well and know your product, your skills transfer to most businesses.

**Approximately 85% of your sales come from repeat or referral clients. What would you recommend to other dealers who want to build that kind of record?**

Make customers, keep them and try not to irritate them. That means being long-distance runners, not sprinters.



## People value relationships more than they value the lowest price, and they want to be appreciated for their business. Customers like to go into a dealership and see the same people they usually do business with, and they feel comfortable when they know they will be treated well and get a fair deal.

The biggest opportunity for building repeat business is taking care of customer problems. I am a big believer in this. If you treat people well when they have a problem, they will come back to you for sure.

We give people the authority to handle problems at the lowest possible level. The higher a problem goes, the more expensive it gets, and the more likely you will lose customers. Mechanical things break. Surprise the customer by just taking care of the problem. That's what dealerships that have been in business a long time do.

People value relationships more than they value the lowest price, and they want to be appreciated for their business. Customers like to go into a dealership and see the same people they usually do business with, and they feel comfortable when they know they will be treated well and get a fair deal.

Dealerships used to be pretty much the same, but people expect a higher level of service than they used to. That's going to continue. Since customers can get the same product from many other places for the same price or less, your level of service is what differentiates your business from other businesses.

### Why is TADA membership important?

You have a more prominent voice as a member of TADA than you do as

a dealer. TADA amplifies your voice even if you are part of a big group. TADA has more members than any other state dealership organization. In Texas, most of the state's dealers are members. TADA includes everyone from the little dealers in towns of 5,000-6,000 to the big dealers in the big cities like Houston or Dallas.

Members can pick up the phone and call Karen Phillips, our in-house lawyer, and get a quick answer or advice about any legal issue. The question could be about advertising rules or any issue you might have, and calling her doesn't cost you anything.

Another advantage is that the association gives you opportunities to make friends. Texas dealers will bend over backward trying to help you. That's important, and it helps your customers when you have other dealers who can help them, too.

### There are many industry disruptors right now, including the pandemic and EV. Ford has positioned itself as a leader in the EV future. What are your thoughts about the effect of these and other disruptors on the dealership industry?

Direct sales are bad for dealers, but they are also bad for customers. Volvo and all the heavy-duty dealers all used to be direct. The prices were higher, and the service was worse. Value decreased.

Manufacturers are good at building vehicles, but they are not as invested in service. We are set up to do different things. Our work is different from theirs, just like an eye doctor has different work than a dermatologist. It's not good for the consumer when we get into each other's business.

Manufacturers will work with us as the service side of the business declines after we sell more EVs. They will help us fill the gap by finding other services we can provide, but I don't know what those services will be.

### What is the biggest issue facing Texas dealerships in the next three to five years?

The industry has changed so much, and we have an opportunity to do better in several areas. I don't know all the details, but we need to work hard and smart and adapt quickly to the changes. Expectations about the level of customer service are going up. The question is, can we change as fast as customer expectations?

There are other challenges, too. We are all used to having a certain amount of inventory, but we will have to adjust to having less. As everything shifts toward an EV market, we will need charging stations. Service problems will change.

Some people think individual dealers can't continue to succeed, but not everybody wants to buy or work for the same size of a company. Also, bigger companies are harder to shift when the market changes.

### What are your plans as the 2022 TADA chair?

We want to let people know TADA is working in their best interest.

Most Texas dealers are members. We represent all the dealers, from the biggest to the smallest, and we want more participation from

» JOE CHASTANG — CONTINUED ON PAGE 12

everyone because that will improve the organization. Don't be surprised if someone calls you and asks you to participate more.

**What do you think dealers should focus on right now to be successful?**

Embrace the changes that are coming.

**What three pieces of advice would you give someone if you were mentoring them?**

1. Treat people the way you want to be treated. People will help you if you do.
2. Show up on time and work hard. As long as you are there anyway, you might as well work.
3. Nobody owes you respect, regardless of who you are. It is a gift you earn because of how you treat others. It is not something you take. The same

is true for everyone, including employees and customers.

**What is your favorite car?**

Anything new. I still like going out when vehicles come off the transport and getting in some of them. I like the smell, checking out the new models and seeing any change on the F-150.

**What are you currently driving?**

I am driving an Explorer and a Bronco. (I bought the Bronco.)

**What do you like to do for fun?**

I have four grandsons. I love playing with them, and I enjoy everything that has anything to do with them. Patrick and Meredith's son is almost four years old, and Mandy and Dennis have three sons, ages six, four and two. All the grandsons love playing with toy cars.

I also like almost everything about sports because I am big on competitive people. I used to play

**We represent all the dealers, from the biggest to the smallest, and we want more participation from everyone because that will improve the organization.**

softball and flag football. I also play golf. Everybody wants to win, but not everybody will do what it takes. People who hate to lose will work harder to win because they want to be good at whatever they do. Salespeople need that mindset.

