

Statement of Robert S. Thomas testimony before HOUSE ENERGY AND COMMERCE COMMITTEE, SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS, Friday, June 12, 2009

On May 15th, I received an **unsigned** letter from General Motors by FedEx delivery. The tone of the letter was **vague** and referred to criteria but not to specific methodology neither stating the relative importance nor how great a period of time was being referenced.

In general, the letter stated, “We don’t think we will be able to renew your contract in October, 2010. This is not final; submit what you like by the end of the month to this **email address...**”

The significance of this letter became clear on June 2, when the content of the vague letter had been construed into the offer of a **Wind Down Agreement**.

In a GM press conference on May 15, at about the time the first letters were being opened, reporters were told that few changes would be made to the original list of 1100 dealers. The first letter was **disingenuous; no real appeal would be allowed**.

The period of review apparently lasted from **midnight May 31, until June 1**, the date of the letter and wind down agreement we received by FedEx on **June 2**.

The agreement offered on the 2nd had to be returned in time to arrive in Detroit by the 12th, a scant **10 days** to decide one’s options, to confer with professionals regarding unprecedented legal matters and loved ones about our financial and professional future.

Testimony:

My grandfather, Walter Coombs, immigrated to the U.S. in 1900 and by 1918 had established himself as the Chevrolet dealer in Bend, Oregon. His daughter, Dorris, married my father, Robert W. Thomas, and he was the dealer until 1982, when I succeeded him.

Our family has operated this dealership by the **strictest of ethical guidelines** and **highest level of customer service**. My father and I both served as officers in the United States Marine Corps. He attained the office of general and I of captain.

Our company, Bend Garage Co, dba **Bob Thomas Car Company**, has woven itself into the social fabric of our community since the time it was a village. Our family has provided automobile sales and service, civic leadership and community involvement every year continuously--- **since 1918!**

These are hard times for Bend (unemployment above 16%), but not as difficult as those we survived in the Great Depression and two World Wars. General Motors has been with us the whole time – from 1918 forward.

We have **BEEN** GM to our community. Now, it is a dark time when GM must abandon our town, our region and us. Just as GM is an American, if not world icon, **WE** enjoy iconic status in our region---always there, always helpful and compassionate, always acting responsibly and doing the right thing.

The over 300 letters we garnered in a 24-hour period in support of our appeal to GM were humbling in their appreciation of our caliber and quality of service and community support. Moreover, there was confusion as to why Bend, now 80,000 strong, the largest dealership in the central and eastern part of our state, will be abandoned as will WE, their dealer of choice.

Their world is crumbling. Things they thought they could count on are being taken away...long standing reliability, integrity, a safe harbor. In a very real sense, they are afraid.

Who benefits from this taking, this cancellation that is so unnecessary, so wrong, so wrongly executed?

Not the 216,000 people in our region who are left solely with a small GM dealer in a tiny town at its perimeter, with limited inventory and repair capacity.

Not our community, who has relied on us always to generously support its activities.

Not our employees, who are highly trained to work on sophisticated GM products like Cadillac and Chevrolet, and serve clientele with courtesy and compassion.

Not our customers, who bought our products thinking, like we did, that we would be here forever.

That's our business model, the longest term you can imagine. **ALWAYS DO IT RIGHT**, never take shortcuts. Be here for the long haul. Earn the loyalty of your clientele and they will reward you with long term patronage.

Over the years, that's been GMs business model, too, and we were a good fit for 91 years– **until we got cut from the team.**

Why are these cuts necessary? I recently attended a meeting of letter recipients in Oregon. Who was there? A room full of respectable business people with whom I have attended GM meetings for 30 years. Obviously, they are able business people to have survived, as have we.

The marketplace should be the sole arbiter of which dealers should fall by the wayside, not the arbitrary acts of well meaning administrators.

I enclose our appeal to remain a GM dealer and our supporting materials, and invite you to peruse it yourselves. You will find our conclusions and justifications are compelling when viewed through the eyes of now and prospective GM customers.

Having no GM dealer in our town of 80,000 will not increase GM sales.

If the plan is to replace us with another GM dealer, why have we been deprived of the opportunity to make such a transaction, with their approval? Will our market be awarded to a GM favorite or insider??? This would seem to be an **unreasonable and wrongful taking of a valuable asset**, nurtured through the years only to be snatched away by an overreaching at a moment of opportunity inside the bankruptcy.

