

SERVICE QUARTERLY



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Democrats gain control of the State House of Representatives

It's 1 a.m., Wednesday, November 6. The polls have been closed for five hours—but because of high voter turn-out in certain areas, many districts still have not reported any results. Pollsters have been trying to call the results all day but many state representative races are neck and neck. Many political hopefuls are still at election night parties, not knowing whether to celebrate victory or accept defeat.

Now it's 7 a.m. As the working world awakes and turns to their morning papers and news programs, there is disappointment that much is still not known about the past election day's results.

By noon, the results become more concrete. More and more, it is looking like the Democrats have a good chance of gaining a majority.

Evening newspapers and television news programs finally report the results—the Democrats have gained control of the Michigan House of Representatives.

Since that day, Democratic House leaders have been busy preparing for the next term of office which will bring many different challenges, including the changing of party control and the ramifications of term limits. To lead the



Rep. Curtis Hertel was chosen by House Democrats to be the next Speaker of the House.

legislature through these challenges, Rep. Curtis Hertel (D-Detroit) has been chosen to be the next Speaker of the House and Rep. Pat Gagliardi (D-Drummond Island) will be the Majority Floor Leader.

To find out more about Speaker-elect Curtis Hertel, please see the article on pages 10 and 11.



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Happy Holidays

from your SSDA staff

The SSDA staff would like to wish all of the readers of Service Quarterly a happy holiday season. We appreciate the opportunity we have to serve the needs of dealers across the state. We hope that 1997 brings good fortune to all of SSDA's members and friends.

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14-15 Member Profile: Dave Horton



Dave Horton's Southeast Marathon Gas Mart in Canton Township

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President's Corner

Dennis Sidorski, SSDA-MI President

It's the season for changes



"A strong national is important for all of us as dealers, especially in those states that do not have an association that can represent them."

Happy Holidays!

Where did the year go? It feels like just the other day I was writing a column welcoming in 1996. The changing of the year reminds me of another change that is currently taking place—the changing of the SSDA-AT.

When I first got involved with the Association, I had mixed feelings about the national association. It had always been very political, difficult to understand sometimes, and was kind of a necessary evil. My election as President of SSDA-MI made me the delegate to the national. When I first went to a national meeting, some of my fears were realized but yet I found out that there was an excellent group of people—dealers and executives—that were very serious and very concerned about the national and where it was going.

Over the past two years, through the involvement of SSDA-MI and a couple of other key states' associations, and the persistence of some of the leaders including our own Phil Bucalo as First Vice President, we are finally seeing real changes happen at the national level.

Earlier this year, we elected new officers and made some staff changes which have really helped the national to make improvements in their operation. At the annual meeting, the Board of Directors decided that it was their intent to try to involve more dealers throughout the country—especially those dealers in states where there was not an organized association. That was a huge mind-shift that we have been trying to accomplish for years—to allow

more people into the Association and to allow somewhat of a more equal representation and voting structure to make the Association a true national association.

In the first week of December, we will be holding our first meeting on the changes required to begin to allow individual memberships in those states not represented by an association. We will be making the bylaws suggestions on how the voting structure will differ, how we can be more responsive to individual state's and dealer's needs, and how the day to day operations of the national should be governed.

From those on the outside looking in, this may appear to be just cosmetic changes, but for those that have been following the national and those who have been involved, we know that this really is a complete make-over.

Since the Board of Directors announced their intent to make these changes, many other state organizations around the country have shown great interest in joining with SSDA-AT. There already has been four states ap-

ply for membership so they can become participating members and have a say in the Association's developing structure.

The beginning work has been done under the leadership of our new president, Mr. Tony Licata from Toledo, Ohio. We are excited about the changes that we will be making in the upcoming months.

A strong national is important for all of us as dealers, especially in those states that do not have an association that can represent them. Stay tuned, our next national meeting will be in April, where the final draft of the proposed bylaw changes will be presented and where the next changes will be made in the format of the Association. I am pleased to be a part of this process and I know it's going to be an improvement that will benefit dealers throughout the country and also in the state of Michigan. I appreciate you allowing me the opportunity to participate in these historical changes and I hope to be reporting more favorable news back to you in the near future.

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Member Briefs

Reminder: Tank fees must be paid

As a reminder, the USTD of the DEQ has issued payment requests to facilities that are delinquent in tank registration fees. Those facilities that do not pay in full within ten (10) days of receipt of the notice will be red-tagged by DEQ inspectors.

The UST registration fees are \$100 per tank annually. These fees are used to operate the UST inspections, registrations and compliance units of the DEQ. These units are separate from any operation of MUSTFA or clean-up activities.

The fees cover all regulated tanks (except heating oil or above ground tanks) that remain in the ground. These fees are billed annually by location and are due upon receipt.

SSDA gets e-mail address

In order to be even more accessible to SSDA members, industry associates and legislative officials, SSDA can now be contacted at the Association's new electronic mail address on the Internet at ssdami@sojourn.com.

We are excited to have this new capability and would like to receive e-mail from dealers who already have this technology. Please send the Association an e-mail message (ssdami@sojourn.com) with any comments you have about *Service Quarterly* or anything else on your mind.

If you have any questions about the Internet or would like to know more about e-mail, please feel free to call Steve Ott at the SSDA office at (517) 484-4096.

Dealers share concerns with legislator at Oakland County meeting

The issues surrounding zone pricing were the focus of an October 29 meeting in which Representative David Galloway (R-Waterford) spoke to Southeast Michigan dealers at a meeting held by SSDA in Oakland County.

