

Prepared by

**BODYSHOP**  
BUSINESS

Sponsored by



**STATE OF THE**  
**INDUSTRY**  
**2013-14**



## Reflecting on the Big Picture

By **Greg Benckart**  
Vice President, Americas  
PPG Automotive Refinish

On behalf of everyone at PPG Automotive Refinish, we invite you to examine this timely State of the Industry report on the major concerns impacting collision repair. This “big picture” view forms an excellent starting point for reflecting on the state of your business as you move forward to compete in this changing, highly competitive landscape over the coming years.

In a market facing a continued decline in accidents, collision repair is undergoing many challenges to contend with, from greater use of advanced materials and environmental compliance to increasing shop consolidation and higher expectations for customer satisfaction. Fortunately, our industry and the collision shops that comprise it are blessed with a highly entrepreneurial spirit, and are well-versed in embracing change and adapting to new challenges. So, whether your business is a single location operation or a large MSO, success can be achieved by those who remain committed to a proactive plan for continuous improvement, capable of meeting today’s demands head-on.

Likewise, you can be reassured that PPG will support these efforts as we continue with our long-term commitment to the industry.



Increasing use of advanced materials and technology in vehicles, accelerated consolidation and a continuing decline in vehicle crashes are just some of the characteristics of a market that is both challenging and exciting at the same time.

By **Jason Stahl** / Editor

*“As successful businesses, we have to make sure that our beliefs and assumptions that are formed in good times don’t block us from seeing how fast things are changing.”*

— **Jim Berkey**, director of PPG MVP Business Solutions, speaking to the attendees of the PPG MVP Conference held April 13-15, 2014, in Scottsdale, Ariz.

Perhaps I-CAR CEO and President John Van Alstyne said it best last year at the I-CAR Annual Conference when he said the collision repair industry is going through a “technical tsunami.” Industry veterans are remarking that they’re seeing a need to retool like they’ve never seen before due to the advanced materials being used in the construction of vehicles today.

Which brings us to aluminum. It has been the talk of 2014, ever since Ford Motor Company announced that the 2015 F-150 (that will arrive in showrooms across the country in the fall of 2014), the best-selling vehicle in America, was going to be made with a body of military-grade aluminum alloy and a frame of high-strength steel. That’s roughly 700,000 of these vehicles eventually on the road, and everyone knowing that as soon as one drives off the lot, one will certainly be involved in a collision that first day.

Ford’s decision, as well as the report that GM has locked in supply contracts with Alcoa and Novelis for aluminum and will be introducing an aluminum Silverado in late 2018, has forced many collision repairers to ask themselves: “Do I have the necessary equipment and training to repair these vehicles?” With estimates that only 10 to 20 percent of shops currently are aluminum ready, most would have had to answer, “No.”

The move toward aluminum has also raised many interesting questions in the collision repair industry. Will it accelerate the industry’s rate of attrition if some shops decide they’re unwilling or unable to invest in the equipment and training necessary to properly and safely repair aluminum structures? Will it spawn a new niche of shops that specialize in aluminum?

Or shops that specialize in one particular automaker's vehicle? At least one expert finds fault in this logic.

"I've heard some multi-location shops say that maybe shops will specialize in certain makes," says Mitch Becker, technical writer for *BodyShop Business* and technical instructor for ABRA Auto Body & Glass. "It does make sense that one shop would handle the Fords and one the GMs, but the problem is that other manufacturers will be following suit and recommending the same or similar procedures for repairs."

Speaking of procedures, it was only three years ago when the three major trade associations in the industry – the Society of

Collision Repair Specialists, the Automotive Service Association and the Alliance of Automotive Service Providers – jointly proclaimed that the OEM repair procedures should be the standard of repair. With the increasing use of aluminum, that declaration is now taking on greater importance.