**Do you have any final words?**

This year will be a good business year, and TADA is the best automotive association in the country. ▶



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# Robert C. Vackar, a Dealer Deeply Invested in Business and Community

**“Look at the great possibilities of life. Remember that you harness the greatness that lies inside of you to affect change in the world. Don’t just have dreams, turn them into truth.” — Robert C. “Bob” Vackar**



**R**obert (Bob) C. Vackar is the Chief Performance Officer and Chairman of the Board for the Bert Ogden Auto Group. He currently has 23 franchise dealerships in the valley, with plans to buy three new dealerships in the next few years and open six more Signature Select used-car locations over the course of the next five years. Additionally, Bob is excited about opening additional quick lube facilities across the Valley for the convenience of the Bert Ogden Auto Groups ever-growing customer base. Bob has lived a life full of change and endured challenges, and today, through perseverance and visionary perspective, he enjoys the fruits of his hard work as he continues to grow his business.

Bob and Janet Vackar grew up in the Texas Rio Grande Valley. When he was born prematurely, Bob weighed less than 3 pounds; despite this challenge, he not only thrived but today personifies a larger-than-life personality exemplified by gratitude, generosity and compassion for his team members and community. Bob went on to graduate from Texas A&M University in 1966 with a business degree, majoring in Accounting. He immediately went on to work for Shell Oil Company as a Financial Analyst before being recruited in 1967 by the U.S. Army. Bob proudly served his country as an Officer in Vietnam and remains a proud veteran and continually supports military and veteran organizations. After Vietnam, Bob returned to Shell Oil for another 11 years before joining Jack Stanley at GHR Energy where he worked as the Assistant Corporate Controller and spearheaded some of the largest mergers and acquisitions of the industry at that period of time. Bob’s tenure with GHR and Jack Stanley had a profound influence on his business acumen and perspective. Bob affectionately recalls all he learned from Jack and says much of his business model today harkens back to the strategies he learned in his role with GHR.

Bob met and married Janet Ogden in Houston. The couple moved back to the valley after their daughter, Kristin, was born in 1982. In 1983, Janet’s father, Bert, asked Bob to help him run his Buick-Oldsmobile-Pontiac-GMC dealership in Edinburg, Texas. Bob obliged but also had plans to create growth for the business. In 1987, they worked together to acquire Randolph Chevrolet in Mission. In 1990, they acquired a Nissan, BMW, Oldsmobile dealership in McAllen from Charlie Thomas. As Bob excelled at operating and expanding the business, Janet took the reins of the advertising segment and created a full blown movement around customer experience and community philanthropy. Bob and Janet will both tell you,

► **ROBERT C. VACKAR** — CONTINUED ON PAGE 14



▶ **ROBERT C. VACKAR** — CONTINUED FROM PAGE 13

one of their greatest responsibilities is the role they play as a corporate citizen to the community.

In 1992, Bert and Dorothy Ogden were killed in an automobile accident when a high-speed police chase crossed the path and the driver being pursued lost control of the vehicle, resulting in five fatalities including the Ogdens. The highway patrol gave Bob and Janet the news at 1 a.m. on a Sunday, and the devastated family held the funeral the following Thursday. They are grateful for their faith and the family and friends who helped them after the tragedy.

Bob became the dealer principal and operator of the dealerships. It wasn't automatic, however. The franchise contract between a manufacturer and a dealer principal ends, by law, with a death. The simultaneous passing of the Ogdens made this particularly complicated given the fact that Mrs. Ogden was the named successor. Bob and Janet negotiated a 90-day grace period, and by then, Bob was able to put a new contract in place, securing the dealerships for his family and sister-in-law, Kathy.

Bob, Janet and Kathy sat down and wrote a business plan to keep the company going. (At some point, Bob also set up a succession plan and holding company to ensure the next transition will go more smoothly.) The business strengthened and grew, and Bob and Janet became so involved in the community that they were named the 2016 Border Texans of the Year. They have supported many charities and received countless honors through the years.

Bob has proven to be an extraordinary businessman, dedicating a good portion of his life to developing 23 dealerships and a host of other silent business ventures, but his passion is providing educational opportunities to future generations. Bob is deeply invested in the University of Texas Rio Grande Valley (UTRGV). He is a major donor to the University, having donated \$2 million for two scholarship endowments in January 2016. The first scholarship is named after him and set aside for aspiring entrepreneurs. It is given annually to a student from the College of Business and Entrepreneurship. The second scholarship, named after his wife, Janet, is given annually to a student in the College of Liberal Arts mass communications program. At the time, the \$2 million scholarship donation was the largest the university had ever received and has spurred a host of major donations to UTRGV.

The university already had a scholarship named after Bob's late sister, Susan Lewis Vackar Clark, who dedicated her life to educating young people in the Rio Grande Valley. The original pledge was for \$100,000 in 2016 and he recently fulfilled a personal commitment to honor his sister with another \$900,000 in October 2021. The total endowment is now \$1 million and will benefit students in perpetuity. Before her death, Susan graduated in 1964 from what was then Pan American College, now UTRGV.

