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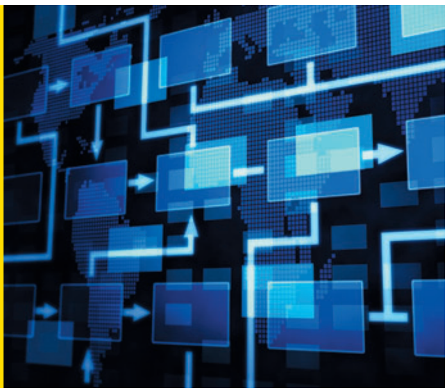
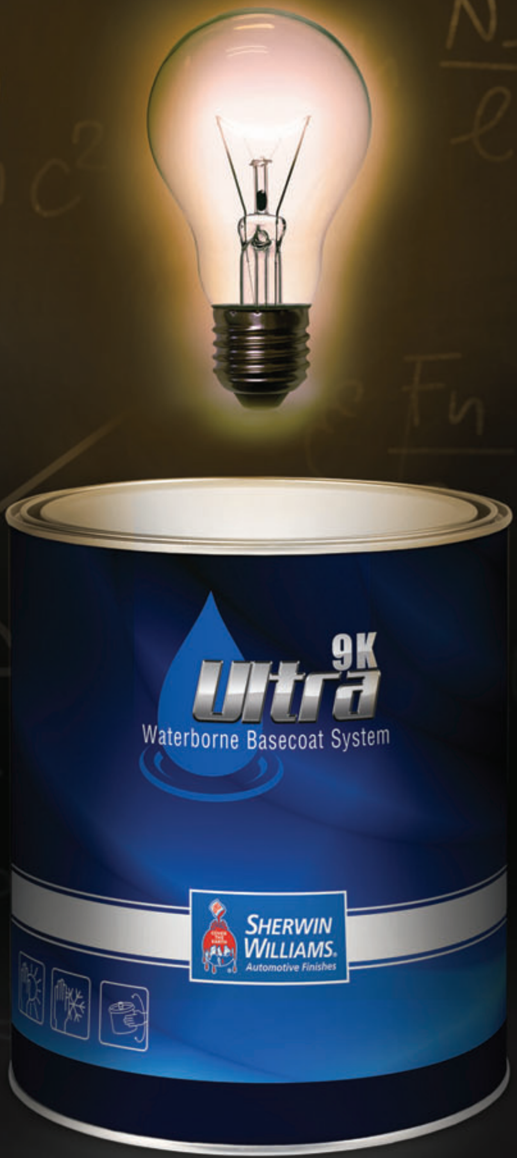


SIMPLY BRILLIANT



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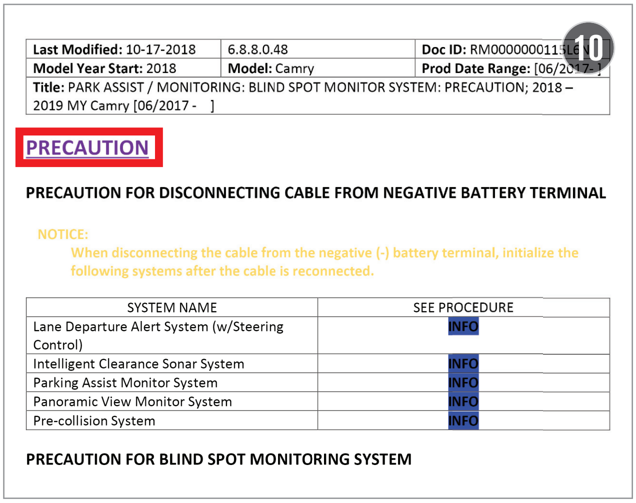
OPERATIONS



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Model Year Start: 2018	**Model:** Camry	**Prod Date Range:** [06/2017 -]
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PRECAUTION

PRECAUTION FOR DISCONNECTING CABLE FROM NEGATIVE BATTERY TERMINAL

NOTICE:
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SYSTEM NAME	SEE PROCEDURE
Lane Departure Alert System (w/Steering Control)	INFO
Intelligent Clearance Sonar System	INFO
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Panoramic View Monitor System	INFO
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PRECAUTION FOR BLIND SPOT MONITORING SYSTEM

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THE RISK MANAGEMENT BATTLE FOR BALANCE WAGES ON

Insurers and repairers at an impasse over how much risk they are willing to take

DARRELL AMBERSON // Contributing Editor

TO COME IN JULY

MSO SYMPOSIUM PREVIEW

Coming in our July edition, we will do a preview of the 8th annual MSO Symposium, set for July 24-25 in Indianapolis, Ind. The event will coincide with the summer Collision Industry Conference meeting and the Technology Telematics Forum. We will highlight the event agenda and speakers so you can be fully prepped to learn.

ABRN STAFF //

WEB EXCLUSIVES // ABRN.COM

PROTECTING THE COLLISION SHOP'S INTEREST IN THE EVER-CHANGING REPAIR ENVIRONMENT

The complexity of rapidly changing repair processes requires that repairers perform "repair due dilligence" prior to writing the repair plan.

But if you are unsure what that means, you're not alone. Keith Manich, collision director at ATI, leads this new webinar to help you properly identify all required repair operations in the repair plan.

