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January 2007 Issue

Cross-Country Tour of Ideas

Spend a few minutes talking with another shop owner, and you will almost always pick up a good idea or two. Here are some we have heard this past year.

Our ongoing research here at INSIGHT gives us an opportunity to talk with dozens of shop owners around the country every month. We often hear concepts and ideas that shops are trying – or have long found successful – but those discussions may be secondary to current topics we are researching at the time.

So to start out 2007, we have compiled just some of those ideas, tips and processes that we have heard about this past year but were not able to include in previous issues.

Out Early on Fridays

We begin on the East Coast, where Mike Anderson, owner of Wagonwork Collision Centers definitely does not take the traditional approach to running his two-shop operation in Alexandria, Virg. The company has annual sales of about \$5 million – and no DRP agreements.

First, like a growing number of shops, he uses a team production concept, pairing an “A-level” tech with two or three (and in one case, four) apprentices. He said he finds three apprentices to be the best option, but has a rule that a tech cannot add an additional apprentice unless all those currently working with him have been with the company for at least six months.

The shop does not operate with traditional production hours, either. It's 7:30 a.m. to 6 p.m. Monday through Wednesdays, 7 a.m. to 7 p.m. on Thursdays, and 7:30 a.m. to 1 p.m. on Fridays. It's a quality-of-life issue, Anderson said, in giving employees Friday afternoons off.

There is one caveat: No one leaves on Friday until everyone can leave. So if getting a car cleaned up is the only thing left to do, there is plenty of help available to get that car done quickly.

Every employee is required to perform 40 hours of community service on behalf of Wagonwork Collision, Anderson said. If a potential employee does not want to do that, that is fine, he said. It is just an indication that person will not fit within the company's culture.

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Despite working on a mix of vehicles from Kias and Hyundais to Porsches, the company has an average RO of \$3,900 at one location and \$4,200 at the other. That often (based on the insurance carrier) includes an out-of-pocket charge to the customer beyond the deductible, something the shop explains right upfront. Anderson said few customers balk when they learn such things as:

- Every customer receives Anderson's phone number, and is told the company has a technician on-call to help them 24/7.
- No non-OEM parts are used.
- All removed parts are individually bubble-wrapped and never stored inside the vehicle.

Anderson also has standard operating procedures for virtually everything. Customer special requests, for example, are written on the driver's side door glass, so that everyone getting in or out of that vehicle cannot avoid seeing them. Detailers cannot remove that information without confirming the requested items have been handled.

Outsource the Calling

In the Philadelphia / Delaware Valley area, Michael LeVasseur, vice president and chief operating officer of the eight-shop Keenan Auto Body, said that as members of the Fix Auto network, the company is using Fix's call center services in a number of ways – which could be instructive to shops whether or not they have access to such a call center.

LeVasseur said one of Keenan's locations in particular has a lot of street traffic, making it difficult for the shop's front office staff to keep up with customer and assignment follow-up.

"We make the first call [to the vehicle-owner after receiving the insurer assignment] very well, but then it might take us a couple days to do a follow-up call," LeVasseur said. "So now we send all of the assignments for that location to the call center. They call the customer, and that has improved our assignment closure ratio from 85 to 94 percent. That's dollars."

Retaining and Motivating Employees

Like shop owner Anderson on the East Coast, Illinois shop owner Kelly Spence has tried some less common approaches to motivating and rewarding employees.

Spence has spent his entire career at S & S Paint and Body, just up the street from State Farm headquarters in Bloomington, Ill. He started out in 1979 cleaning cars as part of his high school's work program, and worked his way up to manage the shop before buying in as part owner in 1990, and sole owner in 1999. Today, the company has ten employees, repairing 20 to 25 cars a week in a 8,700-square-foot multi-building facility.

Keeping his employees by keeping them happy is clearly a key focus for Spence. He provides paid medical and dental insurance. Just by punching the time clock consistently, employees can earn four hours of paid sick leave per month – eight hours of which can roll into the next year even if they choose to cash out unused sick leave for an extra week's paycheck at the end of the year. And the company offers a retirement plan.

"If we have a good year, I throw in more at the end of the year for that," Spence said. "I don't really feel employees work for me; we all work together. It's their name going on a job just as well as mine. And all but one of my technicians have been here more than ten years, so they understand that. I feel that's because I take care of them and they take care of me."

Spence also handles technician pay a bit differently than many shops, by considering their workweek as running from a Friday to the following Thursday.

"So their Friday is their Monday," Spence explained. "I did that mainly for commission employees, because sometimes they would turn their hours in on Friday and not do anything the rest of the afternoon. We need them to work that fifth day."

The system also helps avoid the problem of the paint shop having too little work early in the week, he said. His painters – one of whom mixes paint for all jobs in the shop, which Spence says has improved the shop's productivity, color matching and use of materials – also are able to do some body work; Spence may assign them a bumper repair or door skin job if they are waiting for the body technicians to finish up larger jobs.

Smarter Agent Marketing

Moving out west, Mike Quinn and Pat O'Neill, co-owners of the five-location 911 Collision Centers in Tucson, Ariz., are among some of the savviest marketers in the industry. The company does a lot of direct-to-consumer marketing, but has not abandoned marketing to insurance agents. A "claims status report," for example, helps keep agents "in the loop" as to progress on their insureds' vehicles that are in a 911 shop. This prevents the agent from hearing about things only when there is a problem, Quinn said.

Quinn used to make sales calls to agents himself, but eventually hired first one and then a second full-time outside sales person. But the costs were substantial, he said, and so now the shop's own office personnel make those sales calls, two hours a day, two days a week. A part-time marketing person helps coach the staff and will travel with them at first to help introduce them to the agencies and the process.

"I'm getting a lot of good feedback on how the agents and their staff perceive that," Quinn said. "It's no longer just a salesman calling on them."

Launching Satellites

We end our cross-country tour of shop ideas in California's Silicon Valley, where Bill Rupp and Ann Saari have taken a less common approach to adding locations to Santa Clara-based Akins Collision Center. They opened their first satellite estimating and vehicle drop-off center in the Almaden Valley area of San Jose, about 14 miles away from their main shop, in December of 2003.

"It was actually about two blocks from where we live, so we kept driving past this beautiful, vacant 1,200-square-foot office space on the corner of two major streets and thinking, 'We ought to be able to do something with that nice office at a great location,'" Rupp said. "Finally I said, 'We're going to get [direct repair] assignments there. We're going to have customers drop-off and pick-up vehicles there. Everything but production.'"

His belief was that the satellite would expand the shop's reach, bringing in additional DRP referrals and customers by being conveniently located in what was otherwise a primarily residential area.

"It was slow in the beginning, but we got first one and then a second insurance company to think it was a good idea and to give it a shot," Saari said. "It's worked out so well that in July of 2005, we opened a second satellite location in Cupertino."

Rupp and Saari say their goal was for each satellite to generate at least \$40,000 a month in gross sales for the business.

"We far exceed that now in Almaden Valley," Saari said. "We're averaging somewhere between \$50,000 and \$60,000 all the time. Cupertino is a little newer; our slowest month there was \$2,000, and our busiest month there was about \$70,000. So it's helping. It was a good decision for us."

Getting the staffing right for the satellites has been a bit of a challenge, they admit. One satellite has a full-time estimator, Rupp said, but that hasn't yet been cost-effective at the second. Instead, most estimates there are handled by appointment; for walk-ins, a salesperson is there to gather the administrative data and start the sales process while an estimator makes the 10-minute drive over from the main shop. o

Feedback

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