And what about the consumer? Ford's introduction of the F-150 made quite a splash over national media outlets, and no doubt truck owners took note. Plus, it was announced in January that the OE Roundtable had created a website called [www.crashrepairinfo.com](http://www.crashrepairinfo.com) to educate consumers on what it takes to repair their vehicles properly. Will this signal a tide change in consumers' knowledge of what it takes to repair their vehicle properly? Will they be more selective in the shop they choose? Will they use Ford's "shop locator" to find a certified dealer shop or recognized independent shop?

Evidence of more exotic materials being introduced in vehicles? How about BMW's carbon fiber chassis, aluminum frame rails and thermo plastic outer panels on the i3 and i8 electric vehicles that will soon be entering the marketplace?

And we haven't even talked refinishes yet. The newer, more vibrant,

translucent finishes that are becoming increasingly popular with the OEMs are challenging shops in the paint department from a matching standpoint in that it's difficult to match the factory's application. Blending isn't really an option with opaque basecoats, because every coat that overlaps the existing panels will make that color different.



But there's no need to panic. Industry veterans who have witnessed radical changes in the industry before (full frame to unibody construction, handwritten to electronic estimates, solvent-based to waterborne paint, etc.) predict that most repairers will take this new shift in stride and adapt as necessary.

### Consolidation

Since our last State of the Industry report in 2011-12, the pace of consolidation has quickened as most experts in the industry predicted. One needs only to look at the number of stores of the Big Four (not including franchise models) – see graphic above.

This second wave of consolidation in the collision industry is being driven by industry dynamics and investor appetite. The difference between this wave and the first wave, which occurred in the late 1990s, is that insurance companies are now fully engaged, and their own strategic objectives are now in sync with the benefits of consolidation.

Will the push toward making aluminum mainstream provide more opportunities for consolidators to expand by acquiring shops unwilling to make the necessary investment in tooling and training? Will aging shop owners ready to exit the industry provide more

opportunities for consolidators as well (60 percent of shop owners/managers are aged 50-64, far and above any other age category in the industry)? The answers are probably yes and yes. Then again, buying a franchise or aligning with an OEM might provide a new lifeline for shops struggling with the decision to close up, sell or forge ahead into the future.

### Overcapacity

The market is still overcapacity, with some experts believing that 20,000 to 25,000 shops could handle the current workload available. The repair pool continues to decline for a number of reasons: teenagers' dis-

interest in getting a driver's license; Millennials (the largest segment of the U.S. population) bogged down with college debt and/or unemployed and opting to put off buying a car; the second largest segment of the U.S. population, Baby Boomers, who are considered safer drivers; increasing accident avoidance technology (NHTSA announced last month that "backup cameras" will be required on all vehicles, phasing in May 2016 to 100 percent completion by 2018); safer roads; less miles driven; more total losses due to higher salvage values; higher deductibles and more.

Still, harsh winter weather in many parts of the country prompted one association leader to remark that the general aftermarket was poised for a great year: crashed vehicles needing to be repaired, shocks and struts needing to be replaced (potholes), etc.

### Insurer Preferences

Who gets the work is another topic. There are those who believe owning the insurer is key to referrals and have tailored their business model to that philosophy. Insurance work is the basis for most MSO models, and insurers welcome working with MSOs for a variety of reasons: strong brand, single