The discussion was centered on House Bill 5919 that Galloway, along with Representative Dennis Olshove (D-Warren), recently introduced to eliminate zone pricing.

Dealers shared their concerns that zone pricing directly penalizes their customers due to arbitrary pricing by suppliers. Galloway, who owns a dry cleaning equipment business, said he knew many of the pressures small business owners face and agreed that zone pricing is an

unfair practice in the service station industry.


Rep. Galloway said he would re-introduce and support the bill in the new upcoming legislative term.

Previous to the October meeting, dealers in Macomb County met in August with the zone pricing bill's co-sponsor, Rep. Olshove.



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SSDA membership goes further than *Service Quarterly*

Because SSDA sends hundreds of copies of *Service Quarterly* to gasoline retailers around the state, many times dealers believe they are a member of SSDA just because they receive the magazine. While we at SSDA are glad these dealers value *Service Quarterly* and its service to the industry, we would like them to know how much more SSDA membership has to offer.

SSDA dues paying members gain access to many different programs that are designed to help increase the dealer's bottom line. SSDA members enjoy participation in the Association's Blue

Cross Blue Shield program, a money saving Comerica 1.98% credit card program that offers an additional check guarantee service, a

at the national level through its participation with SSDA-AT, the national Service Station Dealers of America and Allied Trades.

contains up-to-the minute regulatory and industry updates not found in *Service Quarterly*. The Association also offers its members a chance to learn from each other and industry experts through collaborative workshops at the SSDA Annual Convention. This year's Convention will be held at the Park Place Hotel in Traverse City (see front page for more details).

So if you would like to get *all* of the benefits of SSDA membership, cut out and return the membership application on page 18 or call the SSDA office at (517) 484-4096.

With its office located in Lansing, SSDA is positioned to inform legislators and act on issues that affect the service station industry.

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In addition to the above programs, SSDA represents its members in the state government. With its office lo-

ated in Lansing, SSDA is positioned to inform legislators and act on issues that affect the service station industry. SSDA is also active

SSDA members also receive the SSDA newsletter, *Service Monthly*, which

SSDA Classifieds

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Consumers Don't Buy Too Much Premium

Survey shows that the amount of premium gasoline sold nearly matches the amount needed by vehicles

Are motorists buying too much premium gasoline—and wasting billions of dollars? That's what some consumer organizations claim. But a new study by the American Petroleum Institute says no.

The study concludes that people are using about the right amount of premium as needed for their vehicles. In fact, about 20 percent of all gasoline sold is premium while about 19 percent of vehicles require it.

The data on gasoline sales comes from the U.S. Department of Energy. The findings on octane requirements come from the Coordinating Research Council (CRC), a nonprofit technical

organization supported by the petroleum and automobile industries. The council annually tests representative cars to determine their octane needs and has been doing so for nearly 50 years.

API's study also shows that while motorists use somewhat more regular and less midgrade than CRC would consider optimum, overall, people buy about as much octane as they need. The average octane level for all gasoline sold is almost exactly the average needed for all vehicles—about 88.

To know what grade of gasoline to buy, motorists should start with their vehicle owner's manual—then factor

in their own observations and experiences. Manufacturing tolerances mean that vehicles of the same kind may require different grades. Also, driving habits and vehicle age are important. For example, people who drive heavy loads over hills are likely to need more octane.

In many cases, motorists will know their engines aren't getting enough octane when they hear "knocking." This signals uncontrolled combustion that can, over time, damage engines. Fortunately, most newer automobiles have knock sensors which eliminate knock by slowing down spark timing. This protects engines but can

also reduce power and acceleration.

Some drivers may be able to detect the differences. For them, purchasing the higher-priced premium may be worth it, but for many other motorists, the savings from regular are worth the slight trade-off in performance.

American motorists are smarter than consumer groups think. They know what is best for them. That's why it is no surprise they are using almost exactly the amount of octane that the CRC experts recommend.

This article was written by Royola S. Dougher and Thomas F. Hogarty of the American Petroleum Institute.

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Viewpoint

Terry Burns, executive director SSDA-MI

Let's take off the blinders

December 22 - What is the significance of this date? To most people it is just 3 days until Christmas, but to a person who owns underground storage tanks it is important. This is the date to have completed your annual tank tightness test and a reminder about December 22, 1998. That is the date all tanks must meet the federal and state tank requirements.

For many tank owners who have not upgraded, this could mean a form of Russian roulette. There is no current state program to assist them, but the deadline is still coming. If any contamination is found at a site, that triggers a full clean-up process to begin. So the question is, why look? Keep the blinders on.

The state must decide if they want to approach this deadline with blinders on or with open eyes. Today the approach is with blinders. We know there are hundreds of sites that have not upgraded their tanks or cleaned up their

property. The incentive today is not to open the ground due to the possibility of the unknown (i.e. huge clean-up costs). Therefore, less clean-up work is being done and older tanks are staying in the ground, leaking or not.

The approach and incentive should be to get those old tanks out of the ground and new tanks installed into a clean tank pit area. This would allow a viable business to continue to operate. Then a site assessment can be performed in order to know what work must be done to clean up their site. If there is an emergency situation or a public health threat, the Department of Environmental Quality Emergency Response money should be used to remedy the situation. Once the assessments have been made and categorized, they can be put into a priority schedule and cleaned up as state monies become available along with business owners participation.

