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Consolidated Parts Group

BODY SHOP B.S.

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"Your Partners in Parts" since 1997

Consolidated Parts Group "Committed to Partnering with Parts Dealers and Industry Service Companies who desire to make a positive impact for the benefit of their collision repair shop customers and the industry as a whole. Our ultimate desire is to help shops build their bottom-line through education, information, shared ideas, created tools, and legislative involvement. We are "Your Partners in Parts."



CPG Offers FREE Steering Brochure



Is Steering of work a problem at your shop? Are you losing work to the insurance practice of "Steering" customers to shops of the insurer's choice and away from yours? Shops without DRP agreements certainly are losing work to steering. Ironically, even shops with several DRP's lose work to

steering. And frankly, no one is happy about losing work because of it. So what can you do?

Consolidated Parts Group for the second month in a row has created a FREE brochure for shops to use if they wish concerning "Steering." These brochures include:

1. LAWS and LEGAL DESCRIPTIONS - Laws and language from state government that clearly defines a consumers right to choose. These are clear, concise, and irrefutable as to who the customer is (Vehicle owner), and who gets to choose where their vehicle gets repaired (Vehicle owner).
2. WHAT INSURERS MAY SAY TO CUSTOMERS - This area describes common language and word-tracks insurer's use to mislead consumers. It covers the most common and damaging statements insurer's use to cast doubt and/or fear into consumers.
3. WHAT TO LOOK FOR IN A SHOP - We have given important things consumers should look for in a shop

The government mandated laws and legal descriptions we included are undeniable and clearly define the customer and their rights. We included information from Act 190 of 2004, the anti-steering Bill passed in July, 2004. We also included the definition of the customer from the Repair Facility Manual, which clearly defines who gets to choose where a vehicle is to be repaired. And finally information from the consumer brochure produced by the State of Michigan "A Consumers Guide to Collision Repair," which also clearly states a consumers right to choose.

We then gave common statements used by insurer's to cast fear/doubt into the customer concerning a particular shop, such as:

- **We can not guarantee your shops work.**
- **You will have to pay the difference between what your shop says they will charge and what our shops says they will charge.**
- **Repairs may be delayed if you choose your shop over ours.**
- **Your shop is not on our list.**

We included some explanations for these common statements, and then finally, we gave some thoughts to what a consumer might want to look for in a shop.

To check out this FREE Shop Tool, simply click [HERE](#)

Survey Results - June 2008

1. Which of the following areas do you believe most negatively effect your profit margins?

	Response Ratio
Body Labor Rates	38.0%
Paint & Material Rates	30.9%
OEM Parts Mark-ups	0.0%
Aftermarket Parts Mark-ups	0.0%
Used Part Mark-ups	2.3%
Concessions for Labor Rates	2.3%
Concessions for Parts	7.1%
Other	16%
No Responses	2.3%

Comments from respondents

I feel material & labor cost & even parts mark up. used parts take more time & labor to clean & install, i find it hard to re-coop.

after the cleanup & the fuel charge there isnt much left.

All of the above.

Regulated rates by the Insurance Co. is anti-American!

Since I could only check 1 I have to comment that 1&2 then 3-5 are all problems.

ALL OF THE ABOVE. Cost of frame repair that at one time shops sublet out and marked up 10%. This 10% went staight to the bottom line.

IT SEEMS WHEN SHOPS GET SLOW, THEY LOWER RATES TO GET MORE WORK. WE REALLY AREN'T A PRICE COMPETITIVE MARKET, WHY DO THIS?? RAISE RATES, MAKE MORE.

CONCESSIONS FOR PARTS COVERS AFTERMARKET PART USAGE DISCOUNTS AND ALLOWABLE MARK-UPS.

3. In which of the following ways do you try to insure your profits stay as high as possible?

Select all that apply.

	Response Ratio
Customer is charged whatever insurer will not pay	6.0%
We give NO Concessions	15.1%
We continue to negotiate estimate until we get what we want	36.3%
We negotiate with vendors for a bigger discount	19.6%
We establish our rates based on accountants recommendations	7.5%
Rate Reviews are done annually and adjusted accordingly	7.5%
Other	7.5%

Comments from respondents

We keep our rates as high as we can without getting ourselves "black listed". We write our estimates as completely and with as many line items as possible.

Cut health insurance benefits. Argue with adjustors over pennies. Got off Nationwide's DRP.