Watch and learn how to formulate a strategy to ensure you are paid, create a repair file that defines the repair requirements, document and discuss the repairability of the vehicle and present the information to other parties.

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ACQUISITION

GERBER COLLISION & GLASS ACQUIRES CARUBBA COLLISION

ABRN WIRE REPORTS //

The Boyd Group Inc. announced it is entering its 27th state with the acquisition of a multi-store operation consisting of 18 collision repair centers.

These repair centers are located throughout New York, including the market areas around the cities of Albany, Buffalo and Syracuse. The centers, located in Buffalo (3 stores), Amsterdam, Ballston, East Syracuse, Hamburg, Horseheads, Jamestown, Olean, Oneonta, Scotia, Sennett, Syracuse, Tonawanda, Watertown, Wheatfield and Yorkville, have operated as Carubba Collision, which originated in 1955.

"We are very excited about this important acquisition, which expands our footprint and allows us to introduce our brand and leading service model to new markets and better assist our insurance clients," said Tim O'Day, President and COO of the Boyd Group. "We look forward to maintaining the high level of service provided at these locations."

The Boyd Group is continuously looking to add new collision repair locations to its existing network in Canada and the U.S. Interested collision repair center owners are asked to contact Stephen Boyd for more information.

BREAKING NEWS

VETERANS

SERVICE KING CELEBRATES 500TH VETERAN HIRING

Service King Collision Repair Centers, one of the nation's most trusted providers of high-quality collision automotive repair service, announced a milestone in its Mission 2 Hire initiative with the recent addition and hiring of its 500th U.S. Armed Forces veteran. The importance of this number is embedded in the company's short-term goal to hire 500 U.S. Armed Forces veterans and family members within five years.

Launched in May 2015, the Mission 2 Hire pledge provides career opportunities to men and women who have courageously served the nation. Exceeding the organization's original goal of hiring 500 veterans in five years, Service King reached the 500 number in just three and a half years. The initiative aligns with Service King's core values and encourages our nation's veterans to join the Service King family, as the organization proudly supports their transition back into civilian life. It is an essential

>> CONTINUES ON PAGE 5

TRENDING

LEGACY AUTOBODY GROUP ADDS 2 STORES

Legacy Autobody Group, founded in 2017, has added two collision repair centers in Kutztown and Stroudsburg, Pa., to bring their total number of locations to six in eastern Pennsylvania.

ABRN.COM/LEGACYGROUP

COLORS ON PARADE HOSTS NATIONAL CONVENTION

Colors on Parade hosted its 31st National Convention at their corporate office in Conway, S.C., Held March 29-April 1, the event drew employees from across the country.

ABRN.COM/COPEVENT

SERVICE FIRST OPENS IN TEXAS

Service First Automotive Centers, a Caliber Collision Company, marks its entry in the North Texas market with its McKinney location, the first of 11 service centers, as part of the company's 2019 expansion plans.

ABRN.COM/SERVICEFIRST

CARSTAR EXPANDS IN DEALERSHIP-BASED FACILITIES

CARSTAR is continuing to build upon its network of collision repair facilities based in auto dealerships. This trend is expected to continue in the coming years.

ABRN.COM/DEALERS

1COLLISION NETWORK EXPANDS IN MINNESOTA

1Collision Network has acquired The Collision Center in Golden Valley, Minn., marking the company's 10th location in the Twin Cities market and the second location for owner Jerald Stiele.

ABRN.COM/STIELE

PHOTO: WAVEBREAKMEDIA LTD / GETTYIMAGES.COM

>> CONTINUED FROM PAGE 4

element to the culture of the company and provides a multitude of career opportunities for the country's heroes and their families.

Through the Mission 2 Hire campaign, Service King has partnered with the U.S. Department of Labor, Vetted Heroes and the Military Spouse Employment Partnership (MSEP) as a joint-partnership between leading U.S. businesses that actively connect employers to various programs to support hiring veterans and military spouses across the country. These partnerships build upon the Mission 2 Hire initiative and continue to bring talent across varying levels of the Service King organization.

"Hiring 500 veterans in less than five years is an important milestone, but this is just the beginning for us. Our Mission 2 Hire will continue to focus on expanding our team with veterans and their families. Our ability to do so will continue to be a measure for our future success," says Chief Human Resources Officer Sean Huurman. "Hiring those who have served perfectly aligns with our culture and family values. We will continue to strengthen our own team with our veterans and their families."

For more on Mission 2 Hire and military veteran and spouse career opportunities at Service King, visit Mission2Hire.careers.

STRATEGIC GROWTH IN CARSTAR DRIVES CORPORATE ADVANCEMENT

ABRN WIRE REPORTS //

CARSTAR, North America's leading premier network of independently owned collision repair facilities, announces company-wide leadership realignment and promotions as it plans for strategic growth.

Following a record year of performance, CARSTAR has plans to accelerate its growth as it enters its 30th year of business. Supporting this growth is CARSTAR's corporate team, filled with experienced and talented members who consistently work together to achieve results for not just its customers, but also its franchise, insurance and vendor partners.

