



Best Practices Task Force

Las Vegas, NV

Tuesday October 31, 2006



Task Force Members

- | | |
|---------------------|--------------------------|
| ■ George Avery | State Farm |
| ■ Stacy Bartnik | CARSTAR |
| ■ Bob Falco | CARSTAR |
| ■ Craig Griffin | Laney's Collision Centre |
| ■ Gene Hamilton | Sports and Imports |
| ■ Aaron Schulenburg | Bill Denny's CARSTAR |
| ■ Chuck Sulkala | Acme Body and Paint |
| ■ Roger Wright | AIG |



Update

- Request for information via e-mail
- Response received



Panel Review of Industry Findings

- Facilitator: Beryl Carlew
 - Carlew and Associates LLC
 - ◆ *Commitment to DRP Excellence*
 - **Research with Collision Repair Operators**



Commitment to DRP Excellence

A special presentation for

CIC

October 31, 2006



Commitment to DRP Excellence

Today's Panelists:

- Elainna Sachire: SOS
- Marsh Gluchow: CVG
- Tom Griffin: CVG
- John Beckworth: CVG
- Al Kollinger: CVG
- Mike Bisig: BASF
- Mark Algie: 3M
- Steve Feltovich:
Sherwin Williams
- Mike Sachire: SOS



The DRP challenge

- “Today’s multiple DRP programs, with a myriad of operational and reporting guidelines often impede shop productivity,” said CVG Group V President Marsh Gluchow, owner of Valley Motor Center in Van Nuys, Calif. “Asking a shop to respond to different criteria often leads to delays, mistakes, and confusion. While we share the insurance community’s goal of improved CSI, cycle time, and cost-effective repair, the current system is disjointed. If we can reduce the variables in DRP programs, body shops AND insurance companies can only benefit.”



About our research

- Facilitated by Carlew and Associates LLC and Square One Systems Inc.
- Objective: solicit feedback from collision repair owners on the DRP process, and how to create a win-win-win scenario for the three parties:
 - ◆ consumer-carrier-collision repair



The process

- Conducted research in 20 different North American cities
- Research co-sponsored by
 - ◆ Coyote Vision Group
 - ◆ 3M
 - ◆ BASF
 - ◆ Enterprise Rent-a-Car
 - ◆ Sherwin Williams



The Report

- 130+ page summary shared with sponsors;
- Detailed comments on each market, including carrier specific observations;
- Comprehensive improvement ideas collected in each city;
- 8 page Executive Summary outlining the WHY-WHAT-HOW-WHO, and the Suggestions for Standardization of DRP



The Format

- Each confidential session followed the same format, and included shop owners and sponsors.
- The DRP process was segmented into three areas of review:
 - ◆ The pre-repair administration: FNOL to authorization.
 - ◆ The repair process
 - ◆ The post repair administration



Where did we go

- Phoenix
- Irvine, CA
- Baltimore
- Hartford
- Buffalo
- Detroit
- Portland
- Seattle
- San Francisco
- Tampa
- Atlanta
- Chicago
- Minneapolis
- Cleveland
- Houston
- Charlotte
- St. Louis
- Dallas
- Toronto
- Calgary



About the attendees

- ✓ 386 people attended the sessions
- ✓ Combined experience: 5,337 years
- ✓ Shops were active with over 100 different DRPs
- ✓ Collision owners operated 712 locations
- ✓ Combined sales volume: \$1,718,800,000
- ✓ Average sales per collision center: \$2.4M
- ✓ Average owner has 23.6 years of industry experience



What keeps you awake at night?

(Overall Industry Observations)

- KPI's are constantly changing and we don't know which one's are most important;
- Stop changing the rules in the middle of the repair; be on the same page.
- Lack of respect;
- Parts: availability/quality/cycle time;
- How to become pro-active rather than re-active;



What keeps you awake at night?

- How can you be great with one adjuster and terrible with another?
- Losing sight of the consumer needs;
- Faster-Faster-Faster: quality?
- No loyalty whatsoever;
- What have the carriers done to earn a discount?
- How can I diversify when claims are down?



What keeps you awake at night?

- Being de-selected without notice from a DRP;
- How big a part of my business should this DRP become?
- “Doing more for less”;
- How to keep my staff focused and motivated?
- Are all the metrics valid?



What keeps you awake at night?

- Total lack of expertise of the insurance staff;
- What is the “theme” of the month?
- Do I have enough...and can I get it done?
- No real data or reports from the carrier;
- They tell us what to use, and we incur the liability;



What keeps you awake at night?

- Losing sleep over the loss of freedom to be an entrepreneur;
- Insurance company buying parts;
- MSO contracts with carriers;
- Shops that do not meet the standards: why do carriers use them?



Research Summary

- Too many proprietary DRP programs, causing administrative challenges at the collision center;
- Lack of training on program guidelines and priorities for all involved;
- Inconsistent program rules;
- Lack of timely parts availability negatively impacts cycle time;



Research Summary

- Inconsistent volume creates staffing and training challenges at the shop level;
- Lack of written feedback on shop DRP performance creates confusion/mistrust;
- Changing DRP rules/priorities, at times weekly, and often verbal, create friction/disrespect/ confusion/ mistakes;
- Shops selected to participate do not meet program criteria;



Research Recommendations

■ Pre Repair Administration

- Put the DRP guidelines on a secure website;
- Test and certify all personnel involved;
- DRP priorities: safety/quality/CSI/cycle time;
- Warm three way customer transfer from the call center during normal business hours;
- Accurate and complete uploads of FNOL;



Research Recommendations

- **Pre Repair Administration (continued)**
 - Off hour transfers contacted by noon next day, 7 days per week;
 - Call centers will instruct DRP customers they are going to the shop for a repair;
 - Quality parts will be available, regardless of type, within 24 hours of ordering;



Research Recommendations

■ Repair Process

- Complete blueprint will be written;
- All parts are ordered;
- Preferred customer communication will be determined and schedule established;
- Parts clean up over 1 hour billed to vendor or carrier, depending upon who selected



Research Recommendations

■ Post Repair Administration

- All performance reports available 24/7 via the website;
- Quarterly in person scheduled reviews;
- Clear corrective action program on the website;
- All final payments via EFT within 24hrs;
- Regular re-inspections, and all reports shared;



The Future: Reward Performance

- ✓ Performance contracts
- ✓ Shops will consider written performance contracts, with volume goals/guarantees;
- ✓ Establish performance commitments, as well as bonus/penalties/dismissal considerations;
- ✓ Shop can determine investments in training, equipment, creative operational solutions based upon contract terms and value.

The Vision

- Insurance and collision repair professionals truly support the concept of a standard DRP process, and only customize the non-repair elements
- With the standard DRP process, the collision repair operators would focus on process improvements, providing better results
- The customer, voluntarily referred to the DRP partner for a repair, receives better results and clear communication: a win-win-win!



The Executive Summary

- Available for purchase for \$300 per copy;
- Interested parties should contact:
 - ◆ Elainna Sachire:
esachire@square1sys.com
◆ 330-637-5265
 - ◆ Beryl Carlew:
beryl@carlewassociates.com
◆ 913-481-4685



Thank you

- On behalf of all members of Coyote Vision Group, as well as the co-sponsors, we thank you for allowing us to share our research.