

How the Elite Compete

As national multi-store operations (MSOs) continue to grow in most markets, it will be the elite independent repairers that survive in the consolidator environment. By *elite*, I mean those shops that have taken the steps to become an OEM certified repair facility. With national MSO consolidation reaching the 50% market penetration mark, I feel that being OEM certified will give collision repair centers a much-needed edge. However, reaching this type of certification is only the beginning of a successful survival strategy.

Elite collision centers will need to change the way they operate as they focus on the OEM certified business model and move away from the insurance direct repair program (DRP) model. I believe this is the first step in survivability. Some believe that OEM and DRP programs can function together, but I feel that to be elite a choice must be made as there are distractions that prevent the success of that combination.

A big distraction is how DRP repair centers are measured utilizing a performance scorecard. That process does not bode well for an OEM repair center as it is difficult for their processes to align with the metrics in those scorecards. One of the leading metrics is severity. While a DRP facility has an average severity in the \$3,000 range, an OEM repair center's average is approaching \$5,500. Aftermarket parts usage, repair vs replace, average labor hours and paint hours per RO are several other metrics that favor the DRP model and penalize an OEM repair center. Since insurers have direct access to DRP facility performance data, they use that information to measure all others.



Gaining OEM certification defines your repair facility as the repair authority. With that designation you can specify the way repairs are to be performed according to OEM guidelines. Using OEM repair procedures to document the step-by-step processes required to complete a repair provides needed clarity that ensures compliance. Each step is then validated by those procedures identifying what skillset a technician is expected to have to perform individual repair processes. Additionally, utilizing the proper skillset and labor rate is what provides you with appropriate reimbursement for your certification expenses.

The estimating database systems have recognized the need for different labor types based on skillsets required to complete a repair, and I-CAR has defined those skillsets based on OEM requirements. While many estimates are mostly written using only two skill sets, body and paint, OEM repair plans designate structural, mechanical and electrical/diagnostic as additional skills needed. Identifying those skill sets in the repair plan ensures that the right person is performing the task. Proper documentation is what separates an OEM repair center from the ordinary and emphasizes your elite status.

Another piece of the elite strategy is to market that you are different. I see many collision centers with "elite" in their name, but it must be more than a sign. Your business's survivability will depend 100% on the customer experience. To draw them in you will need to develop a brand that defines your niche, describes your benefits, and is based on trust. People go to people they trust and feel a connection with, and as you develop your brand you should focus on what you have in common with the customers you want to attract.

To tie this all together you will need to develop best practices that allow you to make your processes repeatable. There is a big difference between doing something occasionally or regularly. When you can perform the processes consistently and accurately, you are well on your way to being “elite.”

Learn more about this in my SCRS Repairer Driven Education seminar at SEMA: “Being ‘Elite’ in a Consolidating Market.”




**WEDNESDAY
NOV 1
2:30 PM**

UPPER SOUTH HALL
ROOM S230

JOHN SHOEMAKER
BASF Automotive Refinish

Being "Elite" in a
Consolidating Market



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