And what of the inventory that remains? In our case, some **4 million dollars**, the value of which could shrink by a million or more from what we paid. Over a years' supply of GM cars await our sale. A **half million dollars** of parts cannot be returned.

Our orders were accepted within days prior to our receipt of the non-renewal letter. Had we known our fate, our inventory would be been far less than it is presently. We planned long-term and we have been caught by circumstance.

What I would hope for in such a dire circumstance would be a request of **REASON**. **Allow us to provide support for those GM customers in our region and relieve us of the inventory obligations we incurred in good faith, by repurchasing at what we paid.**

This is a small price to pay for potentially depriving a long and faithful associate of its livelihood.

Respectfully submitted,
Robert S. Thomas



**Curriculum Vitae
Robert S. Thomas**

Career

1972 – Present:

President and Dealer Principal

**Bend Garage Company dba Bob Thomas Car Company
Bend, Oregon**

1969 – 1972:

Lieutenant

U.S. Marine Corps

Education

General Motors Dealer Development School

Stanford University, 1969

Civic Involvement

United Way of Deschutes County

Board Member

Greater Bend Rotary

Board Member

St. Charles Hospital Foundation

Board Member

Boys and Girls Club

Board Member

Bend Chamber of Commerce

Board Member

Oregon State University – Cascades

Board Member

Central Oregon Visitors Association

Board Member



June 5, 2009

Subject: Request for Wind Down Review

Dear Ladies and Gentlemen:

As a recipient of GM's May 14th letter of anticipated contract non-renewal and the Wind Down Agreement dated June 1, 2009, we request that you review and reconsider the decision to abandon the Bend, OR market of 80,000, the hub of the Central Oregon region of 216,000, in light of the enclosed information. Our continued partnership is truly best for our mutual clientele, the current and future GM customers in this vital area.

As part of our appeal, we have selected key quotes from customer letters, explaining why they believe Bob Thomas is the best dealership to represent the New GM in Bend, Oregon.

In an overwhelming show of support from the community, we have received nearly 300 letters and emails, most within a 24 hour period last week due to a grass-roots effort by customers to Keep Bob Thomas in Bend. We would be happy to provide all these letters if you wish to review them.

If we cannot convince you to renew our contract, we invite you to consider a relationship wherein we would continue to service GM cars and trucks and sell GM parts. Otherwise, the only remaining GM dealer in Central Oregon will be in Madras, and they do not presently have the capacity to serve all of the Chevrolet and Cadillac warranty service in our region.

We respectfully request an opportunity to review the details of our situation in person with an appropriate GM representative at your earliest convenience. We are prepared to meet at your convenience in Bend or at any alternative location you indicate.

Respectfully submitted,

Robert S. Thomas, Dealer
Bend Garage Company dba Bob Thomas Chevrolet-Cadillac
BAC 114386 3776

The best dealership to represent the New GM in Bend, Oregon is the Bend Garage Company (dba Bob Thomas Chevrolet-Cadillac), for each of the following reasons:

Location

- Bend, OR is the economic, medical and educational hub of the entire Central Oregon region.
- We are, by far, the best-located dealer in the Central Oregon region, an area of 8400 square miles and home to 216,000 permanent residents.
- Bend, OR is the 4th fastest growing Metropolitan Statistical Area (MSA)ⁱ in the United States. We are the only remaining GM dealer in this town of 80,000, also home to a Toyota dealership and numerous big box stores.
- We are the largest and best-equipped GM repair facility between Redding, CA and Yakima, WA on US Hwy. 97 and between Eugene, OR and Nampa (Boise), ID on US Hwy. 20—distances greater than 400 miles N-S & E-W, respectively.
- Our current GM customers tell us they will not drive 45 miles north to Madras (population 5000) to buy or service their GM vehicle. Madras is the location of the nearest dealer not receiving the termination letter and is one of several much smaller satellite towns in the Central Oregon region in which Bend is the hub. These current GM customers will defect to other brands provided by a local dealer. People scattered in this region come to Bend – not Madras – for other business, medical, educational and social activities; commerce does not flow in this region to Madras.

Customer Support

- We provide the bulk of service and warranty support for this region and for the significant incursion of GM vehicles purchased out of our rapidly-growing area.
- The nearly 2.5 million yearly visitorsⁱⁱ to this major tourist area, in which Bend is the primary destination, would be frustrated to find no GM service options.