Understanding that performance drives growth, CARSTAR is aligning the EDGE operational platform and insurance sales efforts under one strategic direction, better positioning CARSTAR to continue improving its key performance indicators, profitability and franchise partner success. This new streamlined leadership consists of:

- Former CARSTAR franchise partner Jeff Labanovich, now General Manager of CARSTAR in Canada, has demonstrated an unwavering commitment to continuous operational enhancements. Reporting to Dean Fisher, Chief Operating Officer for CARSTAR North America, Jeff will be responsible for both CARSTAR's insurance and operations teams in Canada.
- Arlo Johnson, now General Manager of CARSTAR in the U.S., has lead various successful initiatives that prioritize partner needs and demonstrate CARSTAR's premier capabilities. Reporting to Dean Fisher, Chief Operating Officer for CARSTAR North America, Arlo will be responsible for both CARSTAR's insurance and operations teams in the U.S.
- Vince Matozzo, Director of Sales in Canada, is leading all insurance sales activity in Canada, reporting to Jeff Labanovich.
- Scott Paul, Senior Director of Sales in the U.S., is leading all insurance sales activity in the U.S., reporting to Arlo Johnson.

In addition to realigning corporate leadership, CARSTAR is acknowledging the following individuals for their demonstrated achievements in driving the business forward and strategically positioning CARSTAR for success in future opportunities:

- Jennifer Benner will now assume the role of Senior Marketing Manager for CARSTAR in Canada.
- Melissa Grmusa will now assume the role of Marketing Manager, taking on a larger lead in CARSTAR's communications and public relations strategy.
- Connor Smith will now assume the role of OE Manager for CARSTAR, to continue building OE relationships and store participation in certification opportunities.
- Monica Horvath-Cekolj will now assume the role of Director of Franchise Services.

With plans to enhance its already thriving analytics team, CARSTAR is also allocating additional resources to this increasingly vital department in the coming weeks.

"These changes will help us achieve our goals of growth in scale, continued improvement in our key performance indicators and driving franchise partner profitability," says Michael Macaluso, President, CARSTAR. "Our organizational changes are also a step forward in advancing our long-term succession plans, assuring talented and experienced leaders are present in all levels of the organization."

The CARSTAR future is bright as it looks forward to accelerating its performance and supporting its ever-growing franchise family. For more information on CARSTAR visit CARSTAR.com or CARSTAR.ca.

CONSOLIDATION

CALIBER AND ABRA MERGER TRANSACTION CLOSES

Caliber Collision Centers and Abra Auto Body Repair of America announced the closing of their merger that unites the companies' talented teams, trusted brands and industry-leading operations to better serve their customers, insurance clients and teammates across the U.S.

The combination joins two world-class leaders in the $47-billion-a-year collision repair industry, each known for delivering consistently high customer satisfaction. Going forward, the combined company will be investing even more in enhanced technologies, specialized resources and innovative processes to redefine world-class standards for quality repairs and customer service in the industry.

"Caliber and Abra have very similar leadership philosophies and cultures. Combining these two world-class organizations will allow us to offer our customers greater convenience of our best-in-class collision repair experience across 37 states and the District of Columbia," said Steve Grimshaw, Caliber's Chief Executive Officer, who now serves as CEO of the new combined company. "We plan on maintaining all existing centers from both companies as we embark on our journey to create one company with one operating model and one culture. We plan on further strengthening our culture that strongly supports our teammates' careers behind industry-leading development programs. And we remain committed to serving our valued insurance clients through the companies' partnership programs, while enhancing their customers' overall experience and complete satisfaction. That ability to stay ahead of what's next will be vital in an industry that becomes more complex every year."

The new combined company, now operating under the Caliber brand name, will provide customers and clients with the first national lifetime warranty along with even more offerings, including dedicated Non-Drive facilities, Express repair centers and Aluminum-certified and high-line centers. The combined company will also offer glass repair, diagnostic scanning and calibration services and the broadest network of OEM-certified locations in the U.S.

Terms of the transaction were not disclosed. Private equity firm Hellman & Friedman — Abra's majority shareholder since 2014 — will become the majority shareholder of the combined company. Caliber's two largest shareholders, OMERS and Leonard Green & Partners, L.P. (LGP), will be minority shareholders in the combined company.

"We believe this merger represents the next evolution of the collision repair industry. The combination further enhances the companies' best-in-class performance metrics, proven acquisition integration processes, strong relationships with insurance clients and career opportunities for our teammates," said Erik Ragatz, Partner at Hellman & Friedman. "The combined company's expanded suite of one-stop services, together with its culture dedicated to doing the right thing for customers, clients and teammates, represents the future of the collision repair industry."

Bank of America Merrill Lynch and Deutsche Bank Securities Inc. are financial advisor to Hellman & Friedman. Simpson Thacher & Bartlett LLP provided legal counsel to Hellman & Friedman and Abra. Jefferies LLC is financial advisor to both OMERS and LGP. Fried, Frank, Harris, Shriver & Jacobson LLP provided legal counsel to OMERS and Caliber. Latham & Watkins LLP provided legal counsel to LGP.

ASA ANNOUNCES NEW DATES AMD LOCATION FOR 2019 MSO SYMPOSIUM

The Automotive Service Association is pleased to announce the dates and location for the 8th annual MSO Symposium.

This year's events will coincide with the Collision Industry Conference (CIC) in Indianapolis, Ind., July 24-25, 2019. The event was originally scheduled to take place during NACE Automechanika 2019.