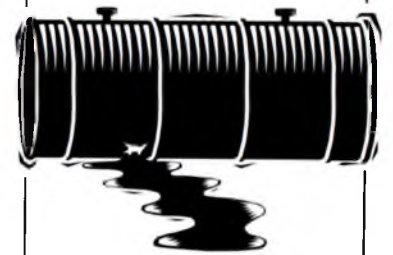
This type of approach

would really help clean up the environment in a faster and more open method. We would know what the problems are -vs- what we think the problems might be. This takes away the worse case scenario for every location which is what is used now, in many cases, to predict costs and outcomes.

The next few months are critical in the legislative process for this program. Everyone agrees that a look-a-like program of MUSTFA will not happen due to the abuses that were incurred, but some program must appear.

There are many different proposals being worked on and your input is important. Let us know your thoughts so that a concise plan can be established and promoted together to our elected officials. We must have a program that allows the dealer network to continue and gives the Michigan motoring public options as to where they purchase gasoline products.

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Hertel to lead House through turbulent times

In the wake of term limits and the transition of power in the Michigan House of Representatives, uniquely qualified House Speaker-elect Curtis Hertel has emerged to lead legislators through this time of change.

First elected to the House in December 1980, Hertel's leadership experience is historical. Hertel served as the one of the first Co-Speakers of the House in the 1993-94 session with current Speaker Paul Hillegonds when Democrats and Republicans split control of the House in the 1992 election. Hertel served as Minority Leader after Republicans gained control of the House in the 1994 election. This January he will assume the role of Speaker.

"I like this situation the

best out of the three," said Hertel. "But I think going through the other two experiences (Minority Leader and Co-Speaker) will serve me well as Speaker."

Hertel will have to draw from that past experience as the House shifts from Republican to Democratic controlled. The Speaker-elect said he thinks voters wanted to put more balance into the legislative system by electing more Democrats to House seats. "I don't think anybody is comfortable in the situation where one party is controlling all three levels of state government," Hertel said. "The founding fathers were very wise in the way in which they constructed this form of government and this is the way it works best."

In addition to the power



Speaker-elect Curtis Hertel will lead the House through the uncharted waters of term limits

change, Hertel will have the unique job of managing the ramifications of term limits. "This will be the first time that the House has gone into a session knowing that about two thirds of the members will be serving their last term, so that is going to bring certain dynamics that we have never

seen before," said Hertel.

The 1997-98 term will be Hertel's last as a state representative because of term limits. "Someone who is a freshman now in the house is going to be a speaker in two years," Hertel said.

Continued on next page

SOME FACTS SIMPLY CAN'T BE IGNORED!!

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Formalities

Speaker-Elect Hertel:

- Is a lifelong resident of the east side of Detroit.
- Graduated from Denby High School and Wayne State University.
- Served as coordinator for the substance abuse program in the city of Detroit before being elected to the State House in 1980.
- Has served as Chairman of the Transportation Committee.
- Served as Co-Speaker for the 1993-94 legislature.
- Served as Minority Leader for the 1995-96 legislature.
- Is married to Vicki and has four children.

Hertel

(cont. from last page)

Because of these changes associated with term limits, Hertel said he and other House leaders will give decision-making power to freshman legislators early and often. "Out of respect of the House and what it means to Michigan, we must make sure that the transition of power to these newer legislators happens smoothly," said Hertel.

In addition to managing the dynamics of term limits and the changes of the party control of the House, Hertel and other House Democratic leaders are in the process of setting a busy legislative agenda.

To help him manage his many duties, Hertel has an excellent staff that has been with him for years, including his Chief of Staff, Dan Loepp.

Even though Hertel has achieved a great amount of success in Lansing, he still believes it is important to listen to his constituents in his home district in Detroit. The Speaker-elect said that the

best way to build a relationship with your representative is by writing to him or her and asking for a meeting in your district. "We are very anxious to meet with our constituents, especially business owners, back home."

We at SSDA are fortunate to have Speaker-elect Hertel's experience at the helm of the Michigan House of Representatives. He has been a long-time friend of SSDA and has always taken time to understand what is important to dealers and the industry.

Speaker-elect Hertel's comments on the importance of constituent involvement show that business owners can make a difference at the state level by being involved at the local level.

Stay tuned to upcoming issues of Service Monthly to find out more about ways to join an organized effort to meet and get to know your state representative.



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Customers choose good service over low price

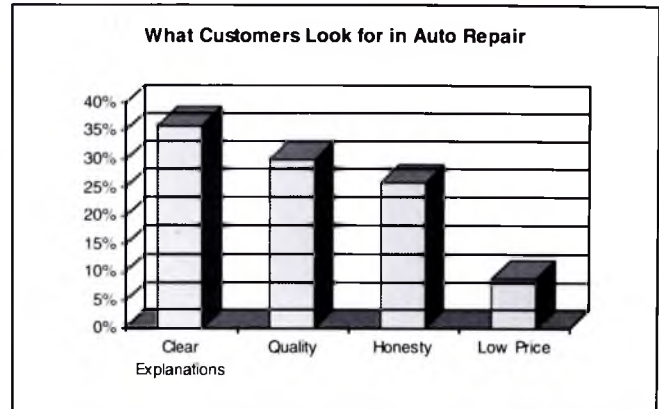
Customers' confidence in auto repair is up—and more important than price, repair shops can keep that confidence by giving their customers honest customer service, direct communications and a clear understanding of their cars' problems and the equipment used to fix them, according to a recent survey conducted by Snap-on Tools Company.