In May 2016, Bob gave the university \$15 million to benefit the College of Business and Entrepreneurship.



The university then recognized Bob's generosity by naming the college the Robert C. Vackar College of Business and Entrepreneurship.

Dr. Guy Bailey, the university president, was deeply grateful for not only the major donations, but especially for Bob's continued involvement and contributions on boards with the university. He went on to say that the university can potentially use the money to hire and educate the "best and brightest" faculty and students.

University of Texas System Chancellor Admiral William McRaven, a former commander of U.S. Special Operations Command and a retired U.S. Navy four-star admiral, met with the Vackars to express gratitude and thanks. As the Chancellor announced the donation, he recognized its historic nature when he said, "This gift will transform this university in ways that nothing has done in the past." Further, he continued, "You'll look back five years from now, 10 years from now, 15 years from now, 100 years from now, and you will have influenced thousands and thousands and thousands of young men and women and you will have changed and shifted the Valley forever."

Bob Vackar chose the university not only because Edinburg is his hometown, but because its students have impressed him and he wanted to see more and more educational opportunities opened up for young people. He had 100 colleges graduates working in the dealership group in 2016; of the 100, 53 graduated from this university, and another 20 were enrolled as degree-seeking students.

Most recently, Bob is especially proud to have been named 2020 Chevrolet Dealer of the Year. He and Janet were humbled and honored this year when they learned that the Texas House of Representatives had ratified House Resolution 3361 honoring them as individuals and business leaders for their business success, charitable giving, community involvement and overall spirit of philanthropy.

Bob and Janet spend their leisure time with daughter, Kristin, her husband, Will, and their four grandchildren: Walt, Sawyer, Emmylou and (in honor of Janet's mother) Dorothy. His commitment to family and community are inspiring.

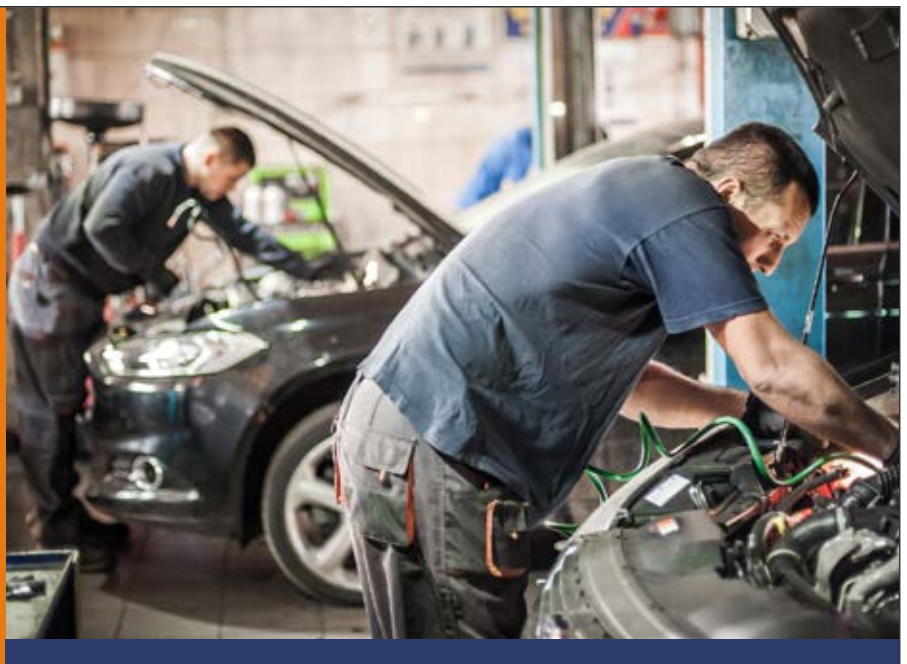
TADA is honored to count Bob as one of their members and thank him for his compassionate service. ▸

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# Texas Dealer Academy Meeting

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# Mapping Out a Successful EV Charger Strategy



**A**s your OEMs make continuing commitments — and as there is an increased demand from consumers — there will be a continued demand for auto dealers to map out tailored solutions for a successful and holistic electric vehicle charging strategy. Balancing current needs with future needs comes with a variety of options and considerations, each worth assessing before taking action.

## The Recommendation

In most cases, installing multiple Level 2 chargers will be the more measured, pragmatic approach. Level 3 DCFC infrastructure makes sense in high traffic locations, where the opportunity exists to monetize service to localized EV traffic. Still, while local charging traffic is likely to increase over time, usage rates across California (the largest U.S. EV market) suggest that it won't be necessary to invest in or install more than what is necessary to charge your own fleet. A more balanced approach is to opt for Level 2 chargers while also asking the right questions regarding future EV charging needs. For example, identifying opportunities for future electrical infrastructure upgrades where it makes financial sense or noting future electrical capacity where already available. Being planful for today while also mapping out your

electrical and infrastructure needs for the future is going to be the best approach as dealers make moves to accommodate EVs.

