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Summer 2009

News From The Global Automotive Aftermarket Symposium

Economic Optimism Emerges From GAAS 2009

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With predictions that the global economy is poised for a rebound in the near future, the 2009 Global Automotive Aftermarket Symposium (GAAS) was held Wednesday, May 6 and Thursday, May 7 at the Hyatt Regency O'Hare (near Chicago). This year's event included 338 aftermarket professionals who gathered for educational and networking opportunities.

Featured presentations on the current economic climate included: Jeff Applegate, chief investment officer, Citi Global Wealth Management; William Strauss, senior economist and economic advisor, Federal Reserve Bank of Chicago; and Tony Cristello, senior vice president, BB&T Capital Markets.

Cristello expressed to the GAAS audience a note of encouragement about the automotive aftermarket. "Wall Street's positive on the space. They're making money on the aftermarket," explained Cristello. "They're investing in it. And I think it's a good place to be and it's going to continue to be a good place to be. And, you know, I just think you guys are just on the cusp of some really positive developments coming forth."

(Continued on page 3)



It was a full house for GAAS 2009

GAAS Scholarship Awards Reach \$1.4 Million

Pete Kornafel, chairman, GAAS Scholarship Committee, announced the awarding of scholarships to 59 U.S. students pursuing aftermarket careers in 2009 and donations of more than \$10,000 received at the 2009 Symposium, which will fund a second round of awards soon.

The \$1,000 and \$2,000 scholarships will be granted to 59 students in the United States, 54 GAAS \$1,000 award recipients and five recipients of the Breslow Foundation \$2,000 scholarships. Awards given to Canadian students were scheduled to be announced in June.

In the history of the scholarship program, more than 1,400 students have received aid totaling approximately \$1.4 million.

"Even in this time of economic difficulty, GAAS continues to ensure a strong future talent pool for automotive aftermarket companies and service outlets," said Pete Kornafel, chairman, GAAS Scholarship



GAAS Scholarship Chairman Pete Kornafel

(Continued on page 4)

Don't Miss GAAS 2010!

Be sure to bookmark your calendar for the 2010 Global Automotive Aftermarket Symposium (GAAS). GAAS 2010 will be held **Tuesday, May 18 and Wednesday, May 19, 2010** at the Hyatt Regency O'Hare (near Chicago). The dates are a week earlier than previously announced. ♦

“Don’t Waste This Crisis” Says SEMA’s John Waraniak

In his presentation, “Don’t Waste This Crisis,” John Waraniak, Specialty Equipment Market Association (SEMA) vice president of vehicle technology, encouraged attendees amidst the recession and automotive industry difficulties to create new strategies to move their companies forward.

“We’re in a crisis environment. Let’s face it. And the instinct during a crisis is to wait out the uncertainty,” explained

Waraniak.

“Well, that strategy is wrong. You can’t wait. You have to learn and adapt and find the wind, and find a new way to compete. Now is the time to be energized, to prepare, to challenge the conventional wisdom of the past with non-traditional thinking, and think of new ways to compete through these historic times.” ♦



John Waraniak

New Vehicle Technology and Its Impact on the Aftermarket

Piggybacking on John Waraniak’s presentation (see above), Bill Haas, vice president of education and training, Automotive Service Asso-

ciation (ASA), said that automotive service repair shops and their suppliers must adapt to new vehicle technology in order to ensure future profitability.

“I know you don’t usually get homework assignments at GAAS, but I have one,” explained Haas.

“I ask that each of you go back to your companies and organizations and make sure that everyone at every level within your company/organization is ready to assist shop owners and technicians preparing for the future. It’s in our best interest that we have to be the messengers to make sure that the motoring public of this country understands that the automotive aftermarket has been and will be the best choice for automotive service and repair.” ♦

“If they (shops) don’t embrace the technology, aren’t prepared for what’s coming down the pipe, they’ll be out of business. They’ll fail to realize the profits that they need just to stay in and grow their business,” said Haas.

