

## Are Collision Repairers Swimming in Shark-Infested Waters?

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By Keith Manich, Director of Collision Services

As seen in [Hammer & Dolly Magazine](#)

I'm taking a pause on developing operating procedures this month and reflecting on some of the changes taking place in the collision repair industry. I thought about repairers painstakingly building production and productivity models for their stores. Taking time to make sure they are properly equipped, their technicians properly trained, updating equipment and obtaining certifications. Overall becoming more sophisticated and detail oriented.

But then I am reminded that there is always a silent circling entity, sometimes in the background, sometimes not, trying to influence the repair: **the insurer**. Kind of like a hungry shark waiting to take a big bite out of the repair plan. Unfortunately repair planners will sometimes have that thought lurking in the back of their minds and anticipating the bite, try and reduce the risk. That risk of having to explain, document and justify why they wrote the repair plan a particular way and the stress that accompanies those conversations. What can result is an insufficient repair plan and a dangerous precedent. Because now the insurer knows that the repair planner will adjust the repair plan to fit the needs of the insurer.

A repair planner should never second guess their training, expertise and experience. "It is what it is" and the price is the price. What's interesting is the repairer has no contract with the insurer, but the insurer treats them as though the insurer is a direct participant in the repair. They'll say things like "not today, not on my watch," "we don't pay for that" or "you're the only one that charges for that." In some cases just an outright refusal to pay what is owed. But then I also remember not so long ago when there used to be a very different philosophy with those that are circling. A time when they used to say, "If you can document it, we will pay for it." Heck, I remember saying that myself. But now even that has gone away and led to the more commonplace "nope."

What has happened to common sense? What happened to “do what’s right for the car”? I heard a good one recently when a repair issue was identified post-repair and the insurance supervisor said, “Oh we’d have paid for it if they had asked for it.” Interestingly enough it was on an area that they said they wouldn’t pay for: it was more specifically for repairing the rocker pinch weld area after clamping, which was basic routine repair damage. What happens when more complex situations are involved?

As manufacturers continue to develop more sophisticated vehicle systems, the repairer will have to be prepared to work with these systems. That takes investments in tools, equipment and training. Yes, the cost to provide proper repairs continues to increase. What’s equally important and typically unspoken is that the consumer is demanding these vehicle systems. So the expectation is that the systems will work flawlessly when the collision repairs are completed. So the system performance must be validated by a scan. So the consumer’s expectation is that everything the manufacturer specifies be done, is done. So who will pay the bill? The consumer assumes that their insurance company is there to write a check for everything that is required to restore their car to pre-loss condition including the parts, procedures, labor and system diagnostics. So why is it so difficult for repairers to get paid for what is required? Is the discounted repair somehow “factored” into the cost of ownership or is that another gray area that is hidden from the vehicle owner? So if the repair cost is reduced does the owner really benefit? We hear that with many different repair associated costs, aftermarket parts, reductions in repair times, and appearance allowance for slight damage. Repairers also have to remember that they aren’t claims folks so anything that is policy related must be directed back to the insurance company.

Over the last several years it’s been impressive to watch the repairers do what they can to make sure that everything the manufacturer wants done on their brands is identified and documented. Scanning is a great example. You may purchase a high-end scanner or one that can link through the internet, only to find that the insurer doesn’t want to pay a mechanical rate even though it’s a mechanical operation. The latest position on this was really interesting: “estimating system identifies it with an M so it means it’s a mechanical part, that doesn’t mean it gets mechanical labor.” What? But these positions aside and more importantly, there is an unwillingness to pay for mandatory operations. What happened to common sense? This is readily apparent with the independent repairers as they compete with the corporate-influenced

MSOs. Knowing of course that there is a strong bond between the insurer and the MSOs because of the volume of cars they insure and the need to feed the vehicle count appetite at the MSO.

At the same time information gathered from those MSOs is used against the independent repairer as an attempt to control what they do. A tool used to influence pricing and the repair planning process. That includes trying to limit the sales categories for which a repairer charges. Yes, frame time and the newly identified position of wanting those frame hours to be identified as body time or at least at the same rate. Why would the repairer want to do that? What is the benefit for them? All that does is open the door for more manipulation of the hours because now they are all grouped together.

So how do the repairers “fight back” against this silent entity that wants to control their business? One word: **documentation**. The repairer shouldn’t care what “pickaname autobody” down the street charges. Is “pickaname autobody” repairing the vehicle properly? Do they have the proper equipment? Are they trained properly? If the repairer can document the procedures, if the OEM has identified the procedure as required, if the repairer is actually performing the repair and can show the result, why shouldn’t they get paid for it?

Then there are the photo requests. “I need a picture of this, two more of that, and four of this.” Capturing these takes time. Repairers need to charge for these services; taking the images, transferring the images, filing the images and of course uploading images to the entity that is requesting them. What is charged for these services is up to the individual owner. However, there should be a charge. The simple question is why should any process or procedure the repairer completes be considered free and go uncharged? The repairer needs to be accurate with regard to invoicing and listing the items they are charging for.

This is an actual request from an insurer asking for 23 pictures (add to the count – 2 for carpet, 2 for seats, 2 trim panels front, 2 trim panels rear) plus the balance of the list. The shop had already sent 8 pictures to begin with. This vehicle is going to be a total loss. That means without an administrative invoice there may be no payment to the repairer. There should be a substantial administrative fee accompanying the pictures when they are sent. Why shouldn't the total loss vehicle become a profit center just like any other handling process for the vehicle?

