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Celebrating 15 years, the program is changing to keep up with the industry

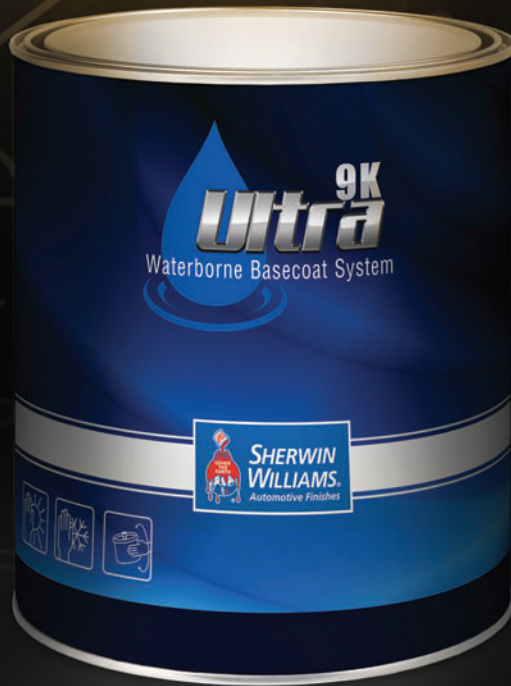
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If you are not adequately addressing calibrations, the time has come to change

**MSO PROFILE:
MORE THAN
THE SUM OF
THEIR PARTS**



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4 MAACO UNIVERSITY AIMS TO MAKE TRAINING A CULTURE

Celebrating 15 years, Maaco University has evolved and continues to bring changes to its format to keep up with the complexities of the market.

KRISTA MCNAMARA // Content Channel Director



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If you are not adequately addressing calibrations, the time has come to change

DARRELL AMBERSON // Contributing Editor

TO COME IN OCTOBER



BRINGING RESEARCH INTO THE SHOP

Following OEM repair procedures is necessary for safe repairs. And it all begins with the research, which can be cumbersome and a severe productivity drain on your techs. Some shops are going in a new direction — hiring a Research Specialist to track down the information. This keeps the techs informed, but also where they need to be — fixing cars.

DARRELL AMBERSON // Contributing Editor

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MAACO UNIVERSITY AIMS TO MAKE TRAINING A CULTURE

KRISTA MCNAMARA //
Content Channel Director

➔ Maaco believes in the importance of training and has worked to make it an integral part of the franchise's culture. Maaco University — the company's internal training platform — is celebrating 15 years, and Dave Gross, VP of Certification and Field Training, spoke with us about the program, how it has evolved and new changes coming to the format.

Tell us about the Maaco University and how it got its start.



Maaco University got its start more than 15 years ago in the form an internally managed learning management system that provided an easy way for Maaco to deploy training content, specific to the Maaco brand. Maaco University, 15 years later, has morphed into something much greater, more of a learning culture. Maaco University now consists of classroom

>> **MAACO CONTINUES ON PAGE 6**

BREAKING NEWS

INDUSTRY EVENTS

REGISTRATION FOR 2019 MSO SYMPOSIUM IS OPEN

➔ The Automotive Service Association (ASA) announced earlier this month that the 8th installment of the MSO Symposium would take place on the Monday before the SEMA/AAPEX show, Nov. 4, in Las Vegas. Similar to years past, the event's agenda, timing, and content is driven and directed by industry leading members who voluntarily participate on the program's advisory board.

Last year's event represented over 4,000 collision repair facilities with a total annual revenue exceeding \$7 billion. The program has continued to evolve, including a move several years ago that expanded the list of companies and individuals that could attend. This inclusion of insurers, OEMs and expanding independent repair facilities has proven to be visionary for the event and the industry.

"The MSO Symposium continues to bring together the multi-shop owners and operators, dealers, franchisees and repair networks from all across North America. The

>> **MSO CONTINUES ON PAGE 6**

TRENDING

1COLLISION ADDS LOCATIONS, STAFF

The 1Collision Network expanded its U.S. footprint with Jet Auto Care in Colorado Springs, Colo. Randazzo's Gallery Collision in Bradley, Ill., has also recently affiliated with 1Collision.