Out of 1,000 vehicle owners surveyed, nearly three quarters (71 percent) say their confidence in repair shops has increased or remained stable over the past year. The survey revealed some key factors that vehicle owners look for in repair shops to help increase their trust and confidence.

Communications/Customer Service

"Direct communications" and "improved customer service" beat out price on the consumer's list of desired service traits. In fact, 93 percent of those surveyed said their trust and confidence in a repair facility is affected by the shop's ability to explain work performed, and 88 percent said they want attention from the service person.

When asked the most positive thing about the treatment they currently receive from their auto repair facility, 36 percent of vehicle owners (the highest open ended response) pointed to direct communication, or a good explanation of repair



procedures. This was followed by "reliable quality work" mention by 30 percent of respondents, "honest/trustworthy" by 26 percent, while price was mentioned by only 9 percent (see chart above).

When asked a second question about what their repair shop could do differently to improve the service experience, 33 percent said "nothing," 17 percent said "improve customer service," while only 13 percent said they would like to see their facility lower the price.

Positive service experiences also seem to be aided by the consumer's ability to speak directly with the technician. In the survey, vehicle owners overwhelmingly (77 percent) favored dealing directly with the technician who works on their car versus a customer service representative (19 percent).

Equipment

Along with the consumer expectation of "fixing it right the first time," vehicle owners increasingly are choosing a shop based on the service equipment the shop uses. In fact, nine out of ten surveyed said they have more trust and confidence in a shop that is equipped with specialized tools and equipment, and two-thirds of those surveyed said they would feel more confident about taking their

car in for service if they understood more about the computers and equipment used in diagnosing today's service problems.

In addition to helping technicians correctly diagnose problems, today's equipment has become an added communication tool for technicians to explain procedures with customers. The vast majority of vehicle owners (84 percent) said they would have more confidence in the repairs they received if they could see a printout of test results for their vehicle. For example, one respondent said the most positive thing about his technician is "he uses the most current tools and always gives me a printout of the work they do."

Information

While the majority of vehicle owners readily admit they don't understand today's high-tech vehicles, particularly vehicle owners age 45 and over (76 percent), 64 percent of those surveyed say they would like to see more information published in newspapers, magazines and on television to help them understand the automotive service business.

SSDA is proud of all its trustworthy service providing members who help increase consumer confidence in auto repair every day.

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Retail

Is Detail

By Steve Ott

SSDA member Dave Horton is one more dealer success story—a dealer who went from trainee to training manager and from employee to owner.

Dave, now owns two stations in southeast Michigan, the Southeast Sunoco SunMart at the Territorial Road exit of US-23 near Whitmore Lake and the Southeast Marathon Gas Mart in Canton Township at the corner of Lilly and Warren Roads.

Having been in the oil business for 32 years, Dave started working as an intern for Mobil Oil Company while he was attending the University of Michigan. He went on to work with Mobil for 13 years in various marketing positions, progressing through the management ranks to the position of training manager. Dave's work with Mobil had him living in Wisconsin and Chicago in addition to his home town of Detroit.

After leaving Mobil Oil, Dave continued his career in the oil industry, working for one of the largest independent oil companies as a regional sales manager in Green Bay, Wisconsin. In addition, he also worked for two distributors as a marketing vice president. In 1983, he founded Southeast Petroleum, which began as a wholesale marketing and transportation company and evolved into the retail company it is today. Dave became a member of SSDA to take advantage of the Association's Blue Cross Blue Shield program.

Dave bought the Sun Mart in 1985 and opened the Marathon Gas Mart just last February. The Sun Mart provides gas and diesel service to highway traffic. The



Dave Horton hard at work at his Marathon Gas Mart station. The Canton Township station is conveniently located near a large number of apartment complexes and houses.

Gas Mart is located in a heavily residential area.

There is a great difference between the type of customers the two stations attract. "People at the highway Sunoco station are very often lost and confused," said Dave. "If I had a penny for every time I have given directions, I'd be retired by now." He also said that the customer base is always changing at the highway location while at the neighborhood Marathon station, employees are able to get to know repeat customers better.

One way Dave keeps both of his stations thriving is by remembering the basics of the business. "Retail is detail, continual emphasis must be put on maintaining a friendly buying atmosphere, a clean store and competitive prices," Dave said. In order to keep this emphasis on detail, his

"People are the most important aspect of our business, whether they are your customers or your employees"

employees use check sheets on every shift that include task lists for cleaning the restrooms, emptying trash cans, keeping the floors clean and merchandising.

Dave also stresses the importance of training and taking care of employees. "People are the most important thing in our business, whether they are your customers or your employees," Dave said.

SSDA membership is another tool Dave uses to improve his business. "SSDA is an organization that benefits the industry tremendously," Dave said. "The Association has really helped the legislature to understand the dealers' concerns."

The Blue Cross Blue Shield and Dodson worker's compensation insurance programs were also on the top of Dave's list of the benefits of SSDA membership. "I also enjoy the valuable exchange of ideas at the conventions, in the roundtable meetings and in the newsletter," said Dave.

On the homefront, Dave is married to Toni and has three daughters and two step daughters. Toni works at the Detroit Medical Center, Wayne State University, where she is the nurse manager of the infectious disease clinic.

Looking back to the beginning of his career, Dave said there have been many changes. He said that in the 1960's, the gasoline business was solely about pumping gas. Dave cited co-branding as an example of a big innovation for the industry. "Back then, the thought of having a



At both of his stations, (Marathon Gas Mart shown above) Dave stresses friendly customer service (below right).

