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Consolidated Parts Group

BODY SHOP B.S.

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In This Issue

Good Hands to Boxing Gloves

Survey Results - June 2008

Shops Takes Insurers to Court

[Join Our Mailing List!](#)

Quick Links

[CPG Website](#)

[CPG Line Card](#)

[CPG Credit Application](#)

[CPG Shop Tools](#)

[CPG Survey Results Page](#)

[CPG Garage Sale Page](#)

"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."



Good Hands - vs - Boxing Gloves



Allstate Insurance Company has spent millions of dollars attempting to convince people they are in "Good Hands" when they choose them for their insurance needs. However, in the book *"From Good Hands to Boxing Gloves"* author and New Mexico Attorney David Berardinelli takes the good hands theory to task with some exceptionally convincing facts of

tactics adapted by Allstate via McKinsey and Company, a consulting firm that also made Enron a Wall Street darling and disaster.

In 1994, Allstate was paying out about 69 cents on claims for every premium dollar collected. By 1998, claims payments for private passenger cars plunged to about 51.7 cents for every premium dollar, and by 2006 overall claim payments plunged to an abysmal 43.5 cents of every premium dollar collected. Before the implementation of this new direction, coined as "Claims Core Process Redesign" (CCPR), pretax operating income averaged \$820 million annually. After CCPR was put into motion, the average annual operating profit for that decade was \$2.5 billion, a 3,335% increase.

Power Point slides of the McKinsey strategy shows clearly how Allstate would win the claims economic game in two phases. The first phase (Good Hands) required Allstate to change how it evaluated and negotiated claims; the second phase (Boxing Gloves) required Allstate to change how it litigated claims. The first phase involved arbitrarily lowering Allstate's claims evaluations by using a computer program called Colossus, which was calibrated to produce evaluations at least 20 percent lower on average than Allstate's pre-CCPR claim evaluations. Allstate would require its adjusters to make nonnegotiable, take-it-or-leave-it settlement offers based on these artificially low settlement evaluations.

McKinsey estimated that, when confronted with the threat of a substantial delay in getting any benefits at all, 90 percent of policyholders would succumb within six months to the economic pressures caused by their loss and give up without a fight, accepting the low offers. These policyholders would get "prompt" payment-the Good Hands treatment. The second, Boxing Gloves, phase involved a plan to deliberately abuse the civil justice system as a weapon of attrition against the estimated 10 percent of policyholders who would refuse to accept Allstate's reduced benefits. These policyholders would be driven into the "kill box" of McKinsey's zero-sum economic game-the American civil justice system.

The Boxing Gloves strategy aimed to make litigating claims against Allstate so time-consuming and expensive that any victory by the policyholder would be purely Pyrrhic. McKinsey believed that most policyholders and their attorneys would refuse to endure the expense and delay of litigation if they knew that Allstate had made an institutional decision to try every disputed claim to verdict-no matter the amount in controversy and regardless of the cost to Allstate of doing so.

Allstate, like many other insurer's, spend millions of dollars trying to convince people they are their advocates and dearest friends looking out for their well-being. However, those dollars spent to convince us, must be paid out of money generated by their customers premiums. The highest rated insurer's in the industry in our state do not spend this kind of money trying to

tell us how wonderful they are, they simply take care of the needs of their insured's and spend their money on customer satisfaction by paying fairly for them to be put back to "normal", not on trying to beat the %\$#@!& out of the unsuspecting insured by ripping them off.

Is this story real? Absolutely! In 2001, Berardinelli, a Santa Fe attorney, was pressing a lawsuit against Allstate in New Mexico. He obtained what has become known as the McKinsey documents. As one of a very few people outside of the insurance industry who have seen these documents, Berardinelli took more than 400 pages of notes while they were in his possession. One of the "tactics" used in the McKinsey strategies was to offer low-ball settlements to claimants, and anyone who tried to disagree with these initial offers faced protracted legal battles in order to wear down the customer by delaying court cases. This is a common negotiating tactic we have talked about for a long time at CPG, "He who lasts the longest gets the most."