In his closing remarks, Haas challenged GAAS attendees with a task.



Bill Haas

Majority Of Consumers To Spend More On Car Repair

David Portalatin, director of industry analysis, The NPD Group, presented the results of research NPD conducted exclusively for GAAS on consumer attitudes toward repair and maintenance. Among other things, the research showed that 58 percent of those surveyed would spend more this year to keep their cars on the road longer.

While Portalatin presented that good news, he told GAAS attendees that with miles driven and vehicle population stag-

nant in 2009, aftermarket growth may suffer.

“As new vehicle sales are declining and at the same time we’re scrapping a lot of older vehicles, it looks like 2009 is going to be a year where the actual vehicle population does not grow. So if miles driven is the



David Portalatin

single greatest contributor to total demand growth and a big component of that is how many cars are on the road, 2009 could be a year where we don’t see growth in either of those numbers.”

Portalatin pointed out that something significant has not changed: “We love our cars. Americans are still pretty passionate about our cars. There is no reason why we can’t connect with that passion and make this a growing, vibrant industry even in hard economic times.” ♦

Global Automotive Aftermarket Symposium

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GAAS 2009: Reviews From Attendee Feedback Forms

Each year the Global Automotive Aftermarket Symposium (GAAS) asks for feedback from attendees. Based on this information, the GAAS Steering Committee helps put together the agenda for the following Symposium. Here's a few of the anonymous comments received about the overall conference.



"Very valuable insights into the market and the economy."

"As a manufacturer of aftermarket equipment and a woman executive, it is interesting to see the views of my peers and customers. I think increasing focus on women as customers is key."

"Good content, a little heavy on the 'economy,' but understood!"

"Lots of practical and actionable information."

"I've been able to take away several great ideas to help my business in this tough economy."

"Will use these concepts in strategic planning."

"This was the best GAAS from a content perspective. Some of the presentations had me on the edge of my seat."

"Subjects were very timely; speakers were very knowledgeable. New moderators for panel groups was a nice change."

"I wish we could have gone away from the economy somewhat, but understandable with what's going on."

"In times of dramatic change, it is more important to see/hear from all the viewpoints of our industry—that's just what I received here. Thanks!" ♦

Panel Looks At Survival Strategies For Manufacturers

Doing more with less was the mantra of a panel discussion titled "Strategies To Help The American Aftermarket Parts Manufacturer Survive." The panel was led by Jack Cameron, vice president, AASA.

Panelist Joe Pomaranski, vice president, North American Aftermarket, Tenneco, Inc., shared five survival actions for manufacturers. He first cited understanding your top line and strong cash management.

A third action he suggested was for manufacturers to continue to be aggressive. "Whatever you do well, keep doing it. Go after new business. Challenge your customer base because when this is over with, if you're the last guy standing, you're going to grab some of that busi-

ness."

His final two points were "don't be afraid to invest in the business" and "plan for the worst."

"Focus on what you do best...don't try to be everything for everyone."

Mike McGrath, SKF North America

Similar advice was offered by Mike McGrath, president, vehicle service market, SKF North America, "Focus on what you do best. I saw a slide earlier, focus on your core competencies. And don't try to be everything for everyone. And I think this past year, SKF, we came to the realization that we needed to exit the value-line hub business."

Jeff Brekke, president, automotive aftermarket, Gates Corporation, said, "I think you have to have a little diversity in your end markets, as well, because that will spread out the risk. And when one segment is down, another one will pump it up."

Paul Johnson, general director, independent aftermarket, GM Service Parts Operation—ACDelco, said aftermarket manufacturers need to have a good memory of the current times. "We've got to remember these days, because it is going to get better. For those of us who do come out on the other side, our companies, whether they're big or small, are probably going to be earnings machines." ♦

Economic Optimism Emerges From GAAS 2009 (cont.)