FORMALITIES

- *Dave Horton owns two stores in southeast Michigan, the Southeast Sunoco SunMart at the Territorial Road exit of US-23 near Whitmore Lake and the Southeast Marathon Gas Mart in Canton Township at the corner of Lilly and Warren Roads .*
- *Dave is married to Toni and has three daughters and two step-daughters.*

fast food place in your station would be crazy," he said. "You sold any food you had out of vending machines."

Not one to complain about changing times, Dave said new dispensers, registers, scanners, and methods of maintaining inventory have made great advances in the service station industry. "It would take more than double the amount of staff to run my operations at their current volume if we did not have today's technology."

Dave's ability to change with the times has helped make him the success he is today. SSDA is proud to have member's like Dave who have devoted their lives to the service station industry. We wish him luck at both of his stations and in any future endeavors.



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New Members

The Service Station Dealers Association of Michigan would like to welcome the following new members. These dealers are joining hundreds of others who realize that together we can ensure the success of the independent gasoline retailer.

Tom Aker, Aker Companies, Inc., Holt. Tom is in the process of building a station at the corner of Woodbury and M-78 off of I-69, north of Lansing. The future station will offer gas and diesel and a convenience store. The station is scheduled to open June 1997.

Mr. Aker has worked as an environmental contractor for nearly 10 years. He joined SSDA to get information on marketing, participate in the Blue Cross program, and to get to know other dealers and learn about the service station industry.

Jim Cicorelli, Frank's Party Store, Potterville. Jim owns a BP station that has a

large c-store. Jim and his father, Frank, have run the business as a party store at their current location for over 30 years and just added gas this past July. Jim joined SSDA for information on the industry and for advice on tank insurance.

Gilbert Elian, Elian's Autowash Shell, Kentwood. Gilbert owns multiple stations in the Grand Rapids area.

Steve French, the Amway Corporation, Grand Rapids. Steve is the manager of the Sunrise Auto Plaza in Grand Rapids. The station has been open for 14 years and has five service bays, a car wash and a quick lube.

Steve, who previously owned a Mobil station, has been the manager there for nine years.

Paul Ghraib, 28th St. & Brefon Amoco, Grand Rapids. Paul's Amoco station has a large c-store that offers a wide variety of food choices. He has had the station since August 1995. Paul is also a real estate broker and appraiser who specializes in selling service stations. He joined SSDA to take advantage of the Comerica Merchant Card program and to network with other dealers across the state.

Lee Hanna, Woodward & Square Lake Shell, Bloomfield Hills. Lee owns three Shell stations—one in Bloomfield Hills, one in Clinton Township and one in Mount Clemens. Lee has been in the service station business since 1989 at his Bloomfield Hills station. He joined SSDA to be part of a strong dealer network and to take advantage of the Association's member benefits.

Joel Hodgsen, Northwest Tune-Up Inc., Birmingham. Joel's Mobil station at 14 Mile and Woodward offers full service, repairs, towing and a snack shop. He has been at that location for 10 years and has been a dealer for 30 years.

Mr. Hodgsen was a SSDA member in the past and has come back to the Association to take advantage of some of its money saving programs and its legislative involvement.

Dan Hutchins, Dan's Southtown Amoco, St. Joseph, MI. Dan owns multiple stations in western Michigan.

Lynn Nelson, C & L

Oakland Auto Service Inc., Detroit. Lynn's Marathon station on Oakland Road offers a full service repair shop. His family has been in business at that location for nearly 25 years. Lynn joined SSDA to take advantage of the Association's Blue Cross Blue Shield health insurance program.

Ed Simons, Keego Energy, Inc., Sylvan Lake. Ed's Union 76 station on Orchard Lake Road in Sylvan Lake has a c-store and sells alternative fuels. Ed has been in the oil business for over 20 years, working for various oil companies. Ed joined SSDA because of the association's reputation in the industry.

Dan Strong, Boyce H. Johnson Enterprises Inc, Bloomfield Hills. Dan owns a Sunoco Mini-market at Woodward and Square Lake Roads. His family has owned that location for over 18 years. Dan joined SSDA to gain representation in industry matters.

Bill Vollenweider, Detroit Truck Stop, Woodhaven. Bill is the owner of a large truck stop that offers conveniences like a barber shop and private showers. Bill's dad, Ed, built the 31-year-old business from the ground up. The Vollenweider's joined SSDA to have another voice in Lansing.

SSDA would also like to welcome the following new associate members:

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AKT is pleased to announce that it has recently become an
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Good benefits keep good employees

*Health insurance, retirement plans help retain workers
in times of low unemployment rates*

Help Wanted. That's a sign we see today in more businesses than not. Our economy seems to be strong and our unemployment is down—which means good help is hard to find. When we do find employees, we also have to find ways to keep those employees.

A good way to entice employees to stay is by offering them benefits they actually want and need. An example of this is health insurance. Many dealers have offered health insurance to employees anywhere from 100 percent payment to a co-pay of the premium.

Other ways to keep employees include new developments such as IRA's, training, flexible hours or additional education. All of these are excellent ways to involve your employees, at the same time making them better employees for you.

SSDA is pleased to help out in these retention strategies. The Association offers an excellent Blue Cross Blue Shield package that can be tailored to your station's

needs. The program has many affordable plans to choose from that include varying deductibles and co-payments for drug cards.