You may not be a reader, but you HAVE to read this book. It's called *From Good Hands to Boxing Gloves* by David Berardinelli. We recommend you read it, make highlights in the book with "key" points, and keep the book where your customers can see it.

Survey Results, Report Cards, and other "Tools"



Consolidated Parts Group has been working hard for over 11 years to help the collision repair industry fight for better profits, more control, and fair settlements. We just wanted to point out some of the many "Shop Tools" CPG has created for shops to use at their own discretion, as well as responsibility.

Customer Steering Brochures - CPG has designed two versions of this brochure which highlights what Michigan Law says about consumers right to choose, what the Facility repair Manual from the state of Michigan says about this subject, and what a State of Michigan brochure called "Consumers Guide to Collision Repair" says about the consumers rights. We have included many of the insurer's common statements which can deceive consumers concerning steering, and it also includes a "What you should do to insure a good repair" recommendation. This brochure is in full color, and is offered FREE for shops who wish to use it. You can see it by clicking [HERE](#):

Customer Accident Brochure - This CPG designed brochure is again offered to shops for FREE, is in full color, and is meant to be an active part of a shops marketing program. Simply give one to every customer that comes in your door, including any just coming in for an estimate that you may not get the job. This brochure is for customers to carry in their glovebox and gives specific details of things to do in case of an accident. You stamp your shops information on the

brochures in several places, and this reminds customers of your shop at the time of an accident. This is the very moment you want someone to remember your shop. You can check this brochure out by clicking [HERE](#):

Post Repair Inspection Form - This is a sample form of a post repair inspection your shop should do in order to insure the customer that, in addition to the obvious repairs you performed, your shop has inspected key safety parts, such as brakes, steering, etc. and made sure the vehicle is now safe and in good mechanical condition in specific areas. This form also allows shops to increase profits through possible additional "customer Paid" repairs, such as brake replacement, radiator hose replacement, fan belt replacement, etc. Customers greatly appreciate a thorough repair and going the extra mile to inform them of the overall condition of their vehicle. This added value feature at your shop will set you apart from the "normal" shops. To see this sample form, click [HERE](#).
In addition to these CPG offered "Shop Tools", we also have many others, here is a list:

Anti-Steering Letter

Accident Brochure

Authorization to Repair

Consumer Authorization to Select Repairer

Consumer Guide to Total Loss Claim

Consumers Guide to Collision Repair

2007 Buyers Guide for Auto Insurance

Material Caps Letter

Parts Disclosure Form

Import Parts Order - Delivery Timetable

Customer Letter

Customer Questionnaire

Post Repair Inspection Form

Release of Liability - Salvage Part

Repair Facility Manual

Towing Letter

Vehicle Release Agreement Form Shop Policy on Parts Restocking Fees Credit

Application Premium Excessiveness in Auto Insurance Steering Brochure Non-DRP

Shops Steering Brochure DRP Shops

We recommend you take some time to check out all of our Shop Tools. CPG is always looking to "PARTner" with the collision repair industry and assist in increasing a shops profits and business control. And we challenge you to find any other businesses you may choose to buy parts and/or service from who are doing this kind of work on your behalf. It is our "Added Value" feature we believe seperates us from any others. We appreciate your consideration of this when you choose your vendors.

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](#)

GM Outlet Parts - "Caveat Emptor!"



GM Outlet Shop Parts are becoming more recognized as an excellent alternative for

the insurance companies to use for keeping repair costs down. However some parts providers are marketing these parts as "new take-offs" and the price is varying dramatically from what GM Outlet Shop Parts actually suggests as a retail price. As some Roman said centuries ago, "Caveat emptor!" (Buyer beware.) Berger GM Parts will be glad to verify pricing for you on ALL GM parts, including these exceptional values via our GM Outlet Parts center.