Due to pending changes surrounding the tradeshow, ASA's Board of Directors elected to move the event this year to coincide with CIC.

ASA will be working closely with Messe Frankfurt, the world's largest trade fair, congress and event organization, based in Frankfurt, Germany, regarding the future direction of NACE Automechanika. Announcements will be made in the near future regarding 2019, 2020 and beyond.

"We are looking forward to the continued growth and success of both programs," said ASA Chairman Roy Schnepper, AAM. "The MSO Symposium has evolved into the marquee event of the year where the most influential people in the industry gather. We appreciate the support we receive from all the industry stakeholders including insurers and OEMs."

Bob Wills, AAM, ASA's chairman-elect, said ASA understands that there are many questions surrounding the future of the NACE Automechanika tradeshow.

"We are working very closely with our partners at Messe Frankfurt to make decisions as quickly as possible," Wills said. "We will make those details available as soon as possible."

The risk management battle for balance wages on

Insurers and repairers at an impasse over how much risk they are willing to take

We are experiencing a tug of war regarding Advanced Driver-Assistance System (ADAS) repairs, as well as some other OEM repair procedures and position statements. We are caught between the OEMs who are telling us (with increasing specificity) how and when to perform diagnostic and repair operations and insurers who often question the validity and necessity of these operations.

Many experience this friction constantly in our daily interactions with insurers. I work with a number of insurers who have set their own policies — often contrary to OEM policies — regarding repair methodologies. Some examples include deciding what circumstances validate scanning and calibrations; use of salvage parts, such as quarter panels; demanding use of reconditioned and aftermarket parts that are of questionable nature; and not replacing front-wheel bearings when replacing surrounding components.

AS WE KNOW, THE SHOP PARTICIPATES IN THE ULTIMATE RESPONSIBILITY. IN MOST CASES, THE SHOP COMPLETELY OWNS RESPONSIBILITY.

Assessing risk

At the root of this issue is the decision makers — repairers and insurers — determining what risks they are willing to take. Insurers are in the risk management business and in many cases know how often failures occur. Areas that don't produce many failures or complaints are often ones that insurers are reluctant to embrace. Especially after high-profile litigation cases, repairers are increasingly reluctant to take such risks. Though the frequency of failure is low, the consequences to a repairer can be catastrophic — financial loss potentially devastating to a business as well as personal injury or loss of life of a consumer. At a recent Collision Industry Conference, an association executive director stated that she often has repairers express concerns over insurers who, because of cost, want them to ignore OEM repair procedures, directives or suggestions. "On a case-by-case basis" they will support or deny payment for specific procedures, regardless of the manufacturer's position. She asked how to address their concerns and what advice she should give them.

Owning responsibility

In my experience, many insurer representatives who are instructed to approve payment for operations on a case-by-case basis — especially when regarding electronic high-tech repairs — often are without criteria for making good judgements. I've seen many examples of poorly made decisions that are void of manufacturer support and would not hold up in court. And as we know, the shop participates in the ultimate responsibility. In most cases, the shop completely owns the responsibility.

I sympathize with the rising costs for insurers. As a consumer, I want reasonable premiums like everyone else. I also support interacting with insurers, and all other entities in our industry, to offer cost-effective repairs. Some say we are getting too many expensive features on vehicles. Some say repairers should do more to keep repair costs down. The practicality is that we as repairers have to repair the collision vehicles that come our way. Consumers vote with their vehicle purchases, and they are demonstrating that safety and convenience features are important to them.

So how should repairers approach the issue and interact with insurers? First and foremost, do the right thing. Protect our consumers! Protect our businesses! Safety should come first, certainly before cost. We should only charge for what we do and make efforts to be competitive and cost effective. Yet we are living in a new technological world. It has become necessary to first educate ourselves and then educate our customers as well as insurers. It is up to the repairer to be the expert. As proven in court, the OEM is the ultimate expert in what the appropriate repair procedures are. Vehicles are too complex for deviations. We should charge fairly for what we do — nothing more nor less. And we should be paid accordingly. As always, ethics, accountability and safety should be our guide.

DARRELL AMBERSON is the president of operations for LaMettry's Collision, which has eight locations in the Minneapolis and St. Paull area. He is a board member for the Automotive Service Association, and he has more than 40 years of collision industry experience. *damberson@lamettrys.com*

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CALIBRATION CONSIDERATIONS

What you need to know to get your locations ready

DARRELL AMBERSON //
Contributing Editor

The concept of an MSO having one or more calibration centers is still very new, but the rapidly changing vehicle technology is attracting immense attention within our collision repair industry. There are a number of ways for an MSO to address calibrations, including various dealer and independent sublet resources as well as contracting with an outside vendor to provide a technician to perform the work in-house. But there are those of us who find appeal in creating our own department or separate business as a source to handle such needs. The obvious benefits include process control, convenience, improved cycle time, a higher level of independence, better quality control, an internal source for high-tech knowledge, and the opportunity for another profit center. Therefore, I believe it's worth our while to look further into this topic.

In part one of this topic — "Consolidating calibration," October 2018 — we reviewed the state of the industry regarding the increasing frequency of the need to perform calibrations. We covered site requirements, staffing, administration and equipment. Because it is critical, let's review what it takes to be Advanced Driver-Assistance System (ADAS) ready, as suggested by Chuck Olsen of Air Pro Diagnostics.