# STATE-BY-STATE BREAKDOWN OF THE COLLISION MARKET

|                   | Population<br>2013 (Est.) | Light Vehicles<br>IHS Automotive<br>(Polk) Data 2012 | Reported<br>Crashes | Crash Rate<br>Reported Accidents | Total<br>Crashes  |
|-------------------|---------------------------|--|---------------------|----------------------------------|-------------------|
| Alabama           | 4,822,023                 | 4,473,371  | 128,315             | 0.029                            | 256,630           |
| Alaska            | 731,449                   | 638,029  | 12,890              | 0.020                            | 25,780            |
| Arizona           | 6,553,255                 | 5,032,783  | 103,637             | 0.021                            | 207,274           |
| Arkansas          | 2,949,131                 | 2,502,418  | 59,076              | 0.024                            | 118,152           |
| California        | 38,041,430                | 26,286,882   | 657,172             | 0.025                            | 1,314,344         |
| Colorado          | 5,187,582                 | 4,478,565  | 102,137             | 0.023                            | 204,274           |
| Connecticut       | 3,590,347                 | 2,887,123  | 96,879              | 0.034                            | 193,758           |
| Delaware          | 917,092                   | 753,495  | 21,202              | 0.028                            | 42,404            |
| Washington D.C.   | 632,323                   | 313,690  | 7,842               | 0.025                            | 15,685            |
| Florida           | 19,317,568                | 14,607,980   | 281,340             | 0.019                            | 562,680           |
| Georgia           | 9,919,945                 | 8,221,187  | 205,530             | 0.025                            | 411,059           |
| Hawaii            | 1,392,313                 | 1,033,149  | 25,829              | 0.025                            | 51,657            |
| Idaho             | 1,595,728                 | 1,487,068  | 21,402              | 0.014                            | 42,804            |
| Illinois          | 12,875,255                | 9,983,198  | 281,788             | 0.028                            | 563,576           |
| Indiana           | 6,537,334                 | 5,464,053  | 188,841             | 0.035                            | 377,682           |
| Iowa              | 3,074,186                 | 3,042,581  | 47,818              | 0.016                            | 95,636            |
| Kansas            | 2,885,905                 | 2,682,278  | 60,634              | 0.023                            | 121,268           |
| Kentucky          | 4,380,415                 | 3,689,796  | 124,844             | 0.034                            | 249,688           |
| Louisiana         | 4,601,893                 | 3,728,681  | 153,154             | 0.041                            | 306,308           |
| Maine             | 1,329,192                 | 1,171,023  | 30,000              | 0.026                            | 60,000            |
| Maryland          | 5,884,563                 | 4,691,800  | 89,655              | 0.019                            | 179,310           |
| Massachusetts     | 6,646,144                 | 4,851,915  | 120,631             | 0.025                            | 241,262           |
| Michigan          | 9,883,360                 | 8,039,326  | 273,891             | 0.034                            | 547,782           |
| Minnesota         | 5,379,139                 | 4,666,421  | 69,236              | 0.015                            | 138,472           |
| Mississippi       | 2,984,926                 | 2,610,091  | 65,252              | 0.025                            | 130,505           |
| Missouri          | 6,021,988                 | 5,237,100  | 142,966             | 0.027                            | 285,932           |
| Montana           | 1,005,141                 | 1,166,002  | 19,841              | 0.017                            | 39,682            |
| Nebraska          | 1,855,525                 | 1,830,649  | 30,443              | 0.017                            | 60,886            |
| Nevada            | 2,758,931                 | 2,018,343  | 51,664              | 0.026                            | 103,328           |
| New Hampshire     | 1,320,718                 | 1,208,409  | 33,265              | 0.028                            | 66,530            |
| New Jersey        | 8,864,590                 | 6,853,388  | 284,062             | 0.041                            | 568,124           |
| New Mexico        | 2,085,538                 | 1,802,023  | 43,227              | 0.024                            | 86,454            |
| New York          | 19,570,261                | 11,204,539   | 294,757             | 0.026                            | 589,514           |
| North Carolina    | 9,656,401                 | 8,188,485  | 213,641             | 0.026                            | 427,282           |
| North Dakota      | 699,628                   | 707,673  | 18,356              | 0.026                            | 36,712            |
| Ohio              | 11,544,225                | 9,747,789  | 267,311             | 0.027                            | 534,622           |
| Oklahoma          | 3,814,820                 | 4,006,384  | 69,807              | 0.017                            | 139,614           |
| Oregon            | 3,899,353                 | 3,326,954  | 49,798              | 0.015                            | 99,596            |
| Pennsylvania      | 12,763,536                | 10,825,611   | 124,092             | 0.011                            | 248,184           |
| Rhode Island      | 1,050,292                 | 815,314  | 45,373              | 0.056                            | 90,746            |
| South Carolina    | 4,723,723                 | 3,951,077  | 106,864             | 0.027                            | 213,728           |
| South Dakota      | 833,354                   | 891,663  | 16,261              | 0.018                            | 32,522            |
| Tennessee         | 6,456,243                 | 5,512,110  | 167,452             | 0.030                            | 334,904           |
| Texas             | 26,059,203                | 19,205,285   | 416,870             | 0.022                            | 833,740           |
| Utah              | 2,855,287                 | 2,339,082  | 50,600              | 0.022                            | 101,200           |
| Vermont           | 626,011                   | 563,109  | 12,640              | 0.022                            | 25,280            |
| Virginia          | 8,185,867                 | 6,944,966  | 116,386             | 0.017                            | 232,772           |
| Washington        | 6,897,012                 | 6,024,665  | 99,560              | 0.017                            | 199,120           |
| West Virginia     | 1,855,413                 | 1,576,917  | 39,423              | 0.025                            | 78,846            |
| Wisconsin         | 5,726,386                 | 4,929,762  | 117,380             | 0.024                            | 234,760           |
| Wyoming           | 576,412                   | 616,879  | 13,893              | 0.023                            | 27,786            |
| <b>U.S. Total</b> | <b>313,818,356</b>        | <b>248,831,081</b>                                   | <b>6,074,927</b>    | <b>0.025</b>                     | <b>12,149,854</b> |