Service, Parts and Body Shop

- Last year alone, we purchased \$1,312,707 of GM parts.
- We stock \$437,855 in parts in 19,629 distinct GM part numbers. Fill rate = 90%
- We perform \$4 million in service and body shop sales per year in 31 service bays with 22 lifts for 20 highly-trained technicians. In 2008 we were 416% STS trained. By July 2009, training percent will return to 300%.
- We offer extended and weekend hours to better serve our mutual GM customers.

Sustainability

- Our company has been trusted and respected by the public and GM since 1916.
- We are the dealership the community wants, having been voted 4 out of the last 5 years as the “best dealership” from which to buy a carⁱⁱⁱ.
- Bob Thomas Chevrolet-Cadillac is a long and faithful associate of GM and invariably does the right thing by the customer and GM alike.
- We are a well-capitalized, economically-viable, going concern business in well-kept and substantially-sized facilities (30,000 square feet).

Transitory Conditions

- Bend is in the bust cycle of a boom/bust economy (16% unemployment), severely depressing discretionary purchases of all kinds. For example, Toyota sales are off 50% in our market. We have been through other extreme business cycles in our 92-year history and have emerged stronger from each cycle. We are well capitalized and positioned to rebound with the recovery which will be fueled in part by the continuing influx of entrepreneurs to our region.

Other Considerations:

There are 7 new car dealerships, representing 22 brands in Bend, which is an extremely competitive automobile market. In addition, Chevrolet and Cadillac are currently included in that number, represented by our well-established dealership.

- From 1988 through 2007, this dealership averaged 444 GM units per year, which is the national average for GM dealers.
- We consistently receive “Satisfactory” scores for GM Certified Used Vehicle sales.
- Sold 67% of our objective in 2008. The entire Western Region sold 76% of objective, compared to 85% nationally.
- We were -46.79% in sales from 2007-2008. Dave Smith, the largest volume dealer in the Western Region, was -41.03% from 2007-2008.
- Recognized in Top 50 CSI dealers in Western Region in 2008.



In the words of Bob Thomas Chevrolet-Cadillac and GM's mutual customers:

Reputation

- “Bob Thomas Chevrolet-Cadillac is considered by most of us who have lived here for some time to be the premier automobile dealership in our part of the world.” – Mike Hollern, CEO, Brooks Resources Corporation
- “Mr. Thomas is one of the most widely respected business people in Central Oregon. His ethical business practices are the standard to which all other local businesses, including my own, are compared.” – Adam Bledsoe
- “The name Bob Thomas is synonymous with honest value, commitment and long-term relationships.” – Dr. Kit Carmiencke, O.D.
- “...as a former longtime F & I professional in the Portland, OR market and at a competing dealership in Bend, ...I have never seen this level of professionalism in a car dealer or the community respect for a car dealer that Bob Thomas has earned in Central Oregon. – Michelle Miller
- “They (Bob Thomas) set the example of what other business owners should aspire to be like. From a representation of your brand they are excellent, and their business ethics are beyond reproach.” – Jeff Robberson, President, Robberson Ford Sales, Inc.
- “Bob Thomas brings honesty and integrity to the car business in Central Oregon.” – Pauline Rhoads

Outstanding, well-trained employees, providing exceptional customer care

- “Previously living all over the world and having purchased cars and having them repaired in various places..., Bob Thomas’ service and warranty is by far superior.” – Bud Capell
- “The sales and customer service experience at Bob Thomas...has been very good, that is why I choose to go back as a repeat customer.” – Peter Carlson
- “...it is obvious that Bob Thomas always and consistently looked for new ways of doing business to provide the best sales and service in the region. Workforce development has always been important to the dealership and hundreds of people have benefitted.” – Ray Hoyt, Director, Training and Workforce Development, Clackamas Community College
- “We own two Tahoes...a 2002 and a 2008 both purchased from Bob Thomas Chevrolet. Besides the great value we received we bought them primarily for **the dependable, courteous and excellent service they provided to us each and every time.**” – Greg Cushman

Community Support

- “THE THOMAS FAMILY IS ONE OF THE BINDING FABRICS OF OUR COMMUNITY AND HAS BEEN FOR THREE GENERATIONS.” – Patrick Kesgard
- “If they go away, so does the good name of GM and Chevrolet in about a 250 square mile region of central and eastern Oregon.” – James T. Lussier
- “We want GM and Bob Thomas to remain the centerpiece for auto sales in booming Central Oregon.” – Spencer Schock
- “But if you want a dealer with solid reputation, operated by a family that is a solid member of the largest city in Central Oregon, with a reputation for fairness and integrity earned over decades of actual performance-then you would be well advised to retain ...Bob Thomas.” – Raymond Spreier
- “Their (Bob and Clella Thomas’s) dedication to and active involvement in this community reflects extremely well on GM and provides a source of goodwill that would be lost if this connection were broken.” – Bruce Abernethy

