



## **Don't TREAD on Me (Part 2)**

### **An article by Peter H. Gunst**

In my last article, I painted a fairly bleak picture of the impact that the Transportation Recall Enhancement Accountability and Documentation Act (TREAD Act) will have on tire retailers. This time I focus on how to minimize the impact on consumers and potentially limit the retailer's potential liability in the process. The key is consumer education and awareness; a knowledgeable consumer is the retailer's best defense against complaints and potential lawsuits.

As I discussed last time, the new regulations promulgated by the National Highway Traffic Safety Administration (NHTSA) require that all light vehicles be equipped with tire pressure monitoring systems (TPMS) by August 2007. TPMSs will alert drivers when their tires are underinflated by at least 25%. TPMS technology requires that every time the tires or wheels are removed from the vehicle, the TPMS must be removed, reset and recalibrated. Remember, the TREAD Act makes it unlawful to render any part of a TPMS inoperable – which raises the stakes for dealers handling TPMSs.

Determining how to efficiently and effectively remove and recalibrate TPMSs will be a challenge for tire and wheel retailers. For example, the ideal psi will vary from tire to tire and the TPMS on any given tire must be set to monitor the correct psi for that tire. If a service technician sets the TPMS to the wrong psi, the result is an

underinflated tire that does not trigger the TPMS. Such an error could be considered a violation of the TREAD Act, and perhaps the basis for a lawsuit if an accident occurs due to an underinflated tire. Service technician training and continued education is paramount to successfully handling TPMSs.

Even with the most exhaustive training program, however, issues will arise. A critical question facing dealers is what to do if a service technician is unable to reset and recalibrate the TPMS. TPMS technology is relatively new and vehicle manufacturers have each implemented varying reset procedures. As with any new technology, bugs in the system are expected. It is likely, therefore, that service technicians will be unsuccessful in resetting and recalibrating a small percentage of TPMSs, thus rendering them inoperable.

If the service technician is aware that the TPMS is inoperable, returning it to the customer in that condition is a violation of the TREAD Act. But what should the retailer do then? Should the retailer require that the vehicle be transported to the dealership in order for the TPMS to be reset or replaced and, if so, who should bear the cost of the repair? Informing a customer that a routine tire rotation has ended in a costly trip to the dealership for repairs is likely to raise some eyebrows, especially if the customer was not adequately informed of the possibility in advance.

Moreover, because of the additional work attributable to TPMSs the cost of replacing, rotating or repairing tires and wheels may increase significantly. In addition to the initial expense of training service technicians and purchasing equipment, vehicles with TPMSs will take longer to service, resulting in higher labor costs. Customers will no doubt want an explanation for any dramatic price increase.

In dealing with these issues, a tire retailer's best defense is a good offense in the form of consumer awareness and education. Providing consumers a reason for the higher price helps head off complaints. Most customers understand business basics: more work equals higher price. A sign explaining TPMSs, the added safety features they provide as well as the additional work required of tire retailers to keep them functioning properly could be a valuable tool.

To address the possibility that a TPMS may fail to reset properly, customers should be required to review and sign a form explaining that the dealer cannot knowingly return a vehicle with a malfunctioning TPMS. The form should explain that in the rare event the service technician cannot properly replace, reset and recalibrate the TPMS, the retailer may have to deliver the vehicle to the dealership for repair. By the consumer's signature, he/she would acknowledge that such a possibility exists and would agree to bear the cost for repairing the TPMS. Retailers should be prepared to answer questions and provide additional information about TPMSs and the government regulations applicable to vehicle manufacturers and after-market retailers.

The government has spoken. Tire and wheel retailers cannot avoid TPMSs or the fact that the cost of doing business will increase. Consumers are unlikely to be happy about any price increase, but education and awareness are the best tools available to retailers to assist their customers to adjust to the necessary changes.