## METHODOLOGY

- Population:** The number of people in the state in 2011.
- Light Vehicle Registrations:** The total number of automobiles and light trucks registered in that state as of July 1, 2010.
- Reported Crashes:** The total number of vehicle crashes reported to authorities, which typically refers to the year 2010 or 2011 but, in some cases, might be from an earlier year. The actual number was obtained for 45 states. For some states, data was collected from state websites, the National Highway Traffic Safety Administration's site, or by contacting the appropriate government agency. For the remaining regions, the number of crashes was estimated by using the national average rate. The national average crash rate is 0.0274. The rate varies significantly from state to state and has strong influence on the collision repair potential for that state. The crash totals include accidents involving just one vehicle and those of multiple vehicles, as well as motorcycle crashes. The total includes property damage-only crashes, crashes that resulted in injuries and crashes involving fatalities. Some states may have different thresholds for reporting a vehicle crash. Typically, this is a minimum of \$1,500 property damage. Some states may not express all crash data through a single reporting agency (typically the Bureau of Public Safety or the Highway Patrol). In these instances, the total shown for that state will be less than the actual number of crashes.
- Crash Rate:** The percentage of registered vehicles that are involved in reported crashes during the year. The national average for the 45 states for which actual data was available is 0.0274 (about 3% of all vehicles per year).

