POWERFUL SOLUTIONS

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Inevitability

According to the Oxford Languages dictionary, inevitability is a noun defined as: *the quality of being certain to happen.*

For many, the term “inevitability” came to prominence with its reoccurrence throughout the Matrix movie trilogy, first appearing in *The Matrix* (1999). Near the end of the film, Agent Smith has Neo in a chokehold on the subway tracks while saying, “You hear that, Mr. Anderson? That is the sound of **inevitability**. It is the sound of your death. Goodbye, Mr. Anderson.” The word inevitability implies a running theme throughout the movie franchise that no matter what, certain things are going to happen.

In the automobile business, it would appear certain considerations will become inevitable as well…

Global political and economic factors are influencing the manufacturing decisions of the automotive business in ways we have never witnessed! How? Consider this… the National Highway Traffic Safety Administration (NHTSA) significantly increased penalties for non-compliance with CAFE fuel economy standards, in 2022, nearly tripling the previous fines from $5.50… **to $14** per 0.1 MPG below the standard!

Per AI Overview… As of July 2025, legislation has effectively eliminated civil penalties for automakers failing to meet federal Corporate Average Fuel Economy (CAFE) standards for passenger cars and light trucks, reducing the maximum penalty to $0
. This change is retroactive to 2022, reversing earlier, higher fines of up to $14 per 0.1 MPG shortfall.
Key details regarding the shift in CAFE penalties:

- Previous Penalty Structure: Previously, NHTSA (National Highway Traffic Safety Administration) had adopted an interim final rule raising the fine for noncompliance to $14 for every 0.1 mile per gallon (MPG) under the standard, effectively $140 per mile.
- Recent Changes (2025): The "One Big Beautiful Bill Act" passed in July 2025 amended the CAFE statute to reset the maximum civil penalty to $0.00, meaning automakers face no fines for failing to meet fuel efficiency targets for recent years.
- Retroactive Action: The removal of fines is retroactive to the 2022 model year.
- Past Liability: Previously, automakers like Stellantis and GM faced significant penalties for missing these standards.

While the rules remain in place, the financial penalty for noncompliance has been eliminated.



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Inevitability (cont.)

Imagine that… $14 per 0.1 MPG shortfall, per unit sold. So, if you sell 250,000 units of a popular SUV, in a given year, and it falls 0.6 MPG short of the CAFE standard for its class… that resulted in a $21,000,000 fine for just that one model! By the time you added up all the different models a particular Manufacturer may produce, and combine this with the Public's demand for performance, it is easy to see how the fines could and did reach into the hundreds of millions of dollars per year!!!

Even though the financial penalties for non-compliance with CAFE standards have currently been eliminated, everyone knows the next Administration could put them right back in place! The logistics involved in manufacturing automobiles and light trucks require years of planning and development. Procurement of the necessary contracts and parts are incredibly complicated in a global village. Maintaining price competitiveness has eliminated the ability to make it all in-house. Labor negotiations, environmental regulations, you name it, and all while trying to predict where Consumer tastes will be years in the future. Because of these considerations, it is very unlikely that Automobile Manufacturing Industry concerns will abate due to a temporary reprieve in onerous governmental financial demands.

Because of this, where fuel economy is concerned, nothing is off the table in the hunt for higher numbers. If you can think of it, it has probably been considered and possibly tried as of late. Some Manufacturers may incorporate low tension piston rings to reduce frictional drag, which increases fuel economy and improves horsepower. Oil viscosities barely thicker than water, at full operating temperature, are being used to lessen pumping losses in the crankcase. Smaller displacement engines with forced induction are also being integrated into model line-ups. ALL these changes are being implemented to increase fuel economy. The COSTS of these changes are HIGH, however! Results include increased oil consumption (no one provides coverage for this, so be careful here), less protective barrier between metal-to-metal contact, and greatly increased heat and stress development.



Inevitability (cont.)

Perhaps due to concerns with running afoul of EPA regulations, a Manufacturer decides to off-shore a previously domestically sourced process regarding the hardening of certain bearing surfaces. Resultantly, the inferior finish quality of these journals is realized only later (due to premature wear and failure) to be causing catastrophic failure.

Supply chain disruptions and labor shortages during the pandemic posed challenges, as well, affecting the usual quality control processes.

These are just some of the possible reasons that 2025 was a BIG year for recalls. Approximately 28.4 million vehicles were impacted by safety recalls. These recalls were driven largely by software, electrical, and powertrain issues. Recall campaigns are launched and covered by the Manufacturers, not VSC Contract Providers. We all know this. The point here is clearly some modern vehicles are failing spectacularly, with all due haste, for reasons ensconced in recalls AND for reasons for which we DO have protection!

Folks make decisions based upon past experiences. We all do it. It's cause and effect. Self-preservation is one of the obvious reasons for memory. If the decision we made in the past led to reward or pleasure, we are likely to choose the same path again in the future. If the decision we made led to misfortune or pain, we are prone to avoid choosing a similar path going forward. We grapple with these issues, daily in the Business Office, when it comes time for our Guests to make a decision regarding the protection in force on their new/new-to-them vehicle.

It goes something like this…

Once we have structured our menu presentation, adhering to the short-end of our Guest's anticipated usage pattern (to avoid creating the objection, "I may not keep it that long."), we make a recommendation as to which column we would recommend as most appropriate in THEIR situation.



Inevitability (cont.)

Our Guest reacts, “I don’t think so.”

We inquire, “Is it the way it’s packaged that concerns you, Mary?”

She replies with, “No, it’s just that I haven’t had one on my old vehicle and I haven’t needed it.”

So, what has changed in the marketplace? Prudent decisions from the past may now be COSTLY MISTAKES for all the aforementioned reasons, and more. Do your own research, online and in your shop. The information is EVERYWHERE! What is it about today’s marketplace that Mary may not be aware?? Why is it that Mary may not be well-served by a choice similar to her past decision, going forward???

Thank you to Terrance W. for the inspiration for this month’s Training Tip!

Think about it.

Good luck and good selling!

