

CARS NEWS

Where people, training and technology meet

Spring/Summer Issue, August 2007

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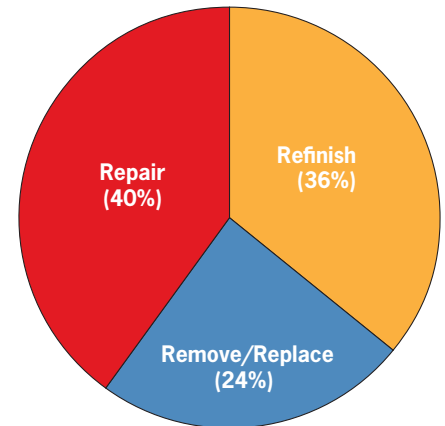
ENHANCING SERVICE WITH TECHNOLOGY MAKES COLLISION REPAIR SHINE

This issue of CARS News takes a snapshot of trends, technology and best business practices shaping the future of the rapidly changing collision repair industry in Canada.

Trends

On August 4, 2007, Mitchell International based in San Diego, California released the Summer 2007 edition of its Industry Trends Report. Facts and figures gathered by J.D. Power & Associates in this quarterly snapshot of the auto physical damage collision and casualty industries include extensive information on the Canadian collision repair industry. To view the report, please go to:

[http://www.mitchell.com/mcms/content/pub/Newsletters/Industry Trends Summer 2007-1969.pdf](http://www.mitchell.com/mcms/content/pub/Newsletters/Industry_Trends_Summer_2007-1969.pdf)



Percentage of labour dollars Canadian shops spent in the secondary quarter of 2007 on average by type of labour

Source: Mitchell International Inc., Industry Trends Report, Summer 2007, p. 27



	Q4 2005	Q4 2006	Pt. Change	Percentage Change
CANADA	46.48	48.42	1.92	4.2
Alberta	47.38	51.26	3.88	8.2
British Columbia	50.67	46.00	(4.67)	(9.2)
Newfoundland & Labrador	51.03	51.72	0.69	1.4
Nova Scotia	49.24	51.13	1.89	3.8
Northwest Territories	62.91	65.00	2.09	3.3
Ontario	46.99	49.12	2.13	4.5
Québec	39.56	40.21	0.65	1.6
Saskatchewan	49.90	50.96	1.06	2.1
Yukon Territory	65.00	69.00	4.00	6.2

Average body labour rates and changes by Province

Source: Mitchell International Inc., Industry Trends Report, Summer 2007, p. 27



Canadian Automotive
Repair and Service

Service d'entretien et de
réparation automobiles du Canada

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The Canadian Automotive Repair and Service (CARS) Council is Canada's leader in training development for the motive power repair and service industry, one of the largest and most important components of the Canadian labour market.

As a national, not-for-profit sector council, CARS undertakes research and activities to support the professional development needs of this exciting industry.



Brought to you by:

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Going with the waterborne flow



Soon to be introduced federal requirements for the reduced emission of Volatile Organic Compounds (VOCs) may bring some financial challenges for collision repair shops as they convert to the new waterborne paint technology. Roland Walther, recent owner of Advantage Collision in Saskatoon, views the introduction of the waterborne technology as a good thing. "Customers stand to gain a better quality product" he says, "in addition to the fact that changing paint reducers and base coats to waterborne products over the next year or two will cut VOC emissions considerably."

The cost of converting to waterborne technology need not be prohibitive, if you do your homework. Jeff Labanovich is the owner/operator of Durham CARSTAR in Oshawa, the first Canadian facility to convert to using DuPont's Cromax Pro waterborne basecoat. His extensive fact-finding before making the switch showed him that "The cost of making the switch to waterborne will vary depending on the system you go with." Expecting to spend between \$30,000-\$100,000 on conversion, he found that, based on the production volume of his shop, an initial investment of approximately \$5,000 sufficed. "Basics required will include one or two new non-corroding stainless spray guns, gun washing equipment that works with deionized water, and adding filtration that uses activated charcoal to reduce foreign moisture within the booth, and lets water and paint dry." Labanovich believes that the control air flow in the paint booth will be the biggest cost variable for many shops in switching to waterborne paints. Since each shop is unique, each one will have different requirements for air volume equipment, blowers, or other extra equipment.