What is the "GM Outlet Shop Program?" Here is an overview which should help describe what the parts are, where they come from, and why shops should strongly consider them in repair of many popular GM vehicles and crash parts:

GM said outlet shop parts provide the fit and performance of the originals, but are priced competitively. Outlet Shop parts provide an alternative to alternative parts.

These parts began as original equipment parts and were intended for use in the production of GM cars and trucks. But because they may have minor cosmetic flaws or are not required for planned production needs, they are being made available through the Dealer Outlet Shop program.

These parts are collected, inspected and shipped to qualifying GM Outlet Shop dealers who service local market needs directly. High-volume GM passenger vehicles, trucks and SUVs are now included in the program and CPG Partner for GM Berger Chevrolet is an authorized GM Auto Shop dealer.

"Consider Outlet Shop parts wherever non-OEM parts have been used in the past. The GM Dealer Outlet Shop provides the performance and quality of the original genuine OEM part at aftermarket competitive prices," said Ronald F. Doerr, GM Service and Parts Operations. "It is a lot like going to a factory outlet center and buying functional, name-brand products rather than settling for a generic, look-alike alternative. It gives the repairer an option that did not exist in the past.

"The GM Outlet Shop helps collision repair facilities because they can access competitively priced, high-performing, OEM-quality parts that fit right the first time - which makes for satisfied craftsmen and a solid financial bottom line. It is good news for customers because their investment is protected with the best collision parts - parts that they know will perform to factory specifications once the vehicle leaves the repair shop," Doerr said. "And, it is good for the environment because these outlet parts can be pressed into service rather than go to a landfill."

How the Program Works

GM inspects all parts for quality that are identified for Outlet Shop sale. The parts must be dimensionally correct, and have only cosmetic flaws. The parts are already primed or painted - no unprimed fascias or raw sheet metal is included. Any part deemed not suitable for the Outlet Shop is scrapped.

GM Outlet Shop parts are placed in protective packaging and inventoried. Qualifying Outlet Shop dealers purchase in truckload quantities and distribute to repairers in their local markets.

The Insurance Industry

GM is reaching out to insurance companies and local claims adjustors to educate them about the new Outlet Shop, and its ability to provide OEM-quality crash parts that are competitive in price with imitation aftermarket collision parts. Watch for GM Dealer Outlet Shop parts in industry estimating systems as they become more broadly recognized and available in the market.

CPG has seen non-authorized Outlet Shop Parts being offered at dramatically higher prices than an authorized GM Outlet Shop dealer, such as CPG partner Berger Chevrolet. Some at double the cost of the GM Outlet Shop listed price. So, as noted

before, "Caveat emptor!" (Buyer beware.)

Berger

Dedicated to 
Automotive Excellence Since 1925

800-878-2121

FOX Honda Still In the Lead



FOX Honda Parts Manager Bob McCann 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 combined Honda experience exceeding 50 years, experience and getting it Right the First Time is always at a premium. And, because of their volume of parts sales, they have the highest level of qualification in Honda's new Order Program that is based on Volume Purchases. This new program benefits the highest level purchasing Honda dealers and it directly effects a dealers ability to procure parts quickly and availability. Simply put, they buy the most, stock the most, and can obtain the most quicker than most.

With the FOX Coordinated Delivery Program working within the 11 franchises, DAILY Delivery is offered in all market locations. This has also dramatically effected cycle time from order to delivery. And with the highest competitive Wholesale Parts discounts offered to ALL shops, and a very simple, User-Friendly Parts Return Policy, FOX Honda can deliver your Honda Parts needs with Care, Consistency, and Price. Try them out for yourselves if you are not already using them.



FOX Honda

800-274-6632

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.

Shop Takes Insurer's to Court for Under-Payment



Mike Orso, owner of Nick Orso's Body Shop in Syracuse, NY and president of the New York State Auto Collision Technician's Association (NYSACTA), has filed more than 100 claims against insurance companies since late 2007 over labor rate and material shortages and other types of disputes. In the dozen or so claims that have been settled, Orso says he has come out on top every time.