Loyal, established clientele

- “I am a committed GM fan as my purchase records will show – I am fiercely loyal TO THE DEALERSHIP and have been to the brand. I hope that doesn’t change but if Bob Thomas Motors is stripped of it’s GM ties, I will remain loyal to his dealership with whatever brands they carry.” – Michael Donahue, V.P., Smith Barney
- I am a small business owner who relies on Bob Thomas not only for company cars and truck but also personal cars and trucks. If Bob Thomas is no longer a dealer I would be forced to buy all our autos from Ford. We have done business with Bob Thomas for 40 years and I hope that it continues.” – Mark Eberhard, Eberhard’s Dairy Products
- “It is because of the excellent service and commitment to their clients that I am always comfortable in my Suburban. The Thomas family doesn’t simply sell cars, they build life long relationships.” - Amy and Charles Fraley
- “Bob Thomas is the ONLY GM dealer that I will work with. Not only are they knowledgeable, honest and reliable, the company is an integral part of our community.” – Kristine Kaufman
- “We chose to purchase our last car with them and we honestly will never purchase another car from any other dealer. They truly set the bar so high with the entire experience; we simply will not go anywhere else in the future.” – Michelle Klein
- “Anyone who has had the pleasure of doing business with Bob Thomas would not switch allegiance to any other car dealership in Bend.” – Nancy and Izzy Oren
- “I do not believe local citizens who are aware of the dealership’s and the family’s economic, philanthropic and community support contributions to this region will consider buying vehicles from any regional success to Bob Thomas if you do disenfranchise them.” – Mike Hollern, CEO, Brooks Resources Corporation

An asset to New GM as they move forward

- “The Thomases and Bob Thomas Chevrolet present an excellent image for General Motors in Central Oregon.” – Les Alford
- “It is sad what is happening to GM, but I am very hopeful for a full rebound, with relationship based dealers like Bob’s leading the way. Price is not the leading factor in buying cars.” – Adam Bledsoe
- “...it (Bob Thomas) has been a “shining” example of how a GM dealership can partner with its community. GM, now more than ever, needs this type of relationship and image in our region.” – Barry N. Maroni
- “In the future, one of the most challenging things for GM will be to rebuild its reputation. Bob Thomas has a stellar reputation in Central Oregon and Oregon as a whole. This trust people have in Bob can be leveraged to restore the trust in GM for people in our area.” – Wayne Purcell
- “As you (GM) and the federal government’s Auto Task Force seek to restructure GM to compete in the 21st Century, it is my hope that you recognize the value that distributors like Bob and Clella Thomas bring to your brand and what a loss it would be to Bend and to General Motors if that relationship was severed.” – Ron Wyden, United States Senator
- “For GM’s interest—not merely that of our citizens or the Bob Thomas family—I ask that you accept this appeal and reverse your current decision. Nothing shows leadership better than the wisdom to recognize that a poor about-to-be-made-decision should be reversed. I hope you exercise such wisdom.” – James E. Middleton, President, Central Oregon Community College

“We in the West place a great value on loyalty, perhaps to a greater degree than other areas of the country. If there is to be a thriving General Motors of the future it would seem that severing its long relationship with an exemplary dealership in a town rated as one of the Top 10 American cities by several national business, travel, and retirement publications is a decision that will be regretted...and remembered...by the local population for decades.” – James Crowell

“During my professional life I devoted over 40 years to General Motors operations and more specifically to the Chevrolet brand. The lessons that Bob Thomas taught me were carried forward with tremendous success in subsequent endeavors. There is a reason why he commands the respect of the business leaders of the community. And most of all, there is a reason why Bob Thomas and the Thomas Family need to stay in place as the General Motors representative for all of Central Oregon.” – Nick Taylor

Thank you for the opportunity to submit this Review of Wind Down status. Please contact me at 541-382-2911 if I can provide further information that would be helpful in this process.

I, along with my family and our loyal GM customers, look forward to hearing from you.

Robert S. Thomas, Bend Garage Company, dba Bob Thomas Chevrolet-Cadillac

ⁱ *US Census Bureau*

ⁱⁱ *2006 Central Oregon Visitors Association Annual Report*

ⁱⁱⁱ *The Source Weekly*