"First and foremost the biggest step in converting to the waterborne technology," says Labanovich, "is getting the training for the technician, not only on the different products, but on the application process as well. Technicians need to know what changes come into play as humidity and temperature vary. They also have to learn to trust the product. With solvent borne paints, a technician will typically apply five to seven

coats of paint to get the desired colour match, and will see the progress as he or she works. With waterborne colour, results can be achieved with just one or two coats, but the colour matures and changes as it dries." Learning how fast to lay down the right amount of paint, and getting acquainted with new computerized colour matching tools, also take a little getting used to. Labanovich feels that it is important to focus on training early in the conversion because, once the use of waterborne technology becomes mandatory, it may become difficult to find enough training hours on offer to accommodate all those who will need training. His biggest concern was that "some people would get left behind."

Asked why he made the switch to waterborne now, Labanovich says "we knew that it was just a matter of when not if; and it IS the right thing to do for the environment." Making the move early has allowed Durham CARSTAR to stay ahead of the game, while providing the shop with good marketing opportunities through newspapers and magazines curious about their experience. As an early adopter, Labanovich's shop has benefited from special treatment by the paint companies eager to prove the worth of new products. "One of the biggest factors for us was that we had someone from DuPont on site with us for two weeks, giving advice, ironing out bugs." Typically, assistance is given for a couple of days.

Labanovich is pleased to report that as a result of changing over to waterborne, his Durham shop has increased its throughput. "After just a month, we are working more quickly, doing one more car a day. In six months, I expect to increase our productivity by two or three cars a day." Shorter drying time was the biggest reason for Labanovich's choice of DuPont products. Additional contributing factors were the ability to test products at the DuPont training facility and the fact that DuPont formulas reduce the time, frustration and human error that heat and humidity can introduce into the painting process, by eliminating the viscosity tests other products require.

Labanovich encourages shop owners preparing to make the switch to waterborne to attend meetings, read the materials and above all, get paint companies to demonstrate how their products will perform in a specific shop environment.



Enhancing Service With Technology

Streamlining from “push through” to “throughput” productivity

Seeking to further increase productivity in their lucrative Saskatoon shop, the owner, shop manager and head technician of Parr Auto Body recently made a trip to California to learn more about the ‘throughput’ approach to becoming a “lean and mean” shop. “There’s always a need to control fixed costs,” explains shop manager Chelsea Stebner, “we have to fix it right the first time, do it faster and cheaper.”

Technician Bert Davin is pleased with implementation of the throughput system. “It has made the whole repair cycle simpler. The volume of work is more consistent; it doesn’t come in all at once. And we’re keeping on hand only the tools we need, not extras.”



In adjusting the workflow to a throughput focus, Parr Auto Body is managing to increase its production hours to 250-300 a week while cutting down on the lull time for painters and body men, waiting for work to be done. “It’s more efficient this way,” explains Stebner, and it’s an evolution that is in synch with the way the younger techs have been trained.” Stebner sees the transition to team-based pay as a natural outgrowth of this approach to work, “it’s coming and it’s a good thing”.

Stebner feels that in order for large scale systemic change to succeed, “the key is not doing everything at once.” Small, incremental adjustments evident throughout the shop add up overall to a very competitive edge.

From the time a vehicle comes into the shop until it leaves, everything about the process is clearly ordered and documented.

- At intake vehicles are detailed and photographed to establish exactly what needs doing. Findings not included in the original estimate are noted on the file.
- Vehicle particulars are prominently posted in a production schedule for all to see.
- Bits and pieces removed from vehicles are stored in bins on parts storage carts within easy reach. This ensures nothing is lost or unaccounted for.
- “Everything has a home” says Chelsea Stebner. Everywhere you look in the freshly painted interior, the outlines of tools mark the exact spot where they belong and are to be returned.
- Parr employs two licensed service technicians, one of them specializing in electrical systems. This cuts down on repair times, and assures customers of one-stop service for all collision-related repairs.



Customer satisfaction and retention

Roland Walther of Advantage Collision in Saskatoon, never tires of seeing customers smile when they see quality repairs on their vehicles completed “on the money”. Advantage prides itself in being very open and transparent in its customer transactions. “Customers are always welcome to walk in and check how things are going with their car” says Walther. Any work that is done is tracked on paper. “When it comes to customer satisfaction, I’d rather we lose \$100 than make \$100 and turn a customer away unsatisfied”, he says, noting that negative comments by unsatisfied customers “can cost us that \$100 several

times over.” In the course of doing business occasional mistakes happen. “If a customer catches you making a mistake, then the next time you know better, you’re more alert. “

During 11 years of working in Saskatoon, Walther and his wife Alexis have gained a reputation for honesty and perfectionism. He feels that these two qualities have translated into a 15-20% growth in business over the last year. Based on information sheets new clients fill out, Walther attributes this growth to an 80-85% positive referral rate. This word-of-mouth promotion eliminates any need for Advantage to advertise in the telephone book’s yellow pages.