Being ADAS ready

First and foremost, collision repair shops must be educated on what ADAS is, how to identify ADAS systems, when ADAS calibrations are required and how existing vehicle systems or sensors are integrated with ADAS functionality.

Second, shops should identify optional ADAS equipment on a vehicle. This can be done in several ways or a combination of methods.

Third, shops should review OEM ADAS calibration requirements:

- ADAS component replacement or removal and re-installation
- Disconnection/reconnection of ADAS components
- Alignments or steering/suspension repairs
- Related system repairs to ABS, Traction Control or stability control
- Document performed procedures

Fourth, before any calibrations (dynamic road test or static target placement) of ADAS cameras, radar, lidar and sonar inputs, a shop must have the ability with a "compatible scan tool(s) and technical expertise" to electronically check, repair and clear all DTCs from all systems (post-repair scan) and perform any basic calibrations or programming before proceeding to the additional and separate operation of ADAS calibrations.

After all of the above has been addressed and applied, your organization is ready to address and plan for ADAS calibrations. You can determine if you prefer to sublet to an ADAS-capable facility or take the next steps to become ADAS-capable in your own facility.

Considerations for getting into the business

As with any new business venture, it is prudent to consider what sales opportunities exist so that a plan can be developed that eventually leads to a successful operation that provides a reasonable return on investment (ROI). This is what causes me to have immense enthusiasm for the concept. I see abundant opportunity.

New Toyotas all have a full complement of ADAS features as standard equipment. ADAS is increasingly popular on all other brands. The number of available ADAS systems is growing and some are required by law in upcoming years. The need for calibrating these systems is increasing dramatically.

Situations that require calibrations are becoming more frequent. Obviously, when components such as radar systems are replaced they require calibration. But there are many circumstances aside from replacement where it is required. Some are just now being defined by manufacturers. Because I was having a hard time with clarity, I reached out to Michael Kramarz, Supervisor, Toyota North America, Quality/Collision Repair and Refinishing

PHOTOS: DARRELL AMBERSON

Training. I asked about when we need to calibrate systems when the actual system is not damaged by physical impact.

"Good question," he said. "It really comes down to which vehicle is being repaired and which system is the vehicle equipped with. Over the past few years there have been many advancements and some vehicles have technology variations within the same model year. The repair manual will give specifics for each system. It's not always easy to find and there should be time dedicated to researching the repair.

"For your question I used a 2019 Camry with blind spot monitoring and PCS for an example," Kramarz continued. "In the service repair manual found on TIS (https://techinfo.toyota.com) misalignment and handling details will be found in the 'precautions' section. For PCS, the millimeter wave radar sensor is required to be 'adjusted' (or calibrated) when being removed, installed or replaced." In the image below and continued on page 12, you can see what the repair manual lists in the removal section for the Blind Spot Monitor and the Radar Sensor.

This is a classic example on a very common model. Impact in "the surrounding area" adds many vehicles to the list of jobs requiring calibration. The sensitivity of sensors does as well.

Honda specifies some calibrations "if the vehicle is involved in a collision." Consider the typical Honda or Toyota collision job in our shops and it appears that in the future most of them will require one or more calibrations. Immense opportunity!

There are some manufacturers that require some ADAS calibration as part of a wheel alignment.

Some industry experts predict that in the future 60 percent of labor on a typical collision estimate will be related to electronic components. Many experts predict a reduction in collision frequency due to new safety equipment, but also an increase in severity. We are already seeing the severity increases, but so far little or no reduction in frequency. Indications are that it will take a number of years before high-tech safety equipment is prevalent enough to see a significant frequency reduction.

At LaMettry's Collision, we have a somewhat lower average age of vehicle due to our OE certifications and dealership relationships. We are at a point of about 25 percent of the vehicles we repair requiring at least one ADAS calibration. It seems to be increasing every month.

Considering what we are dealing with now and what we will in the predicted future, it is obvious that there will be immense need for calibrations and other high-tech work. Frankly, it causes me to ask, why wouldn't we get into this business? Especially since there may one day be a reduction in frequency and an increasing percentage of repair labor will include this type of work. As collision repair labor decreases, electronic labor will increase.

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PRECAUTION

PRECAUTION FOR DISCONNECTING CABLE FROM NEGATIVE BATTERY TERMINAL

NOTICE:

When disconnecting the cable from the negative (-) battery terminal, initialize the following systems after the cable is reconnected.

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Intelligent Clearance Sonar System	INFO
Parking Assist Monitor System	INFO
Panoramic View Monitor System	INFO
Pre-collision System	INFO

PRECAUTION FOR BLIND SPOT MONITORING SYSTEM

What kind of business is it, collision or mechanical?

Technically, it has elements of both, but in reality it is a new category unto itself. I suggest that you open your mind and think of it as something completely new and unique.