## Key Considerations

As EVs make their way to your lots, so too will EV chargers so that you can keep your fleets charged and ready to roll off the lot. Options are varied of course, with differing levels and vendors available. You'll want to consider the most effective way to keep your fleet charged while also accommodating your customer's growing need for charging stations. Before any decision, purchase or installation is put into motion, it's prudent to take a pause and thoroughly weigh the key considerations as they pertain to your specific needs.

**Planning:** A trusted energy advisor like APPI Energy can walk you through the specifics, but more broadly, dealers can start with the following:

- **Planning Consideration #1 – OEM requirements/specifications.** If you are aiming for an allocation of EVs soon, then you should have received some sort of guidance from your OEM. If you have not yet received it, and plan to roll out an EV fleet, request

► **EV CHARGER** — CONTINUED ON PAGE 22



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available guidelines (if any). Metro stores will sell more than rural stores in the more immediate future; however, even if selling EVs isn't on your horizon, start crafting a plan for greater ease of execution when the time comes.

- **Planning Consideration #2 – How many vehicles do you plan on charging per day (or night)?**

Answering this question builds with every subsequent step. Dealers should also be asking themselves — does the number you determined include any local EV traffic (charge station stops)? There is an opportunity, from both a financial and sales perspective, in accommodating local EV traffic by becoming a charge stop.

- **Planning Consideration #3 – What is the electrical service voltage of your dealership?** Determining the electrical service voltage will further narrow down available EV charging options.

**Hardware:** Charging equipment is classified by the rate at which it charges vehicles. How much energy (kWh) does the battery hold? What type of batteries are in the EV? What is the power level and output of the charger?

- Hardware choices include: Level I, Level II, Level III (DC Fast Chargers)
  - Level I: 120V, AC, SLOW speed, charging 2-5 mph of charge; Cost per unit: \$1500-\$5000 fully installed
  - Level II: 240V or 208V, MEDIUM speed, 25-70 mph of charge; Cost per unit: \$4000-\$15,000 fully installed
  - Level III (DCFC): 208v or, typically 480V, FAST speed, 175-525 mph charge; Cost per unit: \$25,000-\$60,000 installed (potentially much higher)

- We recommend you stay away from XFC's (Extreme Fast Chargers.) These have twice the output of a standard DCFC, and many EVs cannot safely absorb their power output that quickly. Technology will continue to adapt as this industry matures.

Again, one of the first considerations you'll take heed of is: what is your OEM asking of you? Second to OEM requirements is: how fast do you need to charge vehicles and how many vehicles per day? Many of the steps outlined above come to bear on the hardware you select. EV charging technology will continue to improve and become more efficient; consequently, selecting a brand that allows for future upgrades will prevent some future expenditures. Many charging manufacturers allow for businesses to "brand" the equipment with their logo — just another factor to weigh in your final decision.

**Electric Metering:** Installing multiple DCFC's will often trigger the need for a new utility meter. This requires a robust design and permitting process and the selection of a suitable competitive supplier before power starts to flow; otherwise, the meter will resort to POLR (provider of last resort — this is generally expensive.) The electrical circuit required for Level I and II chargers allows for installation on-site, using existing service equipment (with typically no electric upgrade necessary). In most cases this existing electrical equipment allows the capacity to charge eight to 10 vehicles without costly electrical upgrades.

**Installation:** Installation will be a balance between the location of the chargers and the location of the electrical panel. A few considerations are: What is the location of the electrical service panel compared to where you want to install the charging stations? The closer to the panel, the lower the installation costs.

**Software:** Take into account the type of software that your dealership's charger of choice utilizes. Some chargers provide ease of use with programmable demand

management capabilities, others are less functional. A few questions to pose initially are:

- How will you accept payment should you choose to monetize? Currently, there is typically a 9% charge for transaction fees, and 9% shared revenue to the software provider.
- What is the method of payment, RFID scan, or the ability to swipe a credit card?
- Do you want to be listed on Google Maps and have travelers or local traffic stop to charge? This can cost up to \$400 per charging spot per year. With this cost comes the white-glove service, including demand management visibility.
- Public chargers typically charge customers by the minute, typically at a very low cost, \$2-\$4 per hour.

**Power Supply Contract:** There are countless retail energy suppliers in the marketplace, and it is best to have an official and agnostic RFP run for your specific power load/consumption to get the best price available to you. APPI Energy has 25 years of experience reviewing, negotiating, and brokering power supply agreements. We have experience contracting products specific to utility meters that are used for EVs and can assist your dealership in navigating this new terrain.