| Damaged Vehicles  | Repaired Vehicles | Repair Dollars Per State | Number Of Shops | BSB Repair Potential Per Shop | Vehicles In Use Per Shop | Repaired Vehicles Per Shop |
|-------------------|-------------------|--------------------------|-----------------|-------------------------------|--------------------------|----------------------------|
| 384,945           | 250,214           | 625,535,625              | 682             | \$917,208                     | 6,559                    | 367                        |
| 38,670            | 25,136            | 62,838,750               | 97              | \$647,822                     | 6,578                    | 259                        |
| 310,911           | 202,092           | 505,230,375              | 506             | \$998,479                     | 9,946                    | 399                        |
| 177,228           | 115,198           | 287,995,500              | 468             | \$615,375                     | 5,347                    | 246                        |
| 1,971,516         | 1,281,485         | 3,203,713,744            | 3,715           | \$862,372                     | 7,076                    | 345                        |
| 306,411           | 199,167           | 497,917,875              | 597             | \$834,033                     | 7,502                    | 334                        |
| 290,637           | 188,914           | 472,285,125              | 586             | \$805,947                     | 4,927                    | 322                        |
| 63,606            | 41,344            | 103,359,750              | 106             | \$975,092                     | 7,108                    | 390                        |
| 23,527            | 15,292            | 38,230,969               | 20              | \$1,911,548                   | 15,685                   | 765                        |
| 844,020           | 548,613           | 1,371,532,500            | 1,961           | \$699,405                     | 7,449                    | 280                        |
| 616,589           | 400,783           | 1,001,957,166            | 1,182           | \$847,679                     | 6,955                    | 339                        |
| 77,486            | 50,366            | 125,915,034              | 174             | \$723,650                     | 5,938                    | 289                        |
| 64,206            | 41,734            | 104,334,750              | 261             | \$399,750                     | 5,698                    | 160                        |
| 845,364           | 549,487           | 1,373,716,500            | 1,956           | \$702,309                     | 5,104                    | 281                        |
| 566,523           | 368,240           | 920,599,875              | 977             | \$942,272                     | 5,593                    | 377                        |
| 143,454           | 93,245            | 233,112,750              | 857             | \$272,010                     | 3,550                    | 109                        |
| 181,902           | 118,236           | 295,590,750              | 557             | \$530,684                     | 4,816                    | 212                        |
| 374,532           | 243,446           | 608,614,500              | 743             | \$819,131                     | 4,966                    | 328                        |
| 459,462           | 298,650           | 746,625,750              | 670             | \$1,114,367                   | 5,565                    | 446                        |
| 90,000            | 58,500            | 146,250,000              | 290             | \$504,310                     | 4,038                    | 202                        |
| 268,965           | 174,827           | 437,068,125              | 668             | \$654,294                     | 7,024                    | 262                        |
| 361,893           | 235,230           | 588,076,125              | 1,086           | \$541,507                     | 4,468                    | 217                        |
| 821,673           | 534,087           | 1,335,218,625            | 1,611           | \$828,814                     | 4,990                    | 332                        |
| 207,708           | 135,010           | 337,525,500              | 1,072           | \$314,856                     | 4,353                    | 126                        |
| 195,757           | 127,242           | 318,104,841              | 393             | \$809,427                     | 6,641                    | 324                        |
| 428,898           | 278,784           | 696,959,250              | 1,032           | \$675,348                     | 5,075                    | 270                        |
| 59,523            | 38,690            | 96,724,875               | 263             | \$367,775                     | 4,433                    | 147                        |
| 91,329            | 59,364            | 148,409,625              | 505             | \$293,880                     | 3,625                    | 118                        |
| 154,992           | 100,745           | 251,862,000              | 206             | \$1,222,631                   | 9,798                    | 489                        |
| 99,795            | 64,867            | 162,166,875              | 272             | \$596,202                     | 4,443                    | 238                        |
| 852,186           | 553,921           | 1,384,802,250            | 1,184           | \$1,169,596                   | 5,788                    | 468                        |
| 129,681           | 84,293            | 210,731,625              | 259             | \$813,636                     | 6,958                    | 325                        |
| 884,271           | 574,776           | 1,436,940,375            | 2,579           | \$557,170                     | 4,345                    | 223                        |
| 640,923           | 416,600           | 1,041,499,875            | 1,286           | \$809,875                     | 6,367                    | 324                        |
| 55,068            | 35,794            | 89,485,500               | 216             | \$414,285                     | 3,276                    | 166                        |
| 801,933           | 521,256           | 1,303,141,125            | 1,869           | \$697,240                     | 5,216                    | 279                        |
| 209,421           | 136,124           | 340,309,125              | 575             | \$591,842                     | 6,968                    | 237                        |
| 149,394           | 97,106            | 242,765,250              | 524             | \$463,292                     | 6,349                    | 185                        |
| 372,276           | 241,979           | 604,948,500              | 2,624           | \$230,544                     | 4,126                    | 92                         |
| 136,119           | 88,477            | 221,193,375              | 191             | \$1,158,080                   | 4,269                    | 463                        |
| 320,592           | 208,385           | 520,962,000              | 606             | \$859,673                     | 6,520                    | 344                        |
| 48,783            | 31,709            | 79,272,375               | 258             | \$307,257                     | 3,456                    | 123                        |
| 502,356           | 326,531           | 816,328,500              | 823             | \$991,894                     | 6,698                    | 397                        |
| 1,250,610         | 812,897           | 2,032,241,250            | 2,735           | \$743,050                     | 7,022                    | 297                        |
| 151,800           | 98,670            | 246,675,000              | 316             | \$780,617                     | 7,402                    | 312                        |
| 37,920            | 24,648            | 61,620,000               | 154             | \$400,130                     | 3,657                    | 160                        |
| 349,158           | 226,953           | 567,381,750              | 790             | \$718,205                     | 8,791                    | 287                        |
| 298,680           | 194,142           | 485,355,000              | 765             | \$634,451                     | 7,875                    | 254                        |
| 118,269           | 76,875            | 192,186,759              | 278             | \$691,319                     | 5,672                    | 277                        |
| 352,140           | 228,891           | 572,227,500              | 1,166           | \$490,761                     | 4,228                    | 196                        |
| 41,679            | 27,091            | 67,728,375               | 118             | \$573,969                     | 5,228                    | 230                        |
| <b>18,224,781</b> | <b>11,846,107</b> | <b>29,615,268,638</b>    | <b>42,809</b>   | <b>\$691,800</b>              | <b>5,795</b>             | <b>277</b>                 |