WE STILL BASE OUR BUSINESS ON DOING QUALITY WORK AND TAKING CARE OF OUR CUSTOMER. REPEAT BUSINESS HELPS KEEP OUR PROFITS AT AN OPERABLE LEVEL.

To read all survey results from all 11 questions, simply click [HERE:](#)

News Shorts and Critical LINKS



Past CPG Survey Results Available - Consolidated Parts Group has added a "Survey Results" section to their website, where shops can check out the results of past surveys we have done. There is a lot of helpful information in these surveys and we encourage you to check this awesome section out by clicking [HERE](#)

CPG Garage Sale Pages - Consolidated Parts Group is currently updating our Garage Sale Pages to include as many "Hot Sale Priced" parts as possible. On this unique page, you can click on the appropriate vehicle Logo (such as GM for any General Motors vehicle, etc.) and find out what items that dealer has listed to sell at incredible prices. This is a GREAT way for shops to save more money, while dealers are able to offer sellable parts that are non-returnable to the manufacturer. This also helps our dealers to keep discounts as high as possible, rather than have to absorb these possible losses. We highly recommend you check out the Garage Sale Pages by clicking [HERE](#).

CONTACT YOUR STATE REPRESENTATIVE - Many of us are not sure how to contact the appropriate State Senator or Representative in order to voice our opinion on any given issue or Bill. CPG has made that easier than having an adjuster tell you "You're the only one who charges for that." Click on the link below titled "FIND YOUR REP" and it will take you to our links page of our CPG website. From there, simply choose one of two provided links: [Find your State Representative](#) will take you to the state website where you can easily find who your state rep is and how to contact him/her. [Find your State Senator](#) will do exactly the same thing for discovering your State Senator. Simply click below now to see how easy it is:

[FIND YOUR REP](#)

Insurance Company Report Cards



In our recent Survey, we had shops "grade" insurer's on:

Fairness & Promptness in Payment, Fairness & Promptness in how to repair, and level of overall service allowing you to properly repair the vehicle in a timely manner, while settling the claim promptly and fairly.

Here is how that "grading" came out by ranking, best to worst:

1. **Auto Owners**
2. **State Farm**
3. **AAA**
4. **Citizens**
5. **Allstate**
6. **Farmers**
7. **GEICO**
8. **Liberty Mutual**
9. **Nationwide**
10. **Progressive**

This survey did not have all the elements necessary to get a better gauge on actual "Grade" such as we did in the summer of 2007. CPG is currently working on a different survey format that will calculate the actual overall grade for each of the more major insurer's in Michigan. We also like to seperate grades given by shops that have a DRP agreement with a particular insurer and those that do not have a DRP agreement. Stay tuned for that survey coming soon.

In the summer of 2007, CPG conducted an industry survey within the West Michigan Collision Repair Industry to compile a "Report Card" of how shops graded insurer's. This interesting and helpful Report Card is now on our website for shops to see and/or use. CPG is currently working on a 2008 version, so soon we expect to ask for your full participation in grading insurer's again. We will be able to see if some insurer's have improved or gotten worse according to the industry.

If you'd like to check out the 2007 Report Card, Click [HERE](#)

FOX Ford On the Road



FOX Ford Parts Manager Kim Guiles has many years of experience in the wholesale parts business. His experience combined with his strong, experienced staff continues to hit the wholesale road and continues to grow. With a daily delivery program operated at the FOX Ford location for Ford, and all of the FOX import lines, shops can now get daily delivery service to any

area CPG visits. The wholesale staff consists of many years of experience with:

Denny - 34 Years

Randy - 31 Years

Ken - 30 Years

Participation in Ford's Collision Parts Programs allows FOX to offer all the deepest discounts, exceptional service and reliability, and daily delivery. Ford launched a new program on July 1, 2008 that has the most common Aftermarket collision parts insurer's request at incredibly competitive prices. This allows shops to use OEM parts while complying with insurer's demands of low prices. Whenever you order parts from FOX Ford, be sure to ask them if they can match aftermarket prices on any parts insurer's are specifying be aftermarket.

Ford has now increased their Power Train Warranty for 3 Years or 100,000 miles beginning April 1, 2008. FOX Ford is only one of a very few in the US who are "Ford Functional Power Train Distributors." In other FOX news, it is expected by the end of 2008, that the FOX Mazda franchise will operate out of the Ford store along side them. For parts, this means that the Ford parts wholesale team will be the ones to call for Mazda parts by 2009. Currently, shops can simply call direct to the FOX Mazda store. Kim is not foreign to the Mazda franchise and parts systems as he spent many years in a Ford/Mazda store.