**Demand Management:** Another crucial consideration to keep top of mind is: how is the extra power usage going to affect demand charges, future capacity tags ... and what are the available solutions? What's more, consider whether the software you chose allows for site-level demand management. Another component to avoid is coincident peaks. If cars are charging during "peak times" of the day, when the grid is stressed the most, a significant "demand" charge will be added to your power bill from the utility. There are various solutions to help mitigate this inevitable side effect; however, the options should be customized to your energy profile for the best results.

**Operations and Management:** The logistics don't come to a pause after installation. What happens once everything is installed and something doesn't work? Hardware or software fail? What kind of service is included by the manufacturer or network provider? Is this a full white-glove service? How long is the downtime while you wait for service?

**Funding:** DCFC's can cost several hundred thousand dollars if implementing more than a few of them – APPI Energy has options to assist in implementing a project at no upfront cost.



**EV charging technology will continue to improve and become more efficient; consequently, selecting a brand that allows for future upgrades will prevent some future expenditures.**

**State and federal incentives:** Many of the state and federal incentives require Level 2 or higher charging speeds. For example, Austin Energy offers a rebate of up to \$4,000 or 50% of the cost to install approved Level 2 charging stations for businesses. Austin Energy also provides rebates up to \$10,000 to hosts who want to install a DC Fast Charger.

As always, APPI Energy is here to advise TADA members and help navigate the evolving energy landscape, from the implementation of solar to the most advantageous EV charging plan. Contact APPI Energy today at 800.520.6685, [info@appienergy.com](mailto:info@appienergy.com), or [appienergy.com](http://appienergy.com). ▶

**APPI Energy is a TADA Endorsed Company.**



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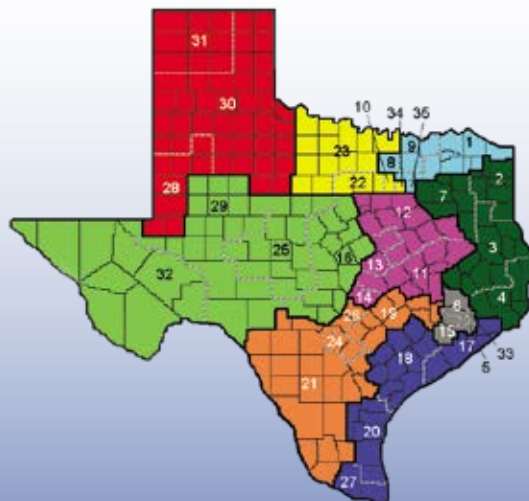
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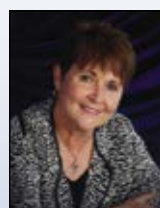
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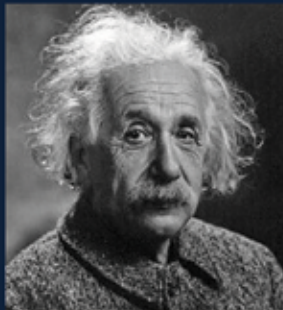
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With all of today's mergers and acquisitions there are two important questions **YOU** need to ask yourself.

- **Does your provider's merger or acquisition by a larger Private Equity or Publicly traded company make YOUR business better?**
  - a. *Have your costs gone down?*
  - b. *Has your level of service increased?*
  - c. *Are your results improving as a result of the merger?*
  - d. *Do you now feel more like a Small Fish in a bigger pond?*
  
- **What is the Mission Statement of the controlling entity long term?**
  - a. *Are they building a company to LAST or a company to sell again?*
  - b. *Are you going to have to go through provider ownership transitions every 4-6 years?*
  - c. *Are they cutting long term employees and expenses from the acquired providers to drive up their EBITDA for resale valuation?*



Any intelligent fool can make things bigger and more complex... It takes a touch of genius - and a lot of courage to move in the opposite direction.

(Albert Einstein)

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First Innovations remains unapologetic for **its hands on personal holistic approach to dealership income and personnel development.**



# Bird-Kultgen Celebrates 85 Years



The Grand Opening of the 1947 Franklin Location

**B**ird-Kultgen Ford recently celebrated their 85th anniversary. BK was established in 1936 by Jack Kultgen and Arthur Bird and is still family-owned and operated. The dealership has grown to be the largest Ford dealership in Central Texas and is a trusted fixture in the Waco community.

Current President Claire Kultgen McDonald shared, “I would like to say thank you to all of the customers that have trusted us and allowed us to earn their business for over four generations. We are here to serve you. Additionally, to all of the wonderful and talented men and women that have worked on our team and been part of the Bird-Kultgen family, thank you. But we aren’t done yet. The tradition of excellence that was established has provided a strong foundation for becoming the best Bird-Kultgen Ford we have ever been.”

## Future

Mark Stewart, who owns the dealership with Claire and runs the day-to-day operations as General Manager, is focused on BK’s future success. “We are evolving to simplify the car buying process and offer an easy service experience to meet the needs of our customers. We are preparing now to sell and service electric vehicles and provide more advanced mobile repairs. Providing the best service to Central Texas requires our team to be the best. We will do this by continuing to provide a great work environment, world-class training, and state-of-the-art equipment and tools. This will allow us to provide the highest levels of service to our customers,” stated Mark.