(Continued from page 1)

GAAS Chairman Dave Caracci said, "Though no one was predicting a quick turnaround, all of our featured speakers who addressed the economy sounded a note of optimism about the opportunities that are available now and when the economy fully turns



Dave Caracci

around."

He also expressed appreciation for the success of GAAS 2009, "We were greatly encouraged by the strong turnout for this year's event and the positive feelings that reverberated from the podium and in the hallways during networking sessions."

Content from GAAS 2009 is available to all conference atten-

dees at www.globalsymposium.org. Where permission has been granted from speakers, you can obtain their slides, audio files and transcripts.

The content section is password protected. Attendees who participated in GAAS 2009 received information in their program to access this section of the website. If you are not able to access the site, contact Barbara Clark at barbara.clark@aftermarket.org. ♦

John Wormald Provides Perspective on the Environment

A look at the environmental crisis was provided by Dr. John Wormald, managing partner, autoPOLIS. His presentation looked at the consequences of the crisis for the automotive industry and the aftermarket.

Wormald said in his remarks that he would not make detailed recommendations, but three generic suggestions. “One, be aware,” explained Wormald. “Look beyond your immediate businesses, markets and customers to try to understand the changes that could happen in the wider circles of the automotive industry and beyond. And, again, the e-commerce example is extremely telling. These things could create threats for you,

but they can also open up monumental opportunities.”

He next advised the aftermarket to be influential. “Maintenance and repair are a huge business, socially, economically, environmentally critical,” said Wormald. “They matter; the aftermarket matters. It literally keeps the majority of people on the road. It’s often underrated and understated. I think its voice needs to be heard more and more loudly by consumers and government agencies alike and perhaps vehicle manufacturers, too.”



Dr. John Wormald

Finally, he said since the aftermarket is made up of free agents and businesses that set their own destinies that the industry is free to be ambitious. “When I look back at my experiences in the aftermarket

over the last 25 years, I realize that it’s the aftermarket that’s been the source of practically all the genuine innovation in the downstream sector of the industry. So I am confident, and actually I think this financial crisis is indeed a tremendous opportunity for the aftermarket if it’s played right.” ♦

GAAS Scholarship Awards Reach \$1.4 Million (continued)

(Continued from page 1)

Committee. “With the support of the GAAS proceeds and additional donations, we have the opportunity to help these well-qualified, deserving students reach their goal of pursuing a career in the automotive aftermarket,” he added.

The GAAS scholarships are funded through proceeds from the Global Automotive Aftermarket Symposium. This year’s scholarships include those funded through the donations and grants from:

- AAIA Leadership Development Network
- Michael Busch Memorial Fund
- Art Fisher Memorial Scholarship Fund
- Peter and Lorraine Kornafel
- Multi-Parts Supply
- RL Polk
- Kathleen Schmatz
- Udell Family Foundation
- University of the Aftermarket Foundation
- Zurich

“Our efforts to increase collaboration with other automotive and aftermarket groups resulted in a near record number of applications this year at the GAAS

scholarship Web site from students seeking automotive scholarships,” Kornafel said. “By working together, we are benefiting the students who can submit one application and be considered for multiple scholarships,” he added.

Collaborative efforts with state associations and other automotive groups include:

- Automotive Aftermarket Association of the Carolinas and Tennessee (AAACT)
- Automotive Aftermarket Association Southeast (AAAS)
- Association of Diesel Specialists (ADS)
- Automotive Parts & Services Association (APSA)
- Automotive Parts and Service Association of Illinois (APSA of IL)
- Arizona/California/Nevada Automotive Wholesaler’s Association (CAWA)
- Kentucky / Indiana Automotive Wholesalers Association (KIAWA)
- New York State Automotive Aftermarket Association (NYSAAA)
- Ohio Valley Automotive Aftermarket Association (OVAAA)

Each of these other collaborating groups has their own criteria and selects their own recipients for their scholarships.