Though in practicality, it is closer to a mechanical business. Traditional body techs and paint techs are generally not known for having either great electronic systems skills or diagnostic abilities. (Their skills are in metallurgy and straightening and fitting panels and in finishing.) It makes sense to have people who specialize. In our company, we structure our ADAS and other high-tech work within our mechanical departments, which also do some retail work and the majority of mechanical tasks from our collision shops. It is more than handy, probably a necessity, to be able to handle steering and suspension and alignment work, as many calibrations require that be done first, including a proper alignment. We use a mechanical management system and price our work more in line with traditional mechanical philosophies. We have technicians performing our air conditioning work, and our high-tech people handle airbag restraint system work. Our mechanical managers have come to us with experience in traditional independent and dealer mechanical businesses and have learned about the collision business, including the collision estimating systems and insurer relations. They've gained knowledge of insurer estimating philosophies and pricing, negotiation and documentation expectations. Again, the business is in many ways a hybrid, mixing collision, mechanical and new computer and electronic work.

Training and education

There is rapid growth in the number of classes and training opportunities, even within the months since part one of this article appeared. I-CAR has created many new classes, and there are more on the way. The Automotive Management Institute (AMi) has many new offerings. OEMs are even helping by arranging specific training, and some are partnering with I-CAR and/or AMi for specific needs. Some are starting to incorporate ADAS training requirements into their certification requirements. Kramarz reports that Toyota is also developing a class on the subject.

There is a great awakening taking place regarding this type of work. Many entities in the traditional mechanical world are recognizing it. As a result, there is a lot of good training available through traditional mechanical training entities as well as from parts suppliers like NAPA and Advanced Auto/Carquest.

While all the training is of help, especially with getting started, learning about scans and calibrations shares similarities in how one learns about operating personal computers and smartphones. Training will help you get started, but a great deal is learned through experience, utilizing one's intuition as well as trial and error. The key is reading — specifically reading vehicle manufacturer repair procedures. These repair procedures walk one through the steps, and the more you do it the more competent you become.

Another great resource is having competent staff mentoring and training new people. At our company, our goal is to consistently have at least one person in training. It can take months to bring someone to a level where they can function independently. As the prevalence of ADAS and other high-tech work is rapidly growing, we have no fear that we will be able to utilize more staff.

(c) Instances of the blind spot monitor function unnecessarily detecting a vehicle and/or object may increase under the following conditions:

(1) When the sensor is misaligned due to a strong impact to the sensor or its surrounding area.
(2) When a distance between this vehicle and a guardrail, wall, etc. that enters the detection area is short.
(3) When driving up and down consecutive steep inclines, such as hills, dips in the road, etc.
(4) When vehicle lanes are narrow, or when driving ono the edge of a lane, and a vehicle traveling in a lane other than the adjacent lanes enters the detection area.
(5) When driving on roads with sharp bends, consecutive curves or uneven surfaces.
(6) When the tires are slipping or spinning.
(7) When the distance between this vehicle and a following vehicle is short.
(8) When a bicycle carrier or other accessory is installed to the rear of the vehicle.
(9) When towing a trailer.

(d) The RCTA function may not detect vehicles correctly in the following condition:

1) When the sensor is misaligned due to a strong impact to the sensor or its surrounding area
(2) When mud, snow, ice, a sticker, etc. is covering the sensor or surrounding area on the rear

HANDLING THE RADAR SENSOR

(a) Blind spot monitor sensors are installed behind the left and right sides of the rear bumper respectively. Observe the following to ensure the blind spot monitor can function correctly.

(1) Keep the sensors and the surrounding areas on the rear bumper clean at all times.
(2) Do not subject a sensor or its surrounding area on the rear bumper to a strong impact. If a sensor is moved even slightly off position, the system may malfunction and vehicles may not be detected correctly. In the following situations, inspect the sensor and surrounding area.
- A sensor or its surrounding area is subjected to a strong impact.
- If the surrounding area of a sensor is scratched or dented, or part of them has become disconnected.

(3) Do not disassemble the sensor.
(4) Do not attach stickers to the sensor or surrounding area or the rear bumper.
(5) Do not modify the sensor or surrounding area on the rear bumper.
(6) Do not paint the rear bumper any color other than an official Toyota color.
(7) Do not drop a sensor or subject it to a strong impact, as it is a high-precision device.
(8) Do not reuse a sensor that has been dropped or subjected to a strong impact.


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When considering training needs, it is a good idea to provide training on "mentoring" and "teaching" to the more competent techs to maximize their effectiveness in this growth strategy.

Staffing

Here is just a brief point to consider as you contemplate this new opportunity. We are experiencing shortages of body techs, paint techs, mechanics and other shop staff. Many of us are working to get young people to consider our trades despite the messages of many to attend traditional college and get into other fields. It's a struggle. But how many young people are engaged with computers and other high-tech devices? Frankly, nearly all of them are to some degree! Many are absorbed by it. Many of those people could be a candidate for this new role. It doesn't come with the baggage of our other roles. It is new and sophisticated and centered around computers and other high-tech devices. It's relatively clean. It pays well and doesn't require a four-year degree with the typical debt. With an open mind towards recruiting people, I don't see that we should be concerned about shortages of techs.

Equipment

This is another area where the industry is experiencing a great awakening. Many of the traditional mechanical tech equipment providers have taken notice of the immense opportunities on the collision side. I see their representatives involving themselves in industry meetings and events such as CIC, as well as writing articles in collision trade publications such as this one. They are advertising their new equipment in these places. They are interacting and forming relationships with collision repair information providers and with OEMs and insurers. They recognize that this is a developing industry on its own.