## Mission and Charity

Our BK mission is twofold. We believe we are called to serve the transportation needs of our community, to help them get work done and make lasting memories with





Jack Kultgen and Arthur Bird celebrate the grand opening.



KWTX covers the grand opening and one of the first Waco businesses with "Conditioned Air."



The Franklin location in the 1960s



Grand Opening of Highway 6 Location

their families. We are called to give back to this great community and are honored to support many charities and nonprofits in the Waco area.

In 2021, the dealership supported many local events and charities such as:

- Youth at the McLennan County Agriculture Sale
- Raffling off a Mustang Convertible for Shepherd's Heart Food Pantry
- 100 free mammograms in October with Baylor Scott and White Hillcrest
- Presenting Sponsor of the Chamber Waco Under 40 Awards
- Scholarships through TSTCs automotive department
- Fuzzy Friends Barking Ball
- Waco United Way

## History

In 1936 Jack Kultgen and Arthur Bird began operating the Ford dealership located in downtown Waco on 5th Street. In 1947 they moved to Franklin Avenue and became one of the first buildings in Waco to offer air conditioning! In 1992, BK moved to its present location on The Motor Mile.

The dealership has sold and serviced some of America's most iconic vehicles. From Ford's first truck, the Model TT, to the Model A, the launch of the F series in 1948, the 1954 Thunderbird, the iconic 1964 Mustang, the Taurus in 1985, which was the best selling vehicle in America with over three million sold, and the Explorer in 1990 which launched the SUV revolution.

Presently, the dealership sells the best-selling vehicle in America for the last 44 straight years, the Ford F-150.

They also sell exciting new products such as the electric Mustang Mach-E, the new Bronco, and the all Electric F-150 Lightning coming in 2022, which has already generated over 50 reservations.

Jack Kultgen ran the dealership from the 1930s until the late 1980s. His grandsons, Peter and Edward Kultgen, joined in the 1970s and helped build and lead Bird Kultgen during the latter half of the 20th century until Ed's retirement in 2015 and Peter's in 2021. Claire McDonald, Jack's great-granddaughter, joined the dealership in 2010, and Mark Stewart was adopted into the BK family as an owner in 2021.

### In Closing

Together, Claire and Mark are dedicated to the continued success of the Bird Kultgen dealership by providing simple and easy service for their customers, a great work environment for their employees, and cultivating an even better Bird-Kultgen for the future. ►

**In 1936 Jack Kultgen and Arthur Bird began operating the Ford dealership located in downtown Waco on 5th Street. In 1947 they moved to Franklin Avenue and became one of the first buildings in Waco to offer air conditioning! In 1992, BK moved to its present location on The Motor Mile.**



50th Anniversary Celebration in 1986



Remodeling the new Highway 6 Location



Employees Celebrating at the 75th Anniversary





Team photo in the 1950s.



The technician team says goodbye to one of our oldest and most used tools, this compressors served for over 50 years.



The BK Team in the late 80s at the final days of the Franklin location



BK's 2021 Team



85th Anniversary Lunch at BK Ford

# NTXAD Auto Tech Competition

The NTXAD Auto Tech Competition was held Dec. 4, 2021 at the Texas Motor Speedway. High School Seniors from 25 North Texas High Schools participated in this automotive and technology competition. A big thanks to all those who attended and sponsored this event.



NTXAD Members,

New car dealers, already responsible for nearly one in every 100 jobs in our country, need to hire an additional 76,000 workers to repair and maintain the 245 million cars, trucks, and SUVs already on the road.

For these reasons, the NTXAD has spent the past two years developing programs that drive mechanically minded kids into high-paying auto tech career opportunities.

As a result, the NTXAD recently held “THE AUTO TECH COMPETITION” (ATC) at Texas Motor Speedway on December 4th.

Over 400 people from education and industry gathered to cheer on 75 High School Students who had spent several weeks learning from auto technicians in 25 franchised dealerships across north Texas.

Educators attending included TCCC President, Dr. Dan Lufkin, TCCC V.P., Dr. Shannon Ydoyaga, Automotive Dept. Chair, David McNabb, Dallas College, and automotive instructors and students from Collin College, Hill College, and 25 High Schools you can find at <https://www.ntxad.com/automotive-careers-education/auto-tech-competition-2/>

Each high school team competed for financial support to continue their post-secondary automotive tech education courtesy of the Carroll Shelby Foundation. Snap-on Tools awarded \$3,000 in tools to each member of the 1st Place

Team, \$2,000 in tools for each member of the 2nd Place Team, and \$1,000 in tools for each member of the team that took 3rd Place. Every student and instructor walked away with prizes made possible by the Chevrolet, Ford, GMC, Acura, Kia, and Subaru dealers.

