



CCIF Toronto Meeting Report

**Canadian Collision Industry Forum
Sheraton Toronto Airport Hotel, Toronto, ON
Saturday, January 28th 2012**

**Next stop - CCIF Vancouver, Saturday May 5, 2012
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Strengthening Relationships With All Involved In Your Business *Richard Flint (Richard Flint International)*

Richard spoke about the importance of relationships, both internal and external. When connections between people are made in the right way, there is a united purpose, while disconnects lead to confusion and chaos, creating conflict that leads to frustration, disappointment and anger. "By not confronting issues, we are validating them," said Richard. Beware of those who constantly create problems, because it gives them an excuse for failure. They cannot be helped, but will suck energy from others as they demand the attention that enables them to control and manipulate. Therefore, negative situations must be addressed immediately, so that they cannot fester and grow. Ultimately, since we can only control our own behaviour, it is for us to set the mood for each day, stepping beyond our yesterday, controlling our fear and making the new day an improvement over the day before. In the context of strengthening relationships, a challenge for many is to stop validating disruptive and negative behaviour by not allowing it to continue. Confront the issue immediately and bring together all parties involved for an open, frank discussion that leads to common agreement on the way to proceed.

There is an opportunity for everyone with whom we interact to create partnerships in which all work together for the common good. Partnerships become strong and effective when there is mutual respect, truthfulness, trust and no hidden agenda. When there is a transparent common agenda with established expectations and order in what is being done, the investment in relationship building will pay off and lead to success and the achievement of goals, concluded Richard.

I-CAR Canada: Meeting the Training Needs of the Industry *Andrew Shepherd (I-CAR Canada)*

Andrew reported that in 2011 I-CAR Canada added 12 new active trainers for a total of 48, increased the number of classes by 10% to 538 and the number of

live seats by 20% to 6715. Despite this progress, Andrew acknowledged that there is still much to be done to match training availability and participation levels to industry needs. It's not just about numbers, though; there is work underway to tie I-CAR programs more closely to apprenticeship training, and to co-ordinate training with I-CAR's Training Alliance partners, with regional colleges and with MSO's (multi-store operators).

At CCIF Calgary last September, Andrew advised that I-CAR Canada, its parent organization the Automotive Industries Association (AIA) and CCIF would be holding a strategic review to share ideas on how the strengths of each organization might be leveraged for greater benefit to the industry. The review has taken place and resulted in several ideas on both short and long term possibilities. For example, how can I-CAR Canada provide more OEM information and training, should AIA complement its I-CAR training with non-technical training and how can more account be taken of prior learning in I-CAR Canada qualifications?

CCIF Skills Program Builds on 2011 Success

Leanne Blackborow (CCIF Skills Program)

Among highlights from the CCIF Skills Program's progress in 2011 was the acquisition of a Virtual Painting System, made possible by a generous donation from the Ontario Auto Recyclers Association. At Skills Competitions and career events, this machine draws students like a magnet and generates engagement and interest in painting and collision repair. Other 2011 highlights included the continual expansion of car painting within provincial Skills Competitions, more stages of the competitions being held on-site, a new partnership with the CARS Council and new promotional materials, including a powerful video.

For 2012 Leanne announced that all painting competition projects would be held on site at the National Skills Competition in Edmonton. This will be made possible by the new partnership with DuroAir, who will be providing a fully functional portable paint booth and technical support. For the first time, the whole painting competition will be taking place in the main competition area rather than an off-site collision centre, thus creating direct exposure to the many thousands of students and influencers present. This year, Provincial Skills Competitions, through which competitors qualify for the Nationals, will take place in British Columbia, Alberta, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia and Newfoundland. Leanne thanked the many CCIF Skills Program sponsors and the volunteers who brought professionalism and enthusiasm to the showcasing of their industry to young people. Both sponsors and volunteers really believe this program is making a difference, said Leanne, as she encouraged new sponsors and volunteers to step forward and join the fun.

Easier Recycled Parts Procurement

Roger Schroder (Car-Part.com)

Roger began by outlining some of the obstacles to the use of recycled parts, such as the use of interchange numbers by recyclers, rather than OEM numbers, the lack of delivery time accuracy and pricing clarity. Recyclers have been listening to their collision repairer customers and now have a new tool to help meet their needs, explained Roger. He went on to provide details of a new search engine and how it helps to overcome these obstacles and close the gap

between the collision repair and recycling industries. The program provides access to 4200 recyclers in North America and their inventory of 130 million parts. It also shows the certification level of each recycler and enables filtering of parts by grade and warranty levels. Messaging is integrated into the workflow, so that all information is seen by both buyer and seller. Also, a written record of the transaction is retained in the claim folder. Our goal was to improve connectivity between repairer and recycler, said Roger, and to make the whole process simpler and clearer.