To be eligible for a GAAS scholarship, applicants must be enrolled full-time in a college-level program or an ASE/NATEF (National Automotive Technician Education Foundation) certified automotive technical program. Graduate programs and part-time undergraduate programs do not qualify.

The GAAS scholarship is unique in that recipients who graduate from their program and show proof of employment as technicians in the automotive aftermarket for at least six months after graduation can receive a second matching award.

GAAS Scholarship applications for 2010 will be available online at www.automotivescholarships.com beginning in September 2009. The deadline for submitting 2010 scholarship applications is March 31, 2010.

The annual investment to help develop future aftermarket industry leaders is primarily funded through proceeds from the annual Global Automotive Aftermarket Symposium. Additional scholarship funding comes from industry contributions from individuals, companies and foundations. Contributions can be made to the GAAS Scholarship Fund. To make a contribution, contact Susan Medick at AAIA, at 301-654-6664, or susan.medick@aftermarket.org. ♦

Take Your Aftermarket Business To The Internet Says Panel

As moderator Rick Schwartz opened the panel discussion on “Internet Business Models in Today’s Aftermarket,” he reminded GAAS attendees that “the Internet is much more than e-commerce.”

Schwartz, managing partner Schwartz Advisors LLC, said, “There are so many Internet-based initiatives that can have a tremendous impact on your bottom line that the more appropriate term to use is really e-business.”

Schwartz presented research by Jupiter Research that the online auto parts category is expected to have the fastest growth rate of new buyers. He asked panelist Tom West, CEO, Whitney Automotive what he sees behind this fast growth rate.

“This industry is uniquely set up and has some really good online characteristics, in the sense that there’s a real long tail to the supply chain and the products that are out there, and it’s a very data driven sale,” explained West. “The unique year, make, model fitment require-



ments are particularly well set up for a technology based deployment, which works really well with the Internet.”

Panelist Tom Aliotti, senior vice president and general manager, automotive, Activant Solutions, Inc., said social networking presents an opportunity for the aftermarket.

“How do we take advantage of Facebook, Twitter, YouTube to get the message out that fixing your car in the aftermarket is as good, if not better, than taking it to the OE. That’s an opportunity for us. WDs, jobbers, retailers, chains all have the

same type of opportunity.”

Scooter Brothers, co-owner and director of R&D, Comp Performance Group, says for the performance market the Internet is more about sharing information.

“What we do at Comp more than actually sell and do the commerce on the Internet, is we use it for transferring information,” explained Brothers. “In the performance world, people are hungry to learn: What is the best part? What’s going to make my engine, my car, better than the guy next to me? And so they’re going to do the research. They’re going to just dig into it to try and figure out, ‘If I’m going to buy this part, which one do I want to buy?’”

All of the panelists said the Internet provides great promise for the future.

“E-commerce and the Internet can provide a great opportunity for us,” said Aliotti. “I think that the more we can do to leverage that the better I think we’re going to be in this industry.” ♦

Jim John Receives Mort Schwartz Education Award

An annual highlight of GAAS is the presentation of the Mort Schwartz Excellence in Education Award. This year’s recipient, Jim John of Northwood University was presented with the award by Kathleen Schmatz, president of the Automotive Aftermarket Industry Association (AAIA).

John is the chairman of the Automotive Aftermarket Management Department on the Midland Campus of Northwood University. John received the award during day one of the Symposium on May 6.

The award is presented annually on the person, company or educational institution that best advances the concepts and programs for education or continuing education in the North American automotive aftermarket. It was named for Mort



Schwartz, a man who rose to the top of the aftermarket industry by virtue of his enormous talent, hard work and dedication. Nominations for this award are accepted and evaluated by the AAIA Education Committee in accordance with the candidate’s innovation of new aftermarket education programs, advancement of existing programs and/or superlative effort to further

promote the educational programs or education fund raising efforts established by Schwartz.