Dear XXXXXXXX|XXXXXXXXXX Body Shop,

Thank you for taking the time to connect regarding XXXXXXXX. We would like to complete the preliminary estimate as quickly as possible so please send the following photos:

- 1 photo of your odometer
- 1 photo of your VIN#
- 4 corners
- 4 photos of the damage to the vehicle
- Photos of the front and rear seats
- Photos of the front and rear carpets
- 1 Photo of the driver side trim panel
- 1 Photo of the headliner
- 1 Photo of the trunk
- 1 Photo of under the hood
- 1 Photo of the entire dashboard
- 1 Photo of the steering wheel
- 1 Photo of the stereo

PLEASE REPLY TO THIS EMAIL WITH ATTACHED PHOTOS.

Once you submit your photos, we will complete the preliminary estimate. You do not need to complete a preliminary estimate for the damages.

We look forward to seeing the photos.

Customer Success Department

This vehicle also had prepaid charges that the repairer paid in advance and have not yet been repaid. That brings up another point, sublet markup. If a collision repairer writes a check for releasing a vehicle from storage and an initial tow fee from the accident scene. Then they also pay a subsequent tow fee to move the vehicle to their location. Why shouldn't the repair facility owner be entitled to a markup on all fees? They made the calls, they arranged the tow, and they paid the prepaid charges. Time was spent on each of these items and most importantly, the repair center's money was spent to accomplish all of this and their money isn't in their bank account gaining interest for them. Why shouldn't they make a profit off of their work?

So let me circle back to my original thought. "Reflecting on some of the changes taking place in the collision repair industry," why isn't the collision repair industry driving the changes? Why are we collectively letting it be driven by the peripheral third party entities? The only question that needs to be asked is this, **is it necessary to repair the vehicle back to pre-loss condition?** If it is, there is no argument, no negotiation, and no need for discussion. If a vehicle manufacturer

identifies a specific procedure that has to be completed for the proper repair for the OEM. This being necessary to satisfy them that the vehicle is repaired properly, why should the insurer interfere and say that it shouldn't be done or they won't pay for it to be done? The second part to the questions is then, why would they not owe to have it done?

Let's list the steps necessary for the repair plan to be executed as written. Be sure that:

1. All options, vehicle IDs and production dates are properly identified and listed on the repair plan
2. **All safety related items** that are affected with the loss are identified and the appropriate research completed to ensure that all required steps to repair or replace are identified and subsequently followed
3. **All testing and reset processes are listed per manufacturer specifications**
4. All structural items that are affected are identified and any repair or replacement required procedures are followed
5. Considerations for the substrate materials used in the vehicle's construction are properly identified to ensure that the proper repair steps are followed
6. Adhesives, adhesive kits, rivets, seam sealers, foams both structural and sound deadening, corrosion protection materials, application tips and other **non-paint related items are placed in parts and not in paint and materials** (this directly impacts part and paint and material margins)
7. You gather **ALL** appropriate documentation that supports all decisions made contained within the repair plan and have it available for the inevitable negotiation process
8. If a decision is made and there is supporting documentation so that if push back occurs, you have it available. Why? So that you can share it with the vehicle owner stressing the fact that the vehicle manufacturer identifies the operations as **required** for the vehicle to be repaired properly

9. Stress to the owner of the vehicle that there may be others who might repair the vehicle cheaper but will it be repaired properly? There is a difference between discounting price and discounting the safety of the repair
10. The negotiation planning worksheet is completed to prepare for insurer discussions (available from previous ABRN and Hammer and Dolly articles)

Changes can only take place with willing participants. Don't lose control of your industry. Adjust your pricing to reflect what other automotive industry professionals charge for their services. You aren't in the discount collision repair industry. You are the collision repair industry.

Keith Manich began his journey through the collision repair industry as a body technician and painter over 30 years ago, progressing through management, insurance claims, automotive engineering, testing and training and technical oversight at an industry MSO. He held roles in senior management in training and research at one of the nation's premier collision research facilities as well as traveling worldwide in his role as the center vice president. As a trainer and coach in damage analysis and damage blueprinting, he has also been responsible for developing SOPs, financial impact models, job aids and repair personnel job descriptions for collision repairers. He brings unique skill sets to the Automotive Training Institute as well as the industry. He regularly participates at collision industry events delivering immediately impactful information for collision repairers. His passion for repair process efficiencies, oversight of established processes and the designing and implementation of new repair and production procedures are never ending. He has an unquenchable thirst for knowledge which has helped to provide decades of properly repaired vehicles for their owners. He works with and is an active participant in many industry organizations such as CIC, SCRS, ASA, I-CAR, AMI and WMABA (just to name a few), and he has been a guest speaker at NACE, SEMA, AASP and other industry conventions. His productivity tips can be seen in Hammer & Dolly, where he is a featured writer. He can be reached at [mkmanich@autotraining.net](mailto:mkmanich@autotraining.net).

### Ready to take the next step?

Consider signing up for one of our [1-Day Collision Repair Shop Owner Workshops](#). Our workshop attendees typically increase profits by 3-8%!

Or learn more about ATI's proven [Shop Re-Engineering Program](#) which added over **1 BILLION dollars in new cash profits** to the bank accounts of our members in the last three years alone.