We had a great news segment from CBS11 television, which provided a nice synopsis of the event.

Nick Huff, Service Director for James Wood, Decatur, provided the narrative for a story. <https://dfw.cbslocal.com/2021/12/04/high-school-students-face-off-at-north-texas-automobile-dealers-2nd-annual-auto-tech-competition/>

## School Mentor Dealer

**1st Place Lewisville** — Technology Exploration Career Center East, Ewing Subaru

**2nd Place HEB** — Buinger, CTE Academy Classic Chevrolet, Grapevine

**3rd Place Arlington** — Dan Dipert Career Technical Center, Classic Buick GMC, Arlington

While the competition was a great event, I was also gratified to hear stories from parents of children who participated in the event. I had a wonderful conversation with the mother of one of the students who asked me to thank all our dealers for conducting the competition. She said, “I’m a single mom, and without this competition, my son would not have had the same chances to succeed as other students’ parents give them.” Thank-You!





We also want to extend a “Thank you!” to George Arrants, ASE Education Foundation, and NTXAD’s own Sondra Hawkins & Lisa Moore, who made this event a reality and a success.

The guidance and direction George has provided to not only the competition but also for our DOL Registered Apprenticeship Program & our education initiatives in development have been critical for our ability to meet the needs of students and industry.

Several schools, originally committed to the competition, ended up not participating in this year’s event due to the pandemic. Still, we were delighted to add schools from Northeast Texas, such as Paris and

Longview. Next year, we hope to increase the number of schools outside our immediate area and turn this event into a regional competition.

Our work on the 2022 contest begins now, but I need your help! My goal is for every franchise dealer to have the opportunity to participate and mentor a team. To do so, we need to recruit schools and convince them to participate. Please give us your input and let us know if you would like to “volunteer” to be involved with the planning & operations of the Auto Tech Competition and NTXAD’s other educational programs. ▶

Thank you for your support,

C. Brent Franks, NTXAD President











# What a Decrease in Inventory Means for Your LIFO Reserve

By Jon Gee, Partner, DHG Dealerships



**M**ost automobile dealerships value at least some part of their inventory using the Last-In-First-Out (LIFO) accounting method. In periods of rising prices and stable inventory levels, LIFO usually results in a deferral of income by an increase in the cost of goods sold. When prices are falling and/or inventory levels decline, the opposite can happen – that deferral of income reverses; this is known as LIFO recapture. Historically low inventory levels brought on by the COVID-19 pandemic, subsequent recovery of demand and now chip shortages, coupled with the potential that low levels may persist through the end of 2021, are a potential threat for LIFO recapture this tax year.

Depending on the magnitude of the inventory decrease from 2020 to 2021, this recapture could be significant. To prepare for this possible recapture, dealers can start modeling now to assess the materiality of the issue and their specific situation.

During the onset of the COVID-19 pandemic, consumers were not buying new vehicles or trading in old ones. So,

the market saw concurrent suppressed demand and supply in the dealership industry. At the same time, demand for consumer electronics swelled, and chip producers reallocated production to fill that need. Now that the U.S. economy is rebounding and shoppers are heading back to dealerships, the reallocation of production back to automotive supply chains is sluggish. Additional recent setbacks include a power outage, a production pause and a fire at various chip manufacturing plants. The fragility of the supply chain continues to plague dealerships. It is also possible that long-term reliance on outdated technology was triggered at the onset of the pandemic.

Requests have been made to the Department of Treasury and the Internal Revenue Service to consider a LIFO “Holiday” to postpone LIFO recapture until inventory levels return to normal. Organizations like the National Automobile Dealers Association (NADA) are advocating for LIFO relief policies, specifically asking for Internal Revenue Code Section 473 relief by arguing that the COVID-19 pandemic has caused a qualified inventory interruption. Under Section 473, taxpayers would not



**The current year inflation and the cumulative LIFO index play major roles in the calculation. Used vehicle LIFO pools continue to fare well, with surging used prices driving inflation to record levels. June industry data shows inflation in the used market of approximately 20%; however, there are signs that used vehicle price hikes may be dropping soon, and those levels of inflation could be much different by year-end.**

recognize income attributable to the liquidation of LIFO layers if the inventory is completely replaced by the end of a replacement period. While there has been no traction from these requests to date, hope remains, and it seems the advisable action is to continue this conversation within the industry.

An inventory reduction will affect LIFO reserves based upon the history of inventory levels and inflation as well as the current level of inflation. This will vary from dealer to dealer, manufacturer to manufacturer and the mix of cars versus trucks, as trucks trend more inflationary than cars. New vehicle industry data from June 2021 shows Alfa Romeo, Chevrolet cars, Ram trucks and Infiniti trucks/SUVs are at the top of the inflationary charts with Volvo trucks/SUVs and Lincoln, Jaguar and Buick cars holding at the bottom at around 1.00, zero inflation/deflation. Newer dealerships with less layer history have trended somewhat better than those with a long layer history dating back decades, so keep in mind that a decrease in inventory does not necessarily equate to LIFO recapture. The current year inflation and the cumulative LIFO index play major roles in the calculation. Used vehicle LIFO pools continue to fare well, with surging used prices driving inflation to record levels. June industry data shows inflation in the used market of approximately 20%; however, there are signs that used vehicle price hikes may be dropping soon, and those levels of inflation could be much different by year-end.