After taking his complaints to the Insurance Department of NY and not getting a satisfactory response, he decided to take another route, the courts. After researching the state's statutes with his attorney's, they found section 349 of the state's General Business Law, which prohibits deceptive and misleading business practices, and allows the consumer to sue for damages.

"Businesses can't advertise one thing and then do something else." Orso says, "Almost every single insurance company advertises that in the event of a loss, they will make the consumer whole again. In reality, it's not happening that way. Nowhere in that policy does it say the insurance company will only pay to repair the vehicle in the cheapest possible manner."

Since late 2007, Orso has filed over 100 claims against insurance companies, and in the dozen plus claims that have been settled, Orso has won every one. His disputes are primarily over labor rates and material shortages, along with a few other disputes. In some settled claims, insurer's have had to pay the repair balance, court costs, legal fee's, interest, and a \$1,000 penalty, which is part of the law listed above.

A few other shops have now filed similar claims against insurer's, and about another dozen shops are in the process of doing so. Orso hopes to establish a pattern using these lawsuits in order to get their Attorney General's office to consider a class action lawsuit. A 2006 report published by the association Orso is president of (NYSACTA) shows that while insurance rates in New York increased more than 145% in 19 years, auto body repair rates increased only 45%, or \$12 per labor hour. Another study Orso points to shows insurance premiums increasing by 29% from 2000 to 2005, with a decrease of losses of more than 20% according to the New York City Comptroller.

This is all part of an ongoing pattern of the NYSACTA working diligently to increase labor rates for all NY shops, while also requesting a 15% reduction, under NY law, of premiums charged to consumers. The group has asked for a \$20/hour increase of labor rates to \$64.

What has ANY association groups done similarly for this industry in Michigan? You have responded to our CPG surveys saying that associations need to file lawsuit(s) on behalf of this industry in order to fashion real, solid, and positive change in these key areas of profitability and control. I have not seen any such measure or movement. Some associations are run by shops owners, who have a much different set of potential risks in taking on insurer's, than do other associations who are not run by owners of shops. At the same time, what are each shop owner doing individually to attack these kinds of issues? Are you a member of any state associations, or national associations? Are you pressuring them to do something that has real meaning and

potential? Get active, get involved, and hold them accountable to making real change.

FOX Rocks



The FOX "Rocks" Band

FOX has several award-winning parts departments and personnel, and certainly FOX Motors, home of their Kia, Hyundai, and Saab vehicle lines is one of them. Now known as FOX Kia, FOX Hyundai, and FOX Saab, the FOX Motor Group has not changed, just the names. Parts Manager, Jeff Norton has seen the need for a designated Wholesale Parts Department and set that up long ago with Dan Conrad (15 years) as their dedicated wholesale specifier, with overflow help from Jeff and Jose.. And with over \$1.2 million of inventory in their Parts Warehouse, FOX can service their Collision Repair customers much quicker. Combine that with the impressive and very efficient FOX Coordinated Delivery Program, and service is awesome.

FOX ranks at the top in Parts for every one of their three vehicle lines as follows:

- **Hyundai - #1 in their Region**
- **Saab - #1 in their Region**
- **Kia - #1 in West Michigan, #3 in their Region**

If you have not tried FOX Kia, Hyundai, or Saab, CPG invites you to try them now. They will "Rock" your socks off with exceptional service.



FOX Hyundai - Kia - Saab

800-942-0880

Harvey Has It



John Murphy

Heather Amos

Harvey Lexus Wholesale Parts TEAM

John Murphy and Heather Amos have been a Harvey Lexus team for many years now, and are the reason for their continued success. With awards in many areas of parts, as well as the Harvey Lexus dealership as a whole, John and Heather continue to strive for excellence in customer satisfaction, and service. You can count on getting the parts right the first time, at a competitive discount, and delivered in a reasonable time-frame. They are #1 for a reason, find out for yourself on your next Lexus order.

Harvey Lexus

800-551-5398

Consolidated Parts Group and its 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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