



# NEWSLETTER

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## THE BLUE OVAL PROGRAM The Second Generation

### IMMEDIATE ACTION REQUIRED!

To state that the legal fight against Ford Motor Company challenging its Blue Oval Program has been slow and arduous may very well be the understatement of the year. We all owe the nine courageous dealers, who have stayed the course in their opposition to this Program, a great debt of gratitude. Their perseverance in this fight has been unwavering and their courage astonishing.

It is through the combined effort of these nine dealers with the support of the Ford Dealers Alliance, the brave effort of many other dealers; particularly Della Freeman, who led the battle in North Carolina and won; and the cooperation of many state associations that we have been able to apply the tremendous pressure necessary on the Ford Motor Company to keep the Blue Oval Program in check. We have no doubt that without this mass rallying of the troops, many more of us would not have achieved certification status. All one has to do to be reminded of that fact is to look

at the original program introduced by Ford Motor Company in April 2000. The Program incurred radical modifications in its reintroduction in August 2000, which made it much easier for many of us to qualify.

Although we have had to endure the tremendous imposition of this Program for the past four years, most of us have been aware for some time that the Blue Oval 1.25 percent reimbursement is soon to be a thing of the past. In fact, Ford Motor Company attempted to keep our 1 percent cost increase per vehicle back in November 2002 in an announcement on a Fordstar broadcast.

Ford tried to rationalize to us that eliminating the reimbursement was a "good thing" because had the Program progressed at a rate of a two-point increase in the VOC target each year, by the year 2006, "only 55 to 65 percent of the Ford dealers would have remained Blue Oval Certified." Ford stressed that



point by adding that "at some point along the way, it [the Program] was going to get you."

Again, the troops rallied and Ford Motor Company announced that it would keep the Program in place through its five-year commitment.

To assume that Ford Motor Company will not again "change its mind" would be indicative of our having too short a memory. This would be a vast mistake. Until we are absolutely assured the Blue Oval, Premier and Advantage Programs will not be linked to any multi-tiered pricing scheme, the lawsuit will continue to go forward.

This brings us to the current day Blue Oval Program proposal or what we like to call...

## BLUE OVAL: THE SECOND GENERATION

We were recently notified by a group of dealers in the northeast that Ford Motor Company has opted to work with only two representatives on the Ford dealer council, Frank Rodriguez, Chairman, and Dan Hay, Vice Chairman, and is close to announcing the second generation Blue Oval Program. For now, the proposed Program is in two parts:

### PART 1

This would involve an increase in our FDAF withholding by .25 percent, which would be returned directly to the dealer. According to our sources, it is the intent that this would be a permanent action, with no five-year limit, as is with the current Blue Oval Program.

### PART 2

Ford would add a \$100 per unit incentive based on the dealers reaching their sales objective. Please note that the formula Ford will use in determining a dealer's objective has not been

disclosed and, of course, this is of great concern. The two council representatives are currently working on convincing Ford to agree to a partial incentive; for example: a \$75 per unit incentive, if dealers meet 75 percent of their objective.

Part 2 may have a two-year limitation, although the two dealer council representatives are, again, trying to convince Ford to run this aspect of the second generation Program at least five years.

An interesting footnote is that Ford has indicated that "**no pay-**

**ments can be made based on CSI because of a court ruling on this issue."** In addition, Ford has indicated that it will not return the one percent additional cost of each vehicle invoiced to the dealers. It will keep the money and, instead, will raise the MSRP by one percent. Unfortunately, most of us saw this coming.

### BLUE OVAL SURVEY

Several dealer council representatives have requested your input on this proposed Program. We ask that you take a few minutes to complete this survey so that you may have an opportunity to have a voice in your future. Ford is scheduled to announce the Program in August; therefore, **your immediate attention is required.**

Your individual response will be kept strictly confidential. Your responses in aggregate will be presented to the Ford dealer council and to the Ford Motor Company. Because the Premier Program changes may be very similar to the Blue Oval Program changes, we ask that all Lincoln-Mercury dealers respond, as well.



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