Dealers should have considered modeling minimum inventory levels and estimates of their LIFO layers

beginning in October. With the year ending, this should have been appropriate timing to minimize inflation fluctuations that would affect the calculations and allow time to implement planning. A minimum inventory level can give dealers the estimated point where minimum deduction or income may result from valuing their inventory at LIFO. An estimate calculation can provide dealers with an approximation of deduction or income resulting from a change in the LIFO reserve.

For dealers facing significant LIFO recapture, there are a few options to consider. Some accounting method options or changes to one's year-end could be explored to possibly lessen the impact. However, these options are very fact-specific and may not be available to everyone. Changing from alternative LIFO to IPIC LIFO may be a viable solution where new vehicles are pooled with used vehicles and parts, spreading the effects and softening the blow. However, IPIC may only be a short-term solution since the Producer Price Index (PPI) and Consumer Price Index (CPI) used in the IPIC method historically produce lower inflation indexes and, in turn, potentially less future benefit. Changing from alternative LIFO to IPIC LIFO requires a Form 3115. If none of these options are suitable for you, and LIFO recapture is imminent, there is some consolation in that dealers could be paying fewer taxes on the recapture now if tax rates will be higher in future years. ▶

*DHG is prepared to help you address LIFO recapture as it affects you and your dealership. For questions or more information, reach out to us at [dealerships@dhg.com](mailto:dealerships@dhg.com).*

# Community Service

On October 16, Tommie Vaughn Ford hosted the 3rd Annual Raptor Rally benefiting Scout's Honor Rescue. A big thanks to the generous event sponsors and attendees, especially the Houston area Raptor owners. ▶



*Pictured from left to right: Jim and Kyle Janke of TVF, Terri Walker and Susie Wormser of Scouts Honor, Kirby Janke and Glen Tinsley of TVF.*

During SA Auto Dealers' annual Dealers Aligned community giving campaign in October, more than 30 participating area auto dealerships helped raise \$50,000 for Haven for Hope, by donating \$10 for every alignment provided to customers during the month. The funds raised far exceeded the organization's goals. A generous matching grant from the Texas Cavalier Charitable Foundation added an extra \$50,000, for a total gift of \$100k to Haven for Hope. ▶



*(Left to right): Lee Willis, North Park Lexus; Art Kiolbasa, World Car Automotive; Bobby Cavender, Cavender Auto Group; Drew Allen, Texas Cavaliers; Rick Cavender, Cavender Auto Family; April Ancira, Ancira Auto Group; WB Cavender, Cavender Auto Group; Barbara Gentry, Haven for Hope; and Celeste Eggert, Haven for Hope.*



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Bob Boggus  
Owner  
Boggus Motor Company, McAllen, TX



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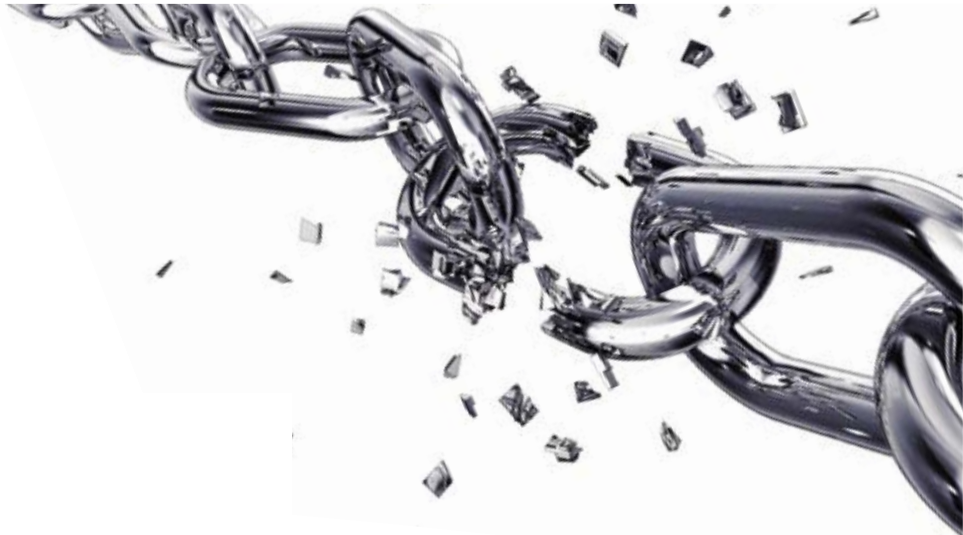
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