© 2011, IHS Automotive (Polk) data. Reproduction in whole or part is prohibited without written permission of IHS Automotive (Polk) data, (248) 728-7000, www.polk.com.

- Total Crashes:** There are nearly 7 million traffic crashes reported each year, but the federal government estimates that at least as many go unreported. What the actual number may be is unknown. Some estimates have the total number of crashes at more than 16 million annually – meaning that less than half the accidents are reported to police. This analysis uses the assumption that the actual number of accidents is twice the number of those reported. It may be as high as three times the reported number, and this would have a large effect on our estimates. The total crashes figure is thus the approximate number of crashes in each state (and probably lower than the actual number in many cases).
- Damaged Vehicles:** Though many crashes involve only one vehicle, some can result in 2, 3 or more damaged vehicles. Some involve only a bicycle, motorcycle or trailer, or otherwise result in damage that won't be seen in a collision repair shop. In this analysis, we assume that each crash results in 1.5 damaged vehicles.
- Repaired Crashes:** Not all crashed vehicles are repaired. Some sources report that up to 20% of such vehicles are being totaled, and another fraction, though not totaled, are not being repaired. We estimate that about 65% of damaged vehicles are being repaired. This column represents the total crashes multiplied by 0.65.
- Repair Dollars Per State:** Vehicle crashes can vary significantly in severity. For the purposes of this report, we assume that crashes in one state result in the same damage value as those in another area. We're using an average of \$2,400 per repair. The figure for each state does not include non-collision related repairs such as rust repair, repainting, customization, detailing, non-collision glass repair and other vehicle body/interior repairs that are not caused by a crash. Thus, the total for each state and the national total will not equal the estimated total repair/refinish market quoted by other sources.

# STATE OF THE INDUSTRY

point of contact, offload of DRP administration, consistency of performance and product, KPI measurement capabilities (cycle time, touch time, CSI), etc.

As Rex Green of BB&T Capital said in a talk addressing collision repairers, scale allows:

- Superior systems
- Superior purchasing
- Spending on consumer marketing
- Better customer experience and satisfaction

■ Insurer benefit from national presence as costs go down and KPIs go up.

“Consumers have proven that they assign value to national brands and the consistent service they imply,” he said.

But single-store independents still continue to be the largest segment of the industry and are holding their own against impending consolidators.

One such shop is owned by Ben Krom, who defied naysayers by opening his own facility a little over a year ago and recently celebrated his one-year anniversary, nearly doubling his sales goal by grossing \$278,000.

When asked what would happen if one of the mega consolidators moves onto their corner, most mom-and-pop shops and smaller MSOs don't quake in their boots. Rather, they take the attitude of, “As long we keep taking care of our customers, we will be fine.”