Also in 1997, SSDA members will be getting information on how to set up a retirement plan for employees. A simple IRA plan will be offered that will allow

employees to choose and move their money without a vesting period that can be totally theirs. The owner-operator

doesn't have to be responsible for the money. There are no forms to file, no cost to the employer and the employees are allowed to work through an agent. This is going to be a new and exciting method which also can involve an employer contribution.

We have found that most employees don't involve themselves in a retirement plan until it is offered by an employer. Once that happens, the money grows fast.

For more information on any of these employee benefit programs available through SSDA, please call (517) 484-4096.

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 - Give you additional promotional points toward Tire Wholesalers programs, as a Tire Wholesalers customer and SSDA member.
 - Host an annual convention each year filled with business advantages and entertainment.
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 - Make sure your voice is heard in Lansing with an active legislative support network and PAC.
 - Put a staff at your fingertips to find the legislative and regulatory answers you need.
 - Invite you to join a network of hundreds of other dedicated professionals in the industry who can help with advice and support.

THE SSDA CAN PROVIDE YOU WITH THE KNOWLEDGE YOU NEED AND THE SAVINGS YOU WANT.

Please send the application below to SSDA, 200 N. Capitol Suite 420, Lansing, MI 48933

APPLICATION FOR MEMBERSHIP	
I (we), by submitting this application and the payment of scheduled dues, hereby apply for membership in the Service Station Dealers Association of Michigan, Inc.	
BUSINESS NAME: _____	
BUSINESS ADDRESS: _____	
CITY: _____	MI ZIP: _____ PHONE: () _____
COUNTY: _____	TYPE OF OWNERSHIP: <input type="checkbox"/> CORPORATE <input type="checkbox"/> NON-CORPORATE <small>SOLE PROPRIETORSHIP PARTNERSHIP</small>
ENCLOSED PLEASE FIND A CHECK FOR _____	
PLEASE CHARGE MY MEMBERSHIP TO MY MC OR VISA (PLEASE CIRCLE ONE) CARD # AND EXP. DATE _____	
PLEASE BILL ME	
ANNUAL MEMBERSHIP DUES:	ANNUAL ASSOCIATE MEMBERSHIP DUES:
_____ \$41 monthly (electronic banking)	_____ \$25 monthly (electronic banking)
_____ \$480 annual payment	_____ \$250 annual payment
Add \$120 per station after four stations.	
_____	_____
Signature	Date
December 1996 SQ	

Year-end tax strategies can save you money

With the Olympics and the elections, 1996 has been an eventful year. Even if you weren't running the 100 meter dash, or running for office, you were probably quite busy yourself. In fact, you might have been too busy to implement those promising tax strategies you thought about last year.

Fortunately, it's not too late. You've still got time to make some tax moves that will help you out next April 15—and beyond. Here are some suggestions:

• **Donate appreciated stocks.** Stocks did well in 1996, just like they did in 1995. If you're an investor, you probably racked up some strong capital gains—taxable capital gains. But you can avoid paying capital gains taxes by donating some of your appreciated stocks to charity. If you've owned the shares for more than one year, you can deduct the current market value of the stock. You'll be helping a good cause—and your own cause.

• **Donate household goods to charities.** If you've been meaning to get rid of some of those old clothes or household goods, now is the time. You can donate them to the Salvation Army, Goodwill or other charitable organizations, and then take a tax deduction. Deducting these contributions from your taxes is more of an art than a science; the IRS allows you to deduct "fair market value" for your goods, but it leaves the calculation of this value up to you. Some organizations will provide you with an appraisal of your donations, but you may also have to provide documentation yourself. Make sure you get receipts

for all your donations.

• **Delay your mutual fund investments.** It wouldn't be surprising if you're tempted to make some year-end investments to your mutual funds. After all, the good year for stocks also meant strong performance for stock-based mutual funds. But that means you can anticipate hefty capital gains distributions in December. By putting money into your mutual funds, you'll just add to these taxable distributions—unless you hold off until after the distributions are made. It's not hard to do—you can find out the exact distribution date by calling your mutual fund company.

• **Contribute to an IRA.** Contrary to popular belief, many people can still make tax-deductible contributions to their IRAs. How much you can deduct depends on your earned income.

But even if you can't reduce your taxes directly through your IRA contribution, you can still get significant tax advantages. That's because IRA funds grow tax-deferred until you withdraw them, usually at retirement. By funding an IRA with money that you might otherwise have placed in a fully taxable investment, you can avoid the accompanying capital gains taxes.

• **Increase your 401(k) contributions.** Your 401(k) gives you two huge tax advantages. First, your earnings grow tax-deferred, as in an IRA. Second, your contributions are made with pre-tax dollars, which will lower your taxable income. If you can, increase your 401(k) contributions for the rest of this year—and maintain the high

level next year.

• **Give money to your kids.** By setting up a custodial account, you can shift stock or other assets to your minor children, who will be in a lower tax bracket than you. Thus, you'll reduce your tax bill—and more of the income produced by the stock can stay in the family. (You can't reap unlimited benefits from this income shifting. A "kiddie tax" applies to investment income earned by children under 14 years old).

• **Consider a home-equity loan.** Are you thinking about buying a car, boat or other big-ticket item before year-end? Or are you

contemplating a major remodeling project? If so, then you might want to pay for it with a home-equity loan or line of credit. A home-equity loan is just about the only consumer loan left in which you can deduct the interest from your taxes. Of course, you don't have much time left in 1996 to accumulate big deductions, but you can get a head start on 1997.

