AUTO DEALER

Safeguarding Customer Information

by Scott Strothkamp

How many vehicles do you need to sell to net $11,000 a day in profit?

If your dealership is found to be in violation of the requirements regarding the Standards for Safeguarding Customer Information (Safeguards Rule), a fine in the amount of $11,000 per day could be levied against your dealership.

Section 501(a) of the Gramm-Leach-Bliley Act and The Federal Trade Commission (FTC) have published a new rule in addition to the Privacy Rule called the "Standards for Safeguarding Customer Information." Compliance with the Safeguards Rule became a requirement of all dealerships on May 23, 2003. The Privacy Rule differs from the Safeguards Rule in that the Privacy Rule deals with how information is shared, while the Safeguards Rule is concerned with how the same information is protected.

The FTC has determined that automobile dealerships are similar to financial institutions, because of their finance department negotiating loans with customers. Each dealership must develop, implement and maintain a written policy regarding the security of customer information, as well as ensure any related parties and affiliates maintain the same level of security. This extends further to include service providers, such as janitorial companies and record retention and disposal companies. These vendors must be capable of maintaining and complying with the same level of security your dealership has set forth in your written policy.

Five elements of compliance

A dealership must have these five elements to comply with the Safeguards Rule:

1. An employee must be designated as the program coordinator.
2. Assess the internal and external risk in each area of your dealership (which includes employee training and management, computer software usage and preventing outside intrusions on your information system).
3. Design and implement safeguards to control the risk identified during the risk assessment and audit the safeguards to ensure their effectiveness.
4. Monitor service providers to ensure they maintain appropriate safeguards and communicate their compliance in writing.
5. Constant monitoring of the dealership's customer security program and adjusting the program as necessary based on changes in dealership operations, audits or technology.

All of the above services, except for the program coordinator, can be outsourced. The complexity of the dealership's security program can vary based on the size of the dealership, the extent of the financing and leasing activities and the sensitivity of the customer information you have to protect.

The Safeguards Rule also applies to insurance products sold at dealerships. However, the insurance products are usually governed by the state in which the dealership resides. It is recommended to consult with your local automobile association to receive guidance.

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CONSTRUCTION

What is a Seasoned Project Manager?

by R.J. (Bob) Sniegowski

Seasoned project managers are invaluable to any construction company, yet there is no tried-and-true method for developing that experience. Project managers garner their entry-level skills by either working their way up through the trades or are educated in a post-secondary construction management or engineering curriculum. It takes more than these entry-level skills to drive value for the enterprise, however. The recipe for a valued project manager needs equal proportions of the following "C"(sea)sonings.

1. **Competitive:** Many companies expect their project managers to estimate, negotiate and "win" the jobs they will manage. This takes knowledge of the market and an understanding of the company's historical costs of performing the scope of work required.
2. **Cost conscious:** Some project managers feel little to no responsibility for cost. Cost and productivity are perceived as the field supervisor's problem. One obvious indicator is the lack of budgets in the job costing system.