And perhaps they're right. As Marcy Tieger of Symphony Advisors said in an article on consolidation in *BodyShop Business*, small business owners often forge strong bonds in their communities, and their “independence” can be a selling point to consumers.

“There will always be a place for small, independent businesses, even with industry consolidation,” said Tieger.

In the same article, an independent shop owner said, “Independents are not going away. If you build a relationship and do a good job, the customer will come back to you regardless of what choices the insurance companies give them.”

## Customers

It has always been important for shops to keep tabs on who their customer is and

understand their demographics, but even more so today as the customer is changing.

We live in a time of instant communication, so everyone wants to be updated on the status of their vehicle via text or email. Those shops that can “manage” the customer experience and their expectations from the time they come into the shop to after the delivery of the vehicle will have the highest CSI scores, a key metric by which insurers measure a shop's performance.

More and more consumers want to interact with shops via the Internet – website, Facebook, Twitter, Google+, etc. Those shops not utilizing these free social media tools are losing potential business. Those who are can take advantage of customers who post on Facebook or tweet, “Hit a deer this morning! Need a quick estimate! Help!” With accidents not increasing, shops need to find business in every corner they can.

Mark Claypool, an SEO expert deeply entrenched in the collision industry, estimates that 60 to 70 percent of shops are on Facebook, but only 15 to 25 percent are managing it effectively. Less than 10 percent have a Twitter account, and less than 25 percent have verified their Google+ pages.

“These numbers are higher for shops doing over a million in sales,” he says.

This Web presence comes with a flip side, though: shops' continual need to manage their “online reputations” and know what people are saying about them online.

Roughly 50 percent of consumers are accessing the Internet via their smartphones now, so shops need to have mobile versions of their websites available. They also need to make sure their websites can be found in the vast universe of the Internet through Search Engine Optimization (SEO) strategies.

Millenials are prone to use websites that now exist where they can take a



photo of their vehicle damage, post it to the site and get instant bids from shops. Some will argue if this model helps or hurts the industry, but the fact is it exists and is a potential source of new business. Shops cannot ignore this important customer segment.

Women are playing a more vital role in the repair decision of the family vehicle as well, forcing shops to reconsider the look and feel of the collision service experience.

## Workforce

As if there weren't enough challenges in the industry, shops are facing an aging workforce and not enough fresh faces to replace them. Some openly wonder if they're looking in the right places for the right people, while others feel training at vo-tech schools needs to improve so technicians are more “day one ready” and up-to-speed on today's technology – not an easy task in the face of declining enrollment and reduced funding or outright elimination of these programs. Shops are seeing the increasing need to get involved with their local vo-tech schools, and some, if lucky enough, are seeing the value in dedicating space in their operations for internal training and recruitment. With a lack of outside help, the bottom line seems that the industry needs to help itself if it plans on creating and maintaining a sustainable workforce.

## Conclusion

The collision industry is not alone in the pressures it's facing. Many other industries are consolidating as well and forcing participants to rethink their strategies. It will ultimately come down to who can deliver the best quality product the fastest at the best price. It sounds like a tired old cliché, but those who plan for the future, embrace change and keep up with the latest trends in the industry will be best positioned for success today and down the road. ■

# KEEPING PACE

The collision center's ability to adapt has never been more essential than it is today.

## By Greg Benckart

Vice President, Americas  
PPG Automotive Refinish

“Change is the only constant” has never been more true than in today’s collision repair business. Think about some of the major trends currently affecting our industry: work awarded by insurers based on quantitative performance metrics; the increased use of aluminum and exotic substrates on new vehicles; the OEMs’ continued introduction of more vibrant, tricoat-like colors requiring new repair procedures, and stiffening VOC compliance regulations – just to name a few. Each calls for collision centers to keep pace and implement change to remain competitive and keep customer satisfaction high.