FOX Ford

800-632-8655

GARAGE SALE Parts Save MONEY



East Nissan Recently added several GREAT bargains to their Garage Sale Page. Check it out by clicking [HERE:](#)



K&M Northfield Dodge has the largest, most up-to-date Garage Sale Page on our website. Check their stuff out by clicking [HERE:](#)

CPG has developed and offered our Parts "Garage Sale Page" to shops for the past two + years in hopes of helping shops make more money, while our dealers can move out those parts that may not be returnable to the manufacturer. we are committed to making 2008, the year we offer MORE of these parts than ever before. Our Garage Sale Page is open 24/7/365 from our CPG website. These parts are new, OEM crash parts which may be:

Dented

- Dinged
- Scratched
- Painted
- Non-Returnable Trim Part
- Non-Returnable Air Bag
- Obsolete Parts
- **These parts help you save money, help our dealers sell parts they can NOT return to the manufacturer, and help keep discounts higher.**

The cost of returned parts, which are un-returnable to the manufacturer, has caused havoc across the US for auto dealers as manufacturers continue to pinch down with tighter return policies. This new CPG Garage Sale Page not only helps dealers move out these parts, it helps to ensure a continued "No-Hassle" return policy from our CPG partner dealerships.

Check this awesome Money Saving Web Page, just click the link below: [Garage Sale HERE](#)

If you look for Garage Sale parts on a particular vehicle, but find there is nothing "For Sale", please let the appropriate dealer know you'd really like to shop their Garage Sale. Or you can simply let us know, and we can pass it along.

Calculating Overhead - A Must for Profits



Competitive pricing is always a hot button with business owners. They know competitive prices will attract customers. They also know that price is usually one of the first pieces of information buyers collect. If they can make a favorable first impression, they feel increased sales and loyal customers will follow.

The downside of competitive pricing is that many business owners establish prices without analyzing their costs. They simply use their competitor's price as a benchmark and make the assumption that it will cover costs and provide a margin for profit. Unfortunately, this assumption is seldom correct, especially if they choose to price themselves below the competition, which is quite common. Everybody's costs and profit margins are different and what may be acceptable for one business may result in a loss for another. Often, business owners will say, "I'll raise my prices later, after I have customers," or "I'll make up for lower prices with volume." Most of the time, this does not work because of market factors.

Business owners need to have a good understanding of their business expenses and how these expenses impact the overall pricing structure of their business. Most owners understand the cost of individual items but many lack a methodology that insures all these costs are captured in their selling price. They encounter difficulty when they try to factor overhead items such as indirect labor, interest, rent and utilities into their price. These costs are not easily attributable to a

particular product or service and often one or more is overlooked.

A preferred method of capturing costs is to calculate an overhead percentage. The overhead percentage provides an easy way to factor overhead expenses into a selling price and a convenient way to monitor the impact changing costs has on prices. It provides the business owner with a means to allocate overhead expenses proportionately to the direct labor dollars billed to each customer. Although the overhead percentage formula is simple to use (divide the overhead expenses by direct labor), it requires an understanding of pricing terminology and a working knowledge of the process for calculating it.

Calculating a selling price is a simple process once the overhead percentage has been determined. However, most business owners are not prepared for the results they see. Their reaction is usually one of surprise and disbelief when they realize the impact this percentage has on their selling price. They are often heard to say, "I couldn't charge those prices if I wanted to!" This may be true, especially if their customers are price sensitive, but the alternative may mean a business failure. Success and profitability demand that costs be factored into the selling price. The overhead percentage gives the business owner an opportunity to analyze business expenses and determine whether or not noncompetitive pricing strategies should be the main competitive focus.

After computing the overhead percentage, each of the assumptions made in projecting direct labor and overhead expenses should be revisited. This will allow changes to be made and will help formalize the process of calculating an overhead percentage. Business owners are always very curious about this process and find the information extremely helpful. As each step is calculated, they begin to visualize the larger pricing picture and actually see the impact that everyday business decisions have on their selling prices.

So, not all that comfortable with this kind of calculating? Not quite sure how to first gather the necessary information, then calculate it, then formulate what your prices should be? You are not alone. In a recent survey by CPG, this was one area most shop owners/managers felt the least comfortable with. Solution? Hire an accounting specialist to handle all of this for you. They know this part of your business best. They can help you find ways to get paid at the necessary rates more often, and sooner. The difference can mean success or failure. Shops should see this cost as an investment (you'll get a return higher than the fee's, not an expense).