Recycler and Repairer Collaboration

Steve Fletcher (Automotive Recyclers of Canada)

Continuing the theme of connecting recyclers and repairers, Steve referred to the CCIF – ARC breakfast summit held last June to define and establish consensus on the issues that matter to all parties concerning the use of recycled parts in collision repair and to establish a plan for addressing them. The meeting had been successful in establishing clarity of the issues and in setting up a task force to address them. The focus of the task force had been profitability, KPIs and benchmarking. Steve commented on one of the outcomes of the task force work, noting that there appeared to be no direct correlation between higher mark-ups and higher recycled part utilization. He thanked repairers for their engagement in the task force issues and encouraged recyclers to play a proactive role in the ongoing work,

Current ARC activity includes the review of alternative business and communication models from across Canada and around the world, drawing on best practices, new technology and enhanced communication methods. The association is also working on how to determine who are the “good” recyclers in the industry, and is aiming for 100% participation in certification to the Canadian Auto Recyclers’ Environmental Code (CAREC). Currently, 390 out of 410 ARC members are certified under a national environmental code, developed with Environment Canada, that provides what is essentially a processing and facilities certification. There is still a need for business practice certification and ARC is working with the ARA (Automotive Recyclers Association) Gold Seal Program to harmonize business practice protocols with an international standard. Steve concluded with a mention of the next multi-stakeholder event hosted by the Ontario Automotive Recyclers Association coming up in March.

Women’s Industry Network – Engaging Women in Collision Repair

Nancy Ng (AkzoNobel Coatings Inc.)

Over the years, societal changes have broken down the barriers that precluded women from traditionally male dominated industries. The collision repair industry has been no exception and today there are women working in every aspect of the business, including ownership, management and the skilled trades.

In support of this, the Women’s Industry Network (WIN) was established to help engage women in the industry, said Nancy. Through scholarships, mentoring and education programs, WIN is committed to supporting individuals who demonstrate a desire to excel in the industry, whether it be with collision repair businesses, suppliers, software providers or insurance companies. WIN also encourages the wider use of active recruitment programs to raise the percentage of women contributing to the success of the industry.

Nancy called for more women to become members of WIN and for industry support in attracting more women through proactive policies and programs.

How Advanced Vehicle Technology Could Reshape the Collision Repair Industry

Collision Repairer, Insurer and OEM Presentations and Panel Discussion

The purpose of this session was to discuss the issues raised by the growing OEM use of Advanced Vehicle Technology (AVT) in new vehicles. Larry Jefferies began with an overview of the major trends at play in the Canadian collision repair industry and how they are influenced by global trends. For example, the impact of changing weather patterns, accident avoidance technology and management of the balance between cost and quality. AVT is indeed another major challenge facing the industry, and will play a role in causing repairers to make decisions about the market niches they wish to serve.

A collision repairer, an insurer and an OEM then made presentations on their perspectives of AVT. Don Strong of Concordia CARSTAR began by recalling how progressive repairers had faced up to previous technology challenges when investments had to be made in equipment such as frame racks and MIG welders. Today, more investment is necessary in new technology equipment, tools, training and software programs in order to maintain repair capability for all makes/models. Combined with the whole package of equipment, tools, information and training must also be a desire to do it right, said Don, but the real concern should be about the repairers who are *not* investing in the whole package. Without repair standards and guidelines in place, how can vehicle owners and insurers distinguish between those repairers capable of repairing certain makes/models and those not capable, he asked. Without a certain software program that provides the latest OEM technical information, how would a repairer know of the 12 different metals and alloys present in a particular vehicle. Don added that in his experience, it is necessary today to allow an average of two hours to properly understand the vehicle and plan the repair. Looking ahead, Don was confident that by keeping informed about OEM AVT developments and maintaining investment levels, his collision centres would be able to maintain their all makes/models repair capability, but recognised that this might not be the case for all repairers.