Of course, recognizing the need to change is much easier than successfully executing change in an organization. Strong leadership is essential to change, yet our day-to-day tasks, such as keeping vehicles moving out the door, can derail many initiatives before they start. But help is there for you when you forge and utilize strong partnerships with key suppliers and vendors.

Take, for example, the increased focus on cycle time, a key performance indicator for insurers. Improving cycle time while processing more work with existing assets requires a well-planned re-engineering of the repair process – one that requires a culture of continuous and measurable improvement. Our industry has plenty of training to assist in business development. PPG’s MVP program is one in particular that has long provided guidance in this area. Its Lean for Collision training

has attracted thousands of collision center professionals eager to learn how to apply Lean Six Sigma principles to the process of collision repair. Supporting this comprehensive program is a host of MVP workshops and courses, each geared to elevating specific skills. Given that performance-based work sourcing is the wave of the future, I urge you to take advantage of the support that’s available, if you haven’t already.

Perhaps there’s no greater indication of our ever-changing industry than the introduction of the 2015 aluminum-body Ford F-150 and the challenges it poses for collision repair. Since the F-150 is the highest selling vehicle in the U.S., collision center owners have to weigh the cost/benefit of stepping up to this challenge and investing in the tools, equipment and training required for handling aluminum repairs. With Ford aiming to have some 1,500 aluminum-capable dealer and independent shops in its Ford National Body Shop Network by year’s end, this calls for decisive action from those wishing to turn a challenge into an opportunity. The real potential of other OEMs following Ford’s lead should also be figured into the equation.

From a paint refinishing perspective, aluminum requires only minimal adjustments, primarily avoiding any aluminum particles contaminating steel parts, which can create galvanic corrosion. A greater challenge to the paint room is today’s OE color palette, where some 20 percent of the newer colors are highly chromatic, translucent finishes that sparkle with an exceptional level of depth, brilliance and clarity. Key to accurately matching the

look of these newer OE finishes requires the best in color matching tools, training in new application techniques, and ideally, the latest in refinish system technology.

Benefiting from OEM partnerships, PPG took the lead early on with refinish technology and tools to provide consistent color alignment with these more exotic, translucent finishes. The result is an inventive waterborne paint process that mimics the OE factory methodology. The solution combines highly chromatic toners and the latest translucent pigments with an inventive spectral gray undercoat system. Every waterborne color in the PPG database is formulated for application over a specific shade of spectral gray, as indicated in a retrieved formula. And as with the OEM process, the translucent nature of the color mix allows the spectral gray undercoat to partially show through to create a perfect match.

Collision centers that have upgraded to PPG’s waterborne technology are touting the benefits of this advanced color matching system. Once perceived to be strictly a compliance solution, the rapidly growing adoption of PPG’s waterborne technology in National Rule regions gives testimony to its advantages – and has rewarded decision-makers with the willingness to adapt to a changing marketplace.

These are only a few of the trends that require collision center owners and managers to embrace change. To quote W. Edwards Deming, father of the quality revolution in Japanese manufacturing, “It is not necessary to change. [On the other hand] Survival is not mandatory.” Don’t just be a survivor – adapt and thrive. ■



---

ONLY ONE  
THING LASTS  
LONGER THAN  
OUR COATINGS.

OUR COMMITMENT  
TO YOU.

As the world leader in coatings our long-term commitment to our customers is reflected in the numbers.

**2,000,000+** COLOR FORMULA GLOBAL DATABASE

**28,000+** CUSTOMERS USING PPG WATERBORNE

**15,000** TECHNICIANS TRAINED ANNUALLY

**9,000+** SHOPS USING MVP BUSINESS TEACHINGS

**1,200+** U.S. AND CANADIAN DISTRIBUTORS

**111** YEARS OF INNOVATION IN REFINISH COATINGS

**1** COMPANY DELIVERS ALL OF THIS

**Bottom line?** As long as there are vehicles to paint PPG will be there to help you paint them.

Follow us online:    
[www.ppgrefinish.com](http://www.ppgrefinish.com)



**PPG Automotive Refinish**  
Bringing innovation to the surface.™