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“Building the Ultimate Shop”
By

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Everyone’s “Ultimate” Is Different

What is “ultimate?” According to Webster’s dictionary, ultimate means last; furthest or farthest; ending a process or series, highest, representing a limit beyond which further progress is impossible, the greatest. But *whose* ultimate are we talking about? That is the question. In surveying five very experienced and knowledgeable collision repair shop owners, I found out that each has his own and decisive version of “ultimate,” **especially if money were not an object**. But they were each asked to describe their “ultimate” in eight specific but common functional areas of their shops: (1) Frame Machines (2) Prep Stations (3) Estimate Procedures (4) Mechanicals (5) Paint Booths (6) Measuring Systems (7) Welding and (8) Air Compressors.

Why are these functional areas so important? According to Mike Anderson, a nationwide consultant to the collision repair industry, to Dupont Performance Coatings, and owner of Wagonwork Collision Centers and Wagonwork Collision Consulting in Alexandria, VA., “these are crucial areas to make shop procedures cheaper, faster, better, more lean, in an effort to minimize mistakes.” He further stated that “shops need to be laid out well with effective space utilization, to remove bottlenecks.” His 42 years in the business have told him that cheaper is not always better, “you get what you pay for,” he noted. In some cases you sacrifice quality and speed for cheaper and faster. He favors, for example, streamlining parts installation methods to reduce the repair cycle time by using race car production processes. In this way, huge long benches are set up on both sides of vehicles being repaired so that old and new parts can be put on the benches simultaneously. It speeds up the process, but not at the expense of quality. He also favors bigger parts areas, well lit facilities with brighter lighting, and white paint on the walls.

It is important to note here that one of the shop owners surveyed actually has achieved his “ultimate shop.” Greg Coccaro, co-owner of North State Custom in Bedford Hills, New York, revealed recently that he made his ultimate shop 12 years ago. He invested between \$800K-\$900K to have more efficiency, and kill all bottlenecks like the paint shop, prep areas, and the body shop (waiting for frame machines). He commented that “this definitely has increased the bottom line. In fact, it made an immediate difference not long after these changes were made.” Today Greg has more than 35 years in the business. His web site is www.northstatecustom.com . He can be contacted at geoccaro@northstatecustom.com

Frame Machines

Without a doubt, this is something that collision shop owners say is an absolute must. They would buy more, and have one for each tech on staff. This way one tech does not have to wait for another if a frame machine is shared. There is no down time; it is fast, and efficient. Some brands that are used, and preferred, include Continental 360, Candice Jack Magna Rack, Chisholm, Carliner, Cartronics, Chief Easy Liner, Chief S21, Kansas World Rack, Kansas Magna Rack.

Prep Stations

The spectrum on this is that some shops have them, others don't. But those that have them say it is a very productive part of their business, and would buy several more. Those that don't have them say they are not needed, there is high humidity in the air, the cost of utilities is conserved by not having them, and would be dust catchers. Prep stations either are, or would be, in a separate building, with built-in exhaust ducts in the floor in each bay. One shop owner recommended that shops should not wait so long to install them if they are not presently using them and are under consideration.

Estimates

Technology is very important and compelling here for DRP reasons. Owners/managers use or would use more lap top computers to write estimates directly in the shop. Software that is currently being used or contemplated is CCC Pathways, ADP, and Mitchell. Summit and Profit Net Management Systems are commonly used in shops. One owner said he'd hire an IT staff person who is well versed and trained in ADP and Pathways technology as part of his ultimate planning.

Mechanicals

It is a mixed bag whether to do this in-house or farm it out. Some do minimal services like water pumps, suspensions, air conditioning, and tire systems. Services that are farmed out include electrical (dash lights on high end vehicles), alignments, and air conditioning. The ultimate service would be to have ASE or ICAR certified techs on staff for this part of the process. Four-wheel electronic alignment machines would also be purchased for use. A popular brand is Hunter.

Paint Booths

For efficiency purposes, spray booths are or would be in the body shop next to the parts department. The process is faster, there is no waiting time, and parts can be sprayed right out of the parts department. Dividers would be installed as well as improved ventilation systems. Techs would be mask and fit tested every six months. One shop surveyed has 2 paint booths with heated downdrafts. This helps to eliminate bottlenecks, expedite service, increase efficiency, and capability. A three dimensional system, Universal Moss, is in use there.

Measuring Systems

The ultimate service that is needed here is more in-house training programs as part of the equipment purchase agreement. Equipment manufacturers provide training on a limited basis, but it is not enough. Equipment is expensive, high tech, and more training is

required to operate it. Brands that are being used or planned for use are Genesis, Velocity, and Sharp. Because of the number of foreign cars that are in the US market today, most all collision repair shops have converted to using metric tools. Some shops have as much as 65-70% of their business repairing foreign auto makes and models. However, techs in some shops are slow to embrace the Chief line of measuring system.