Insurers need to be out in the field, watching and learning, said Rich Zamperin of Allstate Insurance. This helps build the experience and history that will make it easier to rate AVT vehicles. With accurate ratings, there would be no need for insurers to decline cover on certain vehicles – an important issue since “certain vehicles” would likely include more and more mass market vehicles. Rich pointed to the direct correlation between collision repair customer satisfaction and premium renewal, adding that insurers must educate and help their customers in how to choose a repairer, so that they are able to make informed decisions. Rich recognised the potential for loss when AVT-related issues arise, e.g. unavailability of parts, lack of knowledge or capability. Such issues add costs associated with increased administration, longer replacement rentals and potential non-renewal of premiums. An important role for insurers will be to keep promoting repair training, to provide up-to-date internal staff training and to maintain exposure and involvement in industry discussions to strengthen understanding at all levels, concluded Rich.

Michel Matte of BMW Group Canada provided some insight into the reasons for the growing use of new materials in vehicle production. The demand for traditional raw materials from the BRIC countries has become so huge that it has been necessary to find alternatives. Another factor is the ongoing drive to reduce emissions and consequently to increase efficiency and reduce weight. Companies like BMW will always be pushing the boundaries of technology for these reasons, for competitiveness and to meet their target customer expectations, explained Michel. BMW has set collision repair standards as a means to maintain high CSI ratings, build brand loyalty among its customers and ensure conformance to OEM specifications, which has implications regarding liability. The certification program is designed to provide a consistent and reliable service to BMW owners by repairers who clearly understand those owners and the vehicle brand, and who are willing to make a significant investment in equipment and training. Michel observed that repairer profitability levels in some parts of Canada appeared to be insufficient to support the necessary investment and that, in itself, created a challenge for any OEM wishing to develop a network of certified repairers. He believed it would be of value to engage OEMs in discussions with insurers and collision repairers, not only through open forums like CCIF, but also more directly, to help all parties understand the necessity for OEM repair standards and conformance to them.

The three presenters then joined a panel discussion with David Adams of the Association of International Automobile Manufacturers of Canada (AIAMC) Jason Bartanen from I-CAR Tech Center, Wayne Mitchell of ALLDATA, Andrew Shepherd of I-CAR Canada and Rene Young, representing the National Automotive Trades Association (NATA). Comments were made about the impact on repair costs where AVT is involved. This might be due to long wait times for a part, and the prolonged replacement vehicle rental cost tipping the claim from being repairable to becoming a total loss, or it may be due to the cost of parts such as AVT headlight units and sensors requiring expensive replacement after a low speed collision with only minor apparent damage. With increased vehicle complexity, diversity of models and the need to understand new materials, Jason felt that repair standards were a necessary step in the evolution of the repair industry. Others agreed with the principle of OEM repair standards, but one questioned the need for certification at collision centres where I-CAR training levels were already met with Gold Class and individual Platinum designations. It was conceded that there might be opportunities to explore equivalency, but on the other hand, OEMs may feel a need to support repairers, that had made large investments in becoming certified, by protecting their territories. There was concern at the potential for different, unco-ordinated OEM certification programs with exclusive requirements that would make it difficult for a repairer to meet the different needs of each OEM. It was acknowledged that OEMs with similar certification requirements might work together in such a way that a repairer could meet a common set of standards that provide certification by several OEMs, making the repairer's investment easier to justify and more rewarding.

Rene Young commented that the CASIS agreement, assuring access to OEM technical information, is working well. While there were sometimes issues regarding availability of information, these were due to the information not having been published at all. Rene advised that the AVT- related issue regarding vehicle security information had recently been resolved, so that

Canadian repairers could now register and follow a process for obtaining the necessary vehicle security codes to restore functionality of protected features.

A question from the floor opened up the discussion on repair quality. There seemed to be some agreement with the OEM presenter's rationale for being the setter of repair standards, but some aspects of the standards may be in contention with those agreed by insurers with their policy holders. Considering depreciation and the average quality of some OEM installed parts, how can the insurer ensure that it doesn't pay for quality that exceeds pre-accident condition? A related question concerned leased vehicles and the expectations of the leaseholder, often the OEM, which may not correspond to those of the lessee's insurer. These questions, and many more that were prepared for this discussion, do not have simple answers. However, the discussion had provided different perspectives and made clear the need for all stakeholders to work together on the challenging issues raised by AVT. The cost of non-co-operation would be in energy draining, time-absorbing confrontations repeated time after time, with no winners, just losers and alienated vehicle owners stuck in the middle. The key outcome of the frank discussions on AVT at this CCIF was the interest in repair standards. Today's Advanced Vehicle Technology may be making the need for repair standards more relevant than ever, but there is clearly much more discussion to take place within and outside CCIF to develop a workable model acceptable to all stakeholder groups.

CCIF would like to thank the following sponsors who made this meeting possible and whose support ensures the continuity of CCIF in bringing industry stakeholders together:

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