• **Plan Ahead.** As the year comes to a close, pick and choose those tax strategies that will work for you now and in the future. Make it a goal to transform your "year-end" tax strategies into a "year-round" tax plan.

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Designating a successor is essential

The death of a loved one is a difficult shock. It should not be made worse by the discovery that their death will destroy a business they built. This is less of a problem for some enterprises. A corporation can survive the death of the incorporator. So the death of the founder of, say, a tool and die firm will not necessarily spell its demise. But this principle is not usually applicable in the petroleum industry.

In most instances, the legal relationship between franchisor and franchisee is personalized. Most suppliers insist that the franchise be granted to a specific person rather than to a corporation. Hence, the form of a dealer's business is irrelevant. The dealer may operate as a corporation and may, technically, be an employee of that corporation. *But it is entirely likely that the franchise is personal to the dealer.* Many franchise agreements confirm this arraignment by inserting personal service clauses requiring the dealer to personally attend the business.

There are some valid reasons for this requirement. Personalizing a franchise prevents the substitution of franchisees by the sale of corporate stock. A franchise to the "ABC Corporation" will not prevent the stock of that corporation from being sold by the original franchisor to another person who may be entirely incompetent or uninterested in the proper operation of a service station. Hence, most franchises are either personal to a specific person or have a clause that terminates the franchise on the sale of a majority of the

corporation's stock.

The result of this reality is that service station dealers have unique problems in protecting their family's interests in the businesses they have built. They cannot assume that techniques that work for other enterprises will work for them. A good estate plan (which should be carefully drafted by a competent person; in most cases a simple will is not enough) has to insure that the dealer's business is preserved for the dealer's family. That plan will have to make special provision for the transfer of the dealer's franchise.

The death of a dealer is, in most cases, grounds to terminate a franchise. PMPA specifically enumerates death as a reason for termination of the franchise. But PMPA has a special provision allowing the states to regulate succession of dealer franchises in case of death. Each state must adopt its own statute providing for succession. Michigan has done so in legislation enacted in 1990.

Michigan's Motor Fuel Distribution Act permits a dealer to designate a successor to continue the franchise in case of the dealer's death. The statute permits the designee to be any immediate family member, including spouses of married children. However, to be effective, the designation must be provided to the franchisor in writing. Oral designations are not recognized by the Act.

The Association has developed a form for the designation. *Dealers should use that form only. Do not use a form prepared by the supplier.* In many cases, the sup-

plier will attempt to insert clauses which are not recognized by the Act and to which the dealer does not have to agree. Dealers who previously submitted a form prepared by the supplier should promptly submit a new designation on the form prepared by the Association. The supplier may not refuse to accept the designation. And it may not insist that the designation be presented on its form. The Association should be contacted promptly by any dealer encountering such difficulties. Dealers should prepare two copies of the designation. One should be delivered (or mailed by certified mail) to the supplier; the other retained with the dealer's estate plan. In either event, the dealer should have some proof that the designation was received by the supplier.

If undertaken in accordance with the statute, a dealer's successor should be able to assume the dealer's franchise as it was on the day of the dealer's death. That means that no new franchise is prepared. The successor "steps into the dealer's shoes" as if they had been the dealer all along. Some franchisors insist that a successor agree to a new trial franchise. I believe that to be a violation of the law.

A properly undertaken succession does not create a new franchise. The statute says that the franchise "devolves" to the successor. By that I conclude that the successor assumes the franchise as it was on the day of the dealer's death. However, that issue has not yet been

see law *pg. 22*



"...service station dealers have unique problems in protecting their families' interests in the businesses they have built."

"Designating a successor, and teaching the successor what they must do to assume the franchise, is a critical step toward preservation of the business..."



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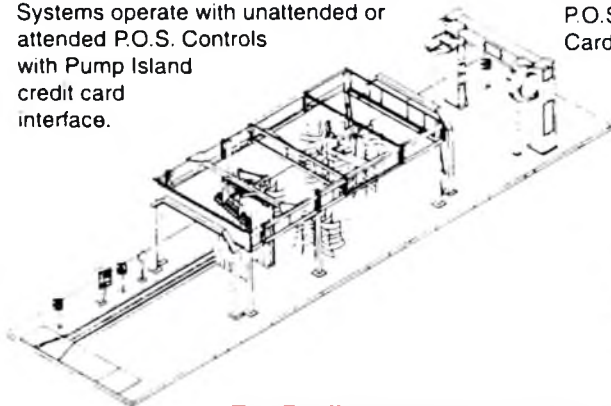
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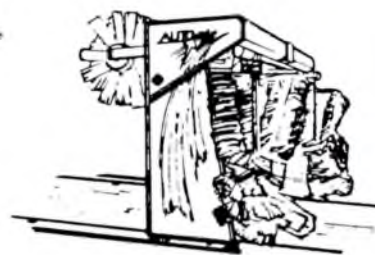
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Supplier Spotlight

AKT ENVIRONMENTAL CONSULTANTS, INC.

Providing efficient environmental solutions

Closing sites as quickly and efficiently as possible is the goal of AKT Environmental Consultants, Inc. The Farmington-based company, now in its fifth year of operation, is experiencing steady growth by applying that philosophy.

The company has 16 employees with Environmental Engineering Services Director Tony Anthony and Environmental Compliance & Assessment Services Director Anthony Kashat at the helm.

Kashat directs the company's Phase I environmental site assessments,

"Practical solutions, quick turn around, competitive pricing and high quality is what we are about," said Anthony.