At LaMettry's, we utilize many different scan tools, some factory and some aftermarket. We've also been acquiring a lot of calibration equipment. Again, some is from the OEMs and some from aftermarket sources such as Autel and Bosch. Yet, no matter the tool, we use OEM repair procedures. We recently acquired a calibration station from Autel that has immense capabilities and so far we are pleased with how it functions.

It seems that every few weeks we are acquiring another target system, scan tool or accessory to increase our capabilities. We work on virtually all makes of vehicles and feel that we are currently capable of performing most calibrations on most cars. At this point, we feel that we are getting a reasonable rate of return on our equipment purchases.

Pricing

Pricing is an area of challenge for this new business in that various independent services and dealerships and collision shops have very different structures and rates. Information providers who analyze such data confirm this. Frankly, it feels like the Wild West, which in many ways is fun, as it is new and exciting. We are often creating solutions and pricing as we go, with few or no sources to reference. Some people price calibration and other operations based on labor hours, usually at a mechanical rate, and others price upon various or set dollar amounts. Some shops price in ways that include several various operations and some price in a more a la carte fashion. Common items to consider are repair procedure research and retrieval, post-repair scans, battery support, road tests, programming and more. Dynamic calibrations require driving the vehicle as part of the calibration. It is always a good idea to test the systems after collision repair to confirm proper operation and often refer to it using terms such as "dynamic systems verification." While there may be some overlap, this is not the same as a dynamic calibration. Such an operation is more than a traditional road test, as the operator must understand the characteristics of various ADAS systems and engage them accordingly while driving to verify their proper function.

From my experience, some insurers are looking closer at pricing as calibrations are becoming more common. Information providers have publicly announced that they do not intend to assign times within their systems for scanning, as there are too many variables. We don't know yet if they will take such a stance on calibrations.

At LaMettry's, we've been inclined to price scan and calibration and programming operations based on a dollar amount. As much as we can, we try to find out what independent services and dealerships charge. We consider labor and equipment expense. We prefer that to basing each operation on actual time or some assumed amount of labor hours, as this method is inconsistent and lends itself to negotiation and potential friction on each repair when interacting with insurers. Like our traditional paint and material pricing methods, it may not be precise for each situation, but it averages out and is therefore overall reasonable and minimizes friction.

Conclusion

There are many ways for an MSO to handle calibrations and other such high-tech work. But for those willing to take on the challenge of starting their own department or business, there is great opportunity. The industry is awakening to this and quickly changing. I personally am having a lot of fun with it as we research, develop, implement and operate. To me, the future looks bright.

DARRELL AMBERSON is the president of operations for LaMettry's Collision, which has eight locations in the Minneapolis and St. Paull area. He is a board member for the Automotive Service Association, and he has more than 40 years of collision industry experience. *damberson@lamettrys.com*

THE EVOLVING COLLISION REPAIR MARKETPLACE

See how four industry pillars have determined the direction of the U.S., Canada industries

THE ROMANS GROUP // Contributor

The 13th annual white paper, *A 2017 Profile of the Evolving U.S. and Canadian Collision Repair Marketplace*, is now available from The Romans Group.

The four industry constructs or pillars that we identified over a decade ago — Consolidation, Contraction, Convergence and Constructive Transformation — remain in place and are now stronger than ever. They continue to influence the collision repair industry's long-term structural transformation within the entire auto physical damage landscape, affecting numerous dynamic macro-market changes. However, the context of what they represent has evolved in ways that broaden their influence and impact on the future of the collision repair industry.

Here is a summary of the current state of the four pillars underlying the continuation of the collision repair industry's structural transformation:

Consolidation

- Slowing — strategic clusters, tuck-in platforms
- Segment market share continues to grow — scale matters
- Scale as a competitive advantage or scale as fail

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U.S. Top 10 MLO/MLN Repairers — 2017		
All Repairers	**Independents**	**Dealers**
Caliber	Caliber	Auto Nation
Service King	Service King	Hendricks
ABRA Corporate & Franchise	ABRA Corporate & Franchise	Berkshire-VT
Boyd/Gerber	Boyd/Gerber	Penske
CARSTAR	CARSTAR	Group 1
Maaco	Maaco	Asbury
Auto Nation	Fix Auto	Sonic
Fix Auto	Joe Hudson	Carl Sewell
Hendricks	Cook's Collision	Faulkner
Berkshire-VT	Classic Collision	Terry Taylor AMSI

Contraction

- Stabilizing — temporary equilibrium
- Simple and complex alliances and partnerships
- Differentiation and diversification

Convergence

- Omnipresent — moving at extreme speed
- Confluence of prevailing conditions driving industry transformation
- Repairers are at the intersection of a traditional business model and practices and the innovative, disruptive technology driving change

Constructive Transformation

- Long-term, multi-faceted, multi-segment integration within various auto physical damage segments
- More complex, slower than anticipated, integration challenges, unintentional consequences

U.S. collision repair industry

Collision repair revenue in all key market segments has increased since 2006. This growth is reflected most significantly in the sustained expansion progress by the four large independent consolidators and in the remaining ≥$20 MLO independent and dealer repair segment. The 96 ≥$20 million MLOs represent 26.9 percent of the industry's market size, which has grown from 24.6 percent in 2016 and is significantly higher than their 2006 share of 9.1 percent. Revenue trends in the multiple-location network franchisors, MLNs, and in the $10-$19 million independent and dealer segments have been essentially flat.