John was selected by the AAIA Education Committee peers in recognition of his career as an advocate and leader in aftermarket studies at Northwood and his contributions to the AAIA Education Committee. John has been associated with the automotive aftermarket for more than 39 years, and has worked for such companies as the Champion Spark Plug Co., NAPA and Triad Systems Corporation (Activant). John is a graduate of the Automotive Warehouse Distributors Association (AWDA) University Automotive Aftermarket Professional Program, and has served on the Scholarship Committee of SEMA and the AAIA Education Committee. ♦

Polk Awards Two Aftermarket Firms For Inventory Prowess

R. L. Polk & Co., the recognized leader in data-driven solutions and automotive aftermarket intelligence, presented the 2009 Polk Inventory Efficiency Awards during GAAS 2009 in Chicago. The Polk Inventory Efficiency Award recognizes and rewards outstanding aftermarket companies for process improvements relative to inventory efficiency.

Awards were presented for excellence in two categories: Manufacturer and Retailer/Distributor. In the Manufacturer category, Gates Corporation, headquartered in Denver, Colo., was recognized for developing its Demand Flow electronic kanban system. Gates was able to reduce inventory, while improving inventory quality and supply chain speed. The award was accepted by Jeff Brekke, president, automotive aftermarket and Dave Miller, director, marketing and product management of Gates Corporation.

“I think the Polk Inventory Efficiency Award is a milestone you can use to help motivate, and it's one more thing that you can bring recognition to all of the people involved in this,” said Jim Magill, senior vice president, supply chain management, Gates Corporation. “It is a fair amount of work, but the recognition I think for the overall Gates Corporation has been well worth that effort.”

In the Retailer/Distributor category, Amherst, New York-based Uni-Select

USA received the award for implementing its E-Modeling online inventory management tool, which the Uni-Select team created to manage its inventory to its maximum yield and provide a strategic and competitive advantage to its stores, while reducing the surplus inventory in its supply chain.

“Uni-Select’s E-Modeling system went from a good system to a great system when we started to integrate the Polk data as a component of the tool,” said James Buzzard, executive vice president, Uni-Select USA. “Having the market intelligence at our fingertips made all the difference.”

The award was accepted by Richard Roy, CEO and president; James Buzzard, executive vice president; and Brent Windom, vice president, North American marketing and product management, on the company’s behalf.

The awards were presented by Mark Seng, vice president, aftermarket sales & client services and Stephen Polk, chairman, president and CEO of R. L. Polk & Co.

“Over the past five years of presenting the Polk Inventory Efficiency Awards, we have seen some exceptional projects aimed at inventory efficiency. Both Uni-Select



Leaders from R.L. Polk & Co. & Gates Corp.



Officials from R.L. Polk & Co. & Uni-Select USA

and Gates are outstanding additions to this exclusive group,” said Seng. “It is truly amazing how much of a difference these projects can make to their respective company’s bottom lines. On behalf of Polk, I’d like to congratulate everyone from Uni-Select and Gates for achieving this honor.” ♦

Thank You To 2009 GAAS Sponsors

The sponsoring associations of the Global Automotive Aftermarket Symposium (GAAS) wish to thank the following companies for their generous support in making GAAS 2009 a great success.

- The corporate sponsor of the Symposium is R.L. Polk & Co.
- The opening night reception was partially sponsored by Ernst & Young.



- The lunch on Wednesday, May 6 was sponsored by Zurich.
- Coffee breaks were sponsored by Activant and BB&T Capital Markets.
- Media sponsors provided valuable advertising and promotional support including: AftermarketNews.com, Aftermarket Business, APRA Global Connection, Automotive Week, Brake & Front End, Counterman, Import Car, Jobber News, Motor, Motor Age, Parts & People, Tire Re-

- view, Tomorrow’s Technician and Underhood Service.
- Supporting sponsors of the onsite program included: Babcox Publications, Essential Action Design & Marx Group Advisors/The Marx Group

“We thanks each of these companies and publications for making GAAS 2009 an outstanding success,” said GAAS Chairman Dave Caracci. “In these challenging economic times we are grateful for this high level of support.” ♦

Leadership 2.0 Graduates Present "Next Generation" Project

One of the newest features of GAAS is a presentation by the winning team from the popular University of the Aftermarket Leadership 2.0 class. Five recent Leadership 2.0 graduates shared the findings of their team project, "Our Next Generation – How the Aftermarket Comes Out on Top," which highlights the need for an industry "succession plan" in light of the impending retirement of tens of thousands of aftermarket professionals over the next decade.