Welding

All shops included in this survey provide welding services. One shop is a leader in the industry in his area of the country, and another shop uses every type of welding system available. Equipment used includes TIG welders, MIG, Pro Spot, STRSW, and compression welders by Carliner. One shop owner also uses the old acetylene gas welder. Since welding state of the art equipment is very expensive (more than \$15K), the ultimate service is to have the capability to do high quality spot welds as done in automotive factories. Mike Anderson, the consultant mentioned earlier in the story, would add a converter welder to his shop.

Air Compressors

The ultimate in this area is to have more than one. Some shops have three; the norm seems to be two. One is for regular cycling; the other is for redundancy in case number 1 breaks down. The difference is the number of employees who work in the shop. The most common places for compressors are in the paint shop and body shop. The ultimate type of compressor is the rotary screw type. They are quieter and smoother operating. Kaeser and Ingersoll Rand are most commonly used in the shops included in the survey.

Technology and Increased Customer Service

Because of fierce competition, a shrinking industry market, technician shortages, and insurance industry pressures, it becomes more and more important to provide the ultimate in customer service. Consultant Mike Anderson recommends making rental fleets available, not just having free loaners. He also suggests purchasing OEM software to, for example, reset air bag lights and "check engine" lights. Free access to OEM websites should also be available. This is a costly service ranging from \$600 and much higher per year for shops utilizing OEM services. "Technology is very beneficial to run a business today, but it is always changing and can be costly," he noted. According to Sam Carubba, another nationwide consultant, co-owner of Sam Carubba Auto Vision Collision Center in East Amherst, New York, and 31 years in the business, "the industry will make a paradigm shift in the next five years. Shop owners must stop thinking like in the 1980's and be more up to date. There is a need to improve customer service and what goes into it." He further noted that "if it can be afforded, spend the money on equipment and technology to be more productive and increase quality. There is a constant need to train employees, including shop administrative people." He sends his staff to Dale Carnegie human relations training classes each year. Barrett Smith, Brandon Paint & Body, Brandon, Florida, strongly suggests that it is important for shops to know who the true customer really is, to work with the insurance industry, but on behalf of the shop customer. He made physical improvements to his shop, making it appear like a doctor's office - more professional, increasing his shop's corporate mentality, image, and perception in the community. Greg Coccaro, mentioned earlier, increased his ultimate

customer service by providing brochure literature to customers. His brochures are on every make and model his shop repairs. They are distributed from the front counter, as well as sent to dealership new car sales departments. He is updating his website to include links to manufacturers.

The Road Ahead...

The auto collision market is shrinking nationwide. There is a technician shortage, reimbursements from insurance companies are decreasing, there are little or no incentives for technicians to get into the industry, no pipeline schools other than ICAR and ASE training, and there is lots of time-consuming hands-on training in the shops. It is difficult to compete with other trades like plumbing and construction. DRP (Direct Repair Program) shops have overhead and expenses that are rising faster than their labor rates. Pressures are on lean manufacturing, there is overcapacity, volume has decreased, and there is a national frustration level because of lack of work and shrinking profit margins. Shops are hard pressed, in part, because of insurance industry pressures to keep labor rates down. Consumers have been turned over to the insurance industry many years ago, and now the collision repair industry is attempting to answer the question "How do we get customers to call us first?" They are no longer the customer; it is the insurance industry that has taken over the driver's seat. And in the next five years, the insurance industry will have a greater driving force on collision industry efficiencies regarding customer service. The bar will be rising to focus on increasing cycle times – the time it takes to repair vehicles. There will be SOPs to streamline the process to repair vehicles, handle customers, provide rentals, develop tech manuals, put more value in shop procedures, and increase sales and profits. Only 2-3% of the shops in the country today are run like this, getting educational assistance and other help from manufacturers.

Smaller shops will be weeded out because they can't afford the training and equipment. "Up to a generation ago, shops were embraced by the communities, but not today. They can't exist in a city area like before," says Mike Anderson. "Taxes are higher, there are environmental issues and concerns, and vehicles are more difficult to service."

But take heart, there is light at the end of the tunnel. Shop owners, if they seriously want to compete and remain in business, can and must become smarter business people, not just body mechanics as many first began in their careers. They must be able to read profit and loss statements, understand balance sheets, track their business, develop efficiency rates, know how to improve business, and build a better business model. They must reach out more to market themselves. Industry executives see shops ultimately coming together to do group advertising, creating public relations events, running newspaper ads, just getting out there and doing more advertising.

Finally, according to the U.S. Department of Transportation (USDOT), there are twice as many female licensed drivers than male drivers in America today. Sam Carubba, of Carubba Auto Vision Collision Center, noted that shops should pay more attention to women. There should be more women in the shops to handle claims. Usually females, and not males, come into the shops to get estimates after accidents, he reports. He further stated that "help could be on the way if there were much stronger alliances between the

auto collision industry, insurance industry, and auto makers.”

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