Together, the four segments of top consolidators, ≥$20 million independents and dealers, multiple-location franchise networks, and $10-$19M MLOs represent annual revenue of 35.9 percent of the total addressable market, as compared to 32.8 percent of revenue processed in the U.S. in 2016. From 2006 to 2017, the Top 4 MLO consolidators have experienced robust growth due to continued incremental organic growth, multiple-location platform acquisitions, an increasing number of single-location acquisition, and a brownfield and greenfield build strategy. The above chart reflects the ranking of the Top 10 multiple-location operators and networks for 2017. When ABRA's franchise revenue is excluded, Boyd/Gerber moves into the third position.

Canadian collision repair market

The Canadian market continues to consolidate, with the franchise and banner segment now representing a significant 58.1 percent share of the Canadian private insurance auto market. When you add the ≥$10 million MLOs in Canada, the combined larger segment has a significant 78.4 percent of all the private passenger insurer and consumer-paid market. In the Canada Top-Ranked Repairs — 2017 graph on page 20, under the All Repairers column, we see a combination of banner, franchise and independent groups represented in the Top 10 ranking category.

Although the U.S. has seen an increase in consolidation within the multiple-location operator segments, Canada remains significantly more consolidated in the revenue generated by the combined franchise and banner and ≥$10 million MLOs. In Canada, this combined segment group represents a 78.4 percent market share versus the combined 35.9 percent share for the same U.S. segments.

Within the U.S. market, the ≥$20 million independent and dealer MLO seg-

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ment is the largest, while the franchise and banner network MLOs remain the dominate business model in Canada. When ranking all repairers for the U.S. and Canada (right), and consolidating those that operate in both countries, four operate in both the U.S. and Canada while five are in the U.S. only and one is solely in Canada.

These Top 10 U.S. and Canada combined repair organizations represent 22.6 percent of the combined collision repair revenue, an increase since 2012. This revenue is managed through significantly more locations than in 2012, representing 10.1 percent of combined collision repair locations for the U.S. and Canada for 2017.

Since 2010, Canada has lost a significant number of its collision repair locations. Compared to the U.S., Canadian average annual repair revenue in 2016 was 54.7 percent lower than the U.S. average. As a sign of ongoing consolidation, the average revenue per repair facility for both Canada and the U.S. has been steadily increasing over the last few years.

As we discuss in this edition of our annual paper, there are a broad base of prevailing market conditions simultaneously impacting the transformation taking place within the wide-ranging collision repair ecosystem. Five secular trends are causing more immediated challenges and opportunities for repairers and many other relevant constituent groups including auto insurance companies: telematics, 5G and the connected car; ADAS and the evolving autonomous vehicles; OE certification programs; and the technician shortage.

The pace of collision industry consolidation and contraction has shown signs of slowing down over the past 15 months. MSO consolidators will continue to grow and will do so in the immediate future through single shop or smaller MLO platform acquisitions, brownfields and greenfields. Larger MLO market share and scale are now a clear competitive advantage that is also viewed today as a competitive asset.

U.S. and Canada Top 10 MLO/MLN Repairers — 2017		
Repairers	**Location**	**Type**
Caliber	US	Independent
Service King	US	Independent
Boyd/Gerber	US-CAN	Independent
ABRA	US	Independent & Franchise
CARSTAR	US-CAN	Franchise
Fix Network	US-CAN	Franchise
Maaco	US-CAN	Franchise
CSN Collision Centers	CAN	Banner
Auto Nation	US	Dealer
Hendricks	US	Dealer

Canada Top-Ranked Repairers — 2017		
All Repairers	**Franchisors & Banners**	**Independent & Dealers**
CSN Collision Centers	CSN Collision Centers	Boyd
Fix Auto	Fix Auto	Craftsman
CARSTAR	CARSTAR	Kirmac
Boyd	CarrXpert	Auto Canada
CarrXpert	Maaco	Speedy
Craftsman		Kaizen
Kirmac		Herbers
Auto Canada		Gabriel
Maaco		Colorworks
Speedy		Birchwood

Our future view remains consistent that the collision repair industry over the next decade will involve the continued long-term, multi-segmented structural transformation, which will impact the entire auto physical damage ecosystem for all existing and many new companies providing products, services, software, and technology that in some way touches cars in the U.S. and Canada.

We believe that the market segments profiled will continue to gain share within the collision repair industry and expand their revenue base, both through acquisitions and by adopting a diversification strategy that leads them to incorporate new lines of business services over the next few years, both in the U.S. and Canada.

Our annual report, *A 2017 Profile of the Evolving U.S. and Canada Collision Repair Marketplace*, is now available. The report contains the complete results of our research and analysis for 2017 including over 50 charts and graphs over 70 pages with historical trends and a future view.

The report can be purchased by contacting Mary Jane Kurowski of The Romans Group, LLC at maryjane@romans-group.com.

THE ROMANS GROUP provides experience-based consulting to assist management in achieving business goals and objectives. Founded in 1996, the company's target markets include property and casualty insurance and the auto physical damage aftermarket supply chaing including collision repair, parts, accident management, refinish, technology and claims and network management.
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