Toyota of Grand Rapids is SHARP

Toyota and Scion of Grand Rapids continues to hold the #1 position for Toyota parts sales in their region. Why, you may ask? What has made them such a strong contender? Among many reasons, they are the leader in Wholesale Parts Sales. That begins with a very experienced staff.



Bill Sharp, the wholesale parts manager has over 26 years of Toyota parts experience in wholesale. He has been specifying and selling Toyota parts to collision repair shops all over west and central Michigan, offering his vast experience and service attitude, long before Toyota became a household name.

Parts and Service Director Bob Bacon believes Bill is the best they have ever had, and they have admittedly had some very good ones in the past. Toyota of Grand Rapids holds many #1 positions with Toyota, and prides itself on focusing on the customer in each transaction, not on all the awards and recognition they have received.

Here are some things Toyota is involved in that are helping our youth in the USA.

For the past 20 years, the Toyota U.S.A Foundation has funded K-12 educational programs that focus on the areas of math and science. Currently, we provide \$2 million a year in support of various programs and partner with some of America's leading organizations and institutions.

Recent Grants Include:

Academy for Educational Development: \$200,000

The Academy's After-School PLUS Program is a math curriculum designed for underserved students in grades 3-8. By partnering with science museums, students are taught to build exhibits by using their math skills.

American Museum of Natural History: \$250,000

This partnership between the American Museum of Natural History and the City University of New York awards a grant to the Teacher Renewal for Urban Science Teaching program-an initiative designed to prepare, recruit and retain certified science teachers for New York City Schools.

Girls Inc.: \$50,000

Girls Inc. created the Thinking SMART program to sharpen math, science, engineering and technology skills among young girls ages 12-18. Working closely with female scientists and engineers, these girls learn firsthand about the many educational and career paths available to them

The Greening of Detroit: \$249,875

This Life Sciences Program for K-5th grade students provides Detroit Public Schools with the resources necessary to improve academic grades in science.

Ocean Institute: \$200,000

The Watershed Education Program is designed for fifth-grade students in underserved schools from communities throughout Orange County, CA. Students work with scientists to learn how to develop and present watershed science projects.

Temple University: \$116,963

The Environmental Science Summer Academy provides advanced seniors from local Philadelphia high schools with an accelerated environmental curriculum.

Urban Ecology Center: \$99,000

Partnering with 33 Milwaukee schools, the Neighborhood Environmental Education Project advocates respect for the environment by fostering responsible behavior.

Toyota and Scion of Grand Rapids are proud to be apart of these kinds of programs which are shaping our future. When it comes to whoelsale parts sales, they strive every day to provide quality service, competitive prices, and an overall experience that exceeds all other dealers.



Toyota/Scion of Grand Rapids

800-354-7037

Paint Booth "Rock Star"



Altra Products, distributor and installer of some of the industries finest Paint Booths, such as the "Chinook" by Garmat, is a service company like no other. Owner Dick Post and his experienced, dedicated staff have built a strong business on one simple principle: Sell Great Equipment and treat the customer right. This issue, we are featuring information on a unique paint booth from Garmat, the Chinook II.



The Chinook II is a patented, pit-less downdraft paint booth with integrated mechanicals. Altra Products and Supply Inc has installed several of these booths and found them to be solid performers and every one has a satisfied owner. This booth requires no additional space for the mechanical unit; not on the roof and not on the floor! The Chinook II is the "middle budget" booth in the entire line of Pitless Garmat USA Paint Booths. It is a double wall booth that has all of the safety still built in, and nothing compromised.

For more information on this booth, or any of the many others Altra Products sells and installs, contact them at:



800-684-3154

Consolidated Parts Group and it's partners are VERY seriously committed in partnering with the Collision Repair Industry and working towards more control for shop owners. Our industry e-newsletter BODY SHOP B.S.is just one example of our continued work since 1997.

In 2007, we have already added a Current Survey to our website so shops can cast their Vote on different important issues faced within the industry. We will update and change the survey from time-to-time, but it is imperative that Shops be Active in participating in these Surveys. This new Survey System is currently being fully revamped with ongoing changes in technology, and CPG will be actively be using these new changes to serve this sector better.

Lastly, please consider the support and efforts put forth by your CPG Partners as you decide on who you will spend your money with for parts and services. CPG Partners believe in the mission and goals of CPG, and likewise, support those efforts through their participation as a CPG Partner. Please "Support those who support you."

Thank You

Your CPG Partners

Daniel McAllister
Consolidated Parts Group

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