In Kentville Nova Scotia, Karen and Blaine North have built North’s Auto Body Collision Centre, which their son Fred now manages. On their website, visitors are greeted by the message, “We believe that the customer-driven

business reaps a never-ending customer base.” With obvious pride, Karen explains how North’s goes out of its way to earn its superior reputation. It all adds up: A clean and comfortable reception area; friendly, knowledgeable staff; state-of-the-art technology, and that extra bit of service like “picking up and delivering vehicles, or providing courtesy cars for those who don’t have insurance coverage provide for rentals”.



Open for business, open for questions



The Norths, just like Walther welcome questions. "Questions help" says Fred North both of keeping customers in the loop and of gauging true interest in a job shadowing student. Customer information pamphlets, an online status report tracking capability, and the offer of help with filling out insurance paperwork, are three ways that North's maintains open communications with customers.

"Customer education in repair procedures" is something that Warren Johnson of Unique Collision Centre in Saskatoon feels is an important part of the work done at Unique," so they understand what goes on, how long it takes, what parts cost," and just take the time to tackle any misinformation customers may have.

Informed customers are happy customers is the message conveyed by the laminated board in the Unique front office that outlines in detail, for everyone to see, what the typical collision repair process is and who plays what role.



Investing in People

People are the primary focus of successful collision repair shops, regardless of the location or size of business CARS talked to. Whether in Nova Scotia's Annapolis Valley or downtown Saskatoon, shops are investing in their current staff, and reaching out to youth as part of their succession planning. Each shop finds their own unique way of engaging youth, using displays, presentations, and shop demos. They invest time and energy in skills training for youth, through co-op work placements and apprenticeships.

Roland Walther is convinced that ongoing training is key to running his business well. After having quit school in grade 10 to do collision work, he spent night after night on courses to learn every aspect of the trade, always upgrading his skills. "The day you quit learning, you're done; you sell, or you're done," he says. And then he goes on, with a certain delight! There's always a new challenge, a new product, a new client, a new model."



Karen North, for her part, has invested a lot of time and energy learning everything there is to know about the management side of running a growing business, going back to school repeatedly to take accounting, entrepreneurial, marketing, and computer courses.

Karen is quick to point out that the focus on training and learning that she emphasizes with students also holds for the shop. "We maintain the I-CAR Gold Class Professionals designation." For a business to earn that designation, all employees in the shop involved in repair or estimate work must have earned 5 tested points of training. In order for the shop to maintain its Gold Class status, employees working directly in repair or estimating have to earn an additional 2 points of ongoing training annually. Quarterly reports on the status of the individual employees and overall business provide the information required to plan and schedule that training.

Investing in the business

Rather than moving to specialize in particular makes or models, Parr Auto Body owner Tom Bissonette has chosen to invest in people and technology to ensure that his shop is equipped to "fix your frame alignment, wheels, suspension, alignment, and mechanical problems."

Parr Auto Body prides itself in being the first shop in Saskatchewan with a computerized frame measuring machine, that takes the guesswork out of frame alignments. The Car-O-Liner BenchRack system uses Bluetooth technology to track various points along the frame

to facilitate restoration of the frame to its pre-accident state. Investing \$150,000 in frame and alignment equipment alone has meant that Bissonette, who doesn't like to shop out control of work to others, has attracted additional revenue for doing frame work from shops that don't have such equipment.

Maintaining an inventory of about \$30,000 in materials, purchased in bulk and tracked using QuickBooks, is another cost-control measure for Parr. "There are too many variables for just in time parts orders," explains Bissonette. "It would work only if dealerships held on to a lot of materials. Parts can arrive within a day. If they have to come from Toronto it takes four days; from the US it can take 7-10 business days."

When condensed to essentials, the best practices that North's, Parr, Unique, Advantage and Durham Collision have shared with CARS amount to this:

- ensure that your shop has the tools and the training to tackle the latest technology;
- leverage that technology to your advantage
- treat staff as your most valued asset and training as your best investment
- grow your future workforce by reaching out with information and training to local youth
- streamline your business practices through incremental changes