AKT balances the liability of situations with the practical application of their solutions, according to Kashat. "Our work is about resolving the environmental issues quickly so businesses or transactions can proceed."

"The service station owner is in business to sell gas, repair cars and keep the station going," said Anthony. "It's our job to worry about the environmental issues and



AKT Directors Anthony Kashat and Tony Anthony look over site plans at their Farmington office.

"It's our job to worry about the environmental issues and make sure the owner can focus on the business."

which provide environmental due diligence activities related to real estate and business acquisitions, financing and legislative compliance. Anthony heads the Phase II investigations and remediation service group.

make sure the owner can focus on the business."

An important quality AKT possesses Kashat cited is that they are approved by most banks in Michigan for cases where there is financing involved. "It helps to

speed the process and lower costs when someone is purchasing, selling or refinancing a station."

Equally important, Anthony said, is that AKT is approved by the Department of Environmental Quality for closures. "If the DEQ doesn't trust your work, they are not going to approve anything."

Anthony said that AKT specifically excels in Risk-Based Corrective Action (RBCA) procedures as outlined by the DEQ.

Because of urban revitalization, AKT will be open-

ing an additional office in Detroit this spring. Kashat said they are also planning to expand into the Cleveland and Chicago markets in the next few years.

A new SSDA associate member themselves, Anthony said AKT is looking forward to working with SSDA members. "SSDA is a good organization that helps all members become better business people."

For more information on AKT see their ad on page 16 or call 810-615-1333.

Law

from pg. 20

resolved by the courts.

A successor must know what is required of them by the law. *The Act states that a successor must give written notice of their intent to operate the franchise within 30 days of the death of the dealer.* There may be circumstances in which oral notice is adequate but no successor should assume that. Part of a dealer's complete estate plan should be an instruction to the successor to give written

notice of intent to operate the franchise; that notice must be provided within 30 days of the dealer's death.

The modern service station franchise is no longer a back room business with no cash register. The industry has changed. It now requires sophisticated business judgments. But there are many benefits from the change. Businesses that once simply provided a living are now creating real equity. The value

of some enterprises approaches—or even exceeds—seven figures. Dealers must act to protect and preserve the businesses they have built. That should include a complete estate plan. That plan should include a designated successor. And the successor must know how to invoke their right of succession.

What was once an industry populated by hard working men with little business

experience has become an industry populated by hard working men and women with considerable business acumen. It is appropriate that dealers extend that expertise to the protection of the business they have created. Designating a successor, and teaching the successor what they must do to assume the franchise, is a critical step toward preservation of the business on the dealer's death.

Rouge River gets new friends

In order to protect the Rouge River from pollutants generated by area businesses, Wayne County has begun the Rouge Friendly Business Program.

This voluntary program allows businesses to determine which of their activities may be polluting the Rouge and to develop an action plan to prevent that pollution. The program covers all the Rouge River watershed.

The overall goal of the project is to make businesses aware of their actions and help prevent participating businesses' pollution prevention efforts, free



publicity through newspapers, stickers and brochures will be provided.

Many businesses and organizations are already involved in this new program. They will soon be identified by displaying the Rouge River "SnoopaSaurus" that is pictured to the left.

If you would like to participate by doing a self assessment or by having a site evaluation performed, please call the SSDA office at (517)484-4096. This is a proactive community program that can benefit everyone in southeast Michigan.

Michigan losing money from tobacco tax

Michigan is losing about \$150 million a year as a result of the tripling of the state tobacco tax of 1994, a new report by an Indiana-based research firm says.

The report by the Tax Research Analysis Center of Indianapolis also indicated that the proposal to put a stamp on each pack is a step in the right direction to curb cross-state smuggling.

The 1994 ballot proposal, which transferred most of the revenue for school operations to the state from local sources, raised the cigarette tax to 75 cents per pack from 25 cents.

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SEE PAGE 18 FOR A MEMBERSHIP APPLICATION OR CALL THE SSDA OFFICE AT (517) 484-4096

SSDA-MI members shared \$163,604 in Dodson dividends last year.

Endorsed by Service Station Dealers Association of Michigan since 1962, the Dodson Plan gives association members the opportunity to earn dividends each year on their workers' compensation insurance.

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In fact, more than \$750,000 in dividends has been returned to insured SSDAM members in the last five years alone!

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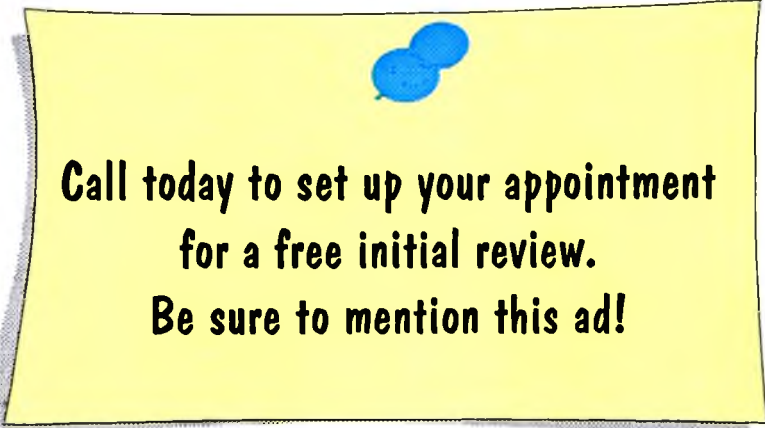
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