Members of the team, whose project was chosen as the best of five presented during the weeklong Leadership 2.0 session in April, include representatives of virtually every level of the industry – Mirela Beecham, product manager, Federal-Mogul; David Lambert, business planning and analysis manager, Tenneco; Aaron Lowe, vice president of government affairs, Automotive Aftermarket Industry Association (AAIA); Vic Tarasik, owner, Vic's Precision Automotive;



Next Generation team members at GAAS 2009

and Lloyd Wells, general manager, Ridge & Kramer Auto Parts/Federated.

Who will design, manufacture, market, sell, and install the parts needed to repair tomorrow's vehicles? Among the team's recommendations were programs designed to make the aftermarket more appealing to young people, including recent high school and college graduates, and to actively recruit and train professionals from the troubled automotive original equipment indus-

try.

"During our research, I was surprised by the extent of the exodus of people from our industry and particularly how immediate it will be," said Beecham, wheel end product manager for Federal-Mogul. "Half of current automotive technicians are expected to retire in the next 10 years. We need to act now."

Plans are already under way for the 2009-10 Leadership 2.0 class, which will assemble for its first weeklong session Sept. 20-25, 2009, on the Northwood University campus in Midland, Mich. and conclude following four-and-a-half days on the Northwood campus in West Palm Beach, Fla., April 11-16, 2010.

For more information and to reserve a spot in the 2009-10 Leadership 2.0 class, please visit www.northwood.edu/aftermarket or call (800) 551-2882. ♦

Clues To What The DIY Market Will Look Like Down The Road

A panel of industry experts, led by moderator Michael Klein of IDQ Holdings, took out their crystal balls to look into the future of the Do-It-Yourself (DIY) market.

Panelist Mike Swarengin, O'Reilly Auto Parts, said with his company's 50/50 mix of wholesale to retail business, he believes the DIY market will continue to thrive even though technology makes it more difficult for people to work on their cars. He believes though economics will keep DIY customers coming back. "The face of the DIY might look a little bit different, but I think it's still going to be as robust as ever," he said.

"We think the DIY market is as relevant today, probably even more so with the pressure on that we all hear about from dealers than it was 30 years ago when we started," said Mark Finestone of AutoZone.

Dave Sholtis of Robert Bosch LLC

said from a manufacturers' perspective the DIY segment is both interesting and exciting. "It is somewhat white-knuckling, though, with all the changes and the speed of those changes, whether it be the changing demographics, the changing technology," commented Sholtis. "But I think that the DIY segment will be there and will continue to grow for the next five years."

"Population shifts, multi-cultural shifts, they're alive and well," said Bob Richardson of Clorox. "This young group that you'll be seeing as DIY'ers, we're going to have to appeal to them, teach them and educate them."

Swarengin said his company's stores are located in areas with little mass transit so the car is still king. "We want to be able to help that consumer, especially the DIY'er to be able to perform routine maintenance, to enhance the rideability, and enhance the beautification of his ride."

Swarengin said the battle is often

in mindsets. When people think a market segment is dead it becomes reality. "If we have the mindset that it's going to be strong and have vitality in the future, it will. As a group we need to figure out how to reach that consumer, provide him what he wants and provide it in a manner that, is economically justified in his mind and we do it in a very quick time frame." ♦



DIY panelists gathered before their presentation, including (l-to-r): Bob Richardson, Mike Swarengin, Mark Finestone, Dave Sholtis, and moderator, Michael Klein.