

Incoming Chairman's Message

Michael DiFeo

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First and foremost, I want to thank Judi and all Coalition leaders who came before her for setting me up for success. I can confidently say the organization has never been better positioned for success.

Judy spoke about the Coalition's mission of advocacy, education and training, and member service. Our ability to deliver on the NJ CAR mission requires leadership and direction from the board, but also commitment from a team of dedicated managers and rank-and-file employees. All of us can relate: our dealerships are only as good as the employees we rely upon to serve our customers.

We have built an effective and deeply committed team at NJ CAR. But many of the Coalition's senior-most managers have retired or will be nearing retirement soon. For the past few years, the Board has focused on succession planning and directed staff to develop a game plan for what comes next. We signed Jim Appleton to a new five-year deal and he is working hard at building a team that will carry NJ CAR long after he is gone.

Earlier this year we hired a new Director of Legal Affairs, Greyson Hannivan, and a new Director of Government and Regulatory Affairs, Magdalena Padilla. They have already become key NJ CAR players and, working with Director of Communications, Brian Hughes, have substantially increased the scope and quality of the Coalition's legal, government and public affairs capabilities.

We also brought on a new Director of Accounting and Financial Services, Angelo Familigietti, who comes to us with years of experience on our outside audit team.

Breanna Esquilin, a former dealership service department manager, is building our workforce development and auto tech apprenticeship capabilities and pitching in on many new and existing member service programs. And we hired Anne Smith to help increase our visibility in the dealerships. She is working to recruit your employees to become part of the NJ CARPOOL outreach network, designed to leverage the power of dealership employees to move our legislative agenda in Trenton. And, of course, Gail Caputi continues to call on dealerships, as do long-time NJ CAR Services sales reps, Rich West and Rich Trabilisy.

Look for more personnel changes in the next few years as Sue Sbarro, Director of Motor Vehicle Operations, and Scott Kley, Director of NJ CAR Services, get ready to retire. Both will be hard to replace but are working to ensure a smooth transition.

One constant at NJ CAR for 35+ years has been Judi McGinley, who has been elevated to the position of Executive Vice President, where she really functions as a Chief Operating Officer. Judy's experience and commitment to the dealer community is invaluable and she is focused on

working with Jim to ensure we have a team in place to set the Coalition up for success now, and for the next 20 years.

Building and recruiting this team is a critically important process to meet our long-term goals and objectives. It is complicated by the fact that we must continue to meet the day-to-day immediate demands facing the Association and our dealer members.

So, what are those immediate demands facing the dealership community and NJ CAR?

Right now, we are in the midst of a legislative and gubernatorial election campaign. CAR-PAC has been raising money and making contributions to candidates who support the business community, in general, and new car dealers, in particular. We have offered the minimum, and respectful, support to Governor Murphy's reelection effort, while also organizing fundraisers to give dealers an opportunity to raise funds for his challenger, Jack Ciattarelli.

It's no secret that we haven't found the Murphy administration particularly helpful or in sync with business community or dealer needs. We will continue to try to build relationships with the Murphy administration now and if – as seems likely – he wins a second term. But the relationships we build with the Legislature are just as important and may prove more beneficial if the Governor continues to turn a deaf ear or blind eye to dealer concerns.

As Judy mentioned earlier, we are working with a Committee of dealers and dealer lawyers to develop a comprehensive legislative package to strengthen and clarify dealer franchise rights and the consumer benefits of the franchise system. I expect we will have a draft to present to the Executive Committee in November, after which time we will begin working with potential sponsors and legislative leadership to move a bill later this year or early next.

Meanwhile, NJ CAR is reaching out to legislators in every district and on both sides of the political aisle to urge them to resist efforts by Wall Street and Silicon Valley players to undermine the franchise system. We expect Tesla, Lucid, Rivian and others to make a move during the "lame duck" session in November and December to press for legislation that would allow any all-electric vehicle manufacturer to enter the market, as Tesla has, without franchisees.

We have held face-to-face Zoom meetings with 70+ members of the Legislature in an effort to get in front of this issue and prevent the introduction or passage of legislation allowing all-electric vehicle manufacturers to sell directly to consumers.

Similar bills have been introduced in New York, Connecticut, Pennsylvania and a number of other states. Although no bill has been introduced in New Jersey, Lucid and Tesla have hired high-priced lobbying talent- individuals with direct ties to Governor Murphy. They didn't do that without good reason and, it's safe to assume, they are working as hard behind the scenes as we are.

Dealers and NJ CAR have a difficult line to walk here. We can't allow companies like Tesla and Lucid to enter the market without anticipating the legacy auto makers we represent will demand the same options, at least for their electric vehicle product. So, while we resist this movement,

it's critically important that new car dealers demonstrate to consumers, automakers, the media and public policy makers, that we are all-in on electric vehicles.

Our fight with Tesla isn't about the electric vehicle and never has been. It's about the distribution model. And we must make the case publicly that the franchise system – not factory direct sales – is the best and most efficient way to market for electric vehicles. Wall Street and Silicon Valley favor the direct sale model because it eliminates competition and reduces access to independent and locally accountable service facilities. Not because it's better for consumers, the economy or the future of EVs. But simply because it is better for them and their investors. Let's be clear, if the state legislature allows all electric vehicle manufacturers to bypass franchisees, every legacy automaker with plans to bring more EVs to market, will find a way to take advantage of the loophole in a manner that will eventually make your franchise worthless.

NJ CAR is doing its part to get ahead of the issue, but dealers have a role to play. First and foremost, order EVs, train your employees to sell and service EVs, and demonstrate your commitment to your OEMs and customers. Second, invite NJ CAR to enroll your employees in the NJ CARPOOL outreach network so that we can leverage the grassroots power of your employees, and your local influence, to keep New Jersey legislators in our corner. Third, get personally involved. Get on a Zoom call with NJ CAR and your local legislator or invite your elected officials to the dealership for a visit. Show them what you do and emphasize the benefits of a locally-owned and accountable business.

The challenges we face now, and over the next several years, are unlike any we've faced in the past. The pace of transformation in the auto retail sector, from internal combustion to zero emission vehicles, is accelerating. The auto makers we represent are kicking internal combustion technology to the curb, and that will precipitate change like we've never seen. Tesla's ability to conflate the EV movement with direct sales has introduced an existential threat to the dealer model. Either we win this fight in the next few years, state-by-state, or we get on a path to extinction. That's no exaggeration. It is important that dealers and dealer advocacy groups, like NJ CAR, stay focused on this threat.

Chip shortages and inventory constraints will come and go. Inflation and consumer confidence may rise and fall. But the zero-emission movement and Wall Street's determination to do away with car dealers is real and it's not going away. We are in for the fight of our life, but NJ CAR and the Coalition's Executive Committee are up to the challenge and committed to doing whatever it takes to win.