ABRN.COM/1COLLISION

NATIONWIDE HONORS CARSTAR SHOP

CARSTAR Fred Beans of Mechanicsburg, Penn., has earned the Nationwide Showmanship of Excellence Award for 2018 for customer service, community involvement and high-quality repairs.

ABRN.COM/SHOWMANSHIP

SERVICE KING OPENS NEW LOCATION

Service King Collision Repair Centers announced the opening of its 52nd location in the South Texas market and its first location in Hutto, Texas. The shop serves as a prototype with many to follow.

ABRN.COM/HUTTO

MAACO ENCOURAGES FRANCHISE OWNERSHIP

Maaco Collision Repair and Auto Painting is now offering significant financial incentives for veterans who want to become entrepreneurs and join the Maaco family as a Maaco center owner.

ABRN.COM/VETERANHELP

NAGY'S OPENS HARTVILLE LOCATION

Nagy's Collision Centers has opened a newly renovated location in Hartville, Ohio, which joins the 10 other Nagy locations in the Ohio market, said owners Ron and Dan Nagy.

ABRN.COM/HARTVILLE



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>> MAACO CONTINUED FROM PAGE 4

training led by corporate trainers and vendors, in addition to the Learning Management System (LMS), and partnerships with industry training programs such as I-CAR. Maaco firmly believes that training is not a one-and-done, check-the-box task, but a culture that takes advantage of several different modalities and sources, understanding that not all roles or all people learn the same way.

The Maaco LMS is in continuous improvement with a team that is dedicated to ensuring that they constantly provides best-in-class learning ideas that are a collaboration of brand subject matter experts, vendor training and demonstrations, and third-party training providers in the space of leadership and automotive collision repair and paint.

What types and formats of training is offered to franchisees through the program?

- Classroom training
- Field training
- Demonstration following instruction
- Observation of the learner in their role to provide feedback and course correct
- Learning Management System
- Weekly internal publication that shares testimonials and best practices
- Engagement and support of industry events
- Yearly conventions providing networking with vendors and peers
- Quarterly market meetings to build relationships within a designated market area
- Operations support through KPI management/ in-center visits, action

planning, virtual coaching

How can new franchisees get set up in the program?

Our franchisees automatically have access to our support program and Maaco University once they join the Maaco family. They are expected to use the system immediately upon becoming a franchisee as a prerequisite for receiving future learning opportunities. Maaco University gives us the ability to track a franchisee progress and compare them to others on the same track to make sure that the content is being effectively delivered, and ultimately retained.

Some changes have been made recently to revamp the program. What has changed and why?

Changes and improvements have recently been made and will continue to be made. Recent changes include adding industry experts in the learning and training arena to support our LMS and its content, along with major investments into our training facility that includes all the equipment and materials needed to drive performance and deliver a great customer experience while keeping safety in mind.

How does the University help set Maaco apart from its competitors?

Learning Management Systems are common practice and readily available with plenty of support from a wide array of vendors. Our intent is to continue to lean on software experts to create and maintain our LMS, so we can focus on content. Key characteristics that we look for consist of real-time reporting (per learning and in aggregate), gamification, integration into existing systems,

ease of use and support, to name a few. What sets us apart from the industry is our team. We have a strong team with diverse skills focused on ensuring that our franchisees and their teams are using and benefiting from the system and its content.

Why is consistent training — like that offered through Maaco University — so important for those in the industry today?

The challenges within our industry, relative to the labor pool, are not unique to Maaco. New hires expect support and appreciate consistency. We all have expectations, and training ensures that the expectations for quality and standards are accurately delivered and achieved through process alignment. Consistency in process and standards ensure a desirable work atmosphere and quality customer experience, which is instant validation.

What industry areas do you see most in need of more training opportunities and initiatives?

The biggest challenge with training in our industry is keeping up with the vast number of new technologies being integrated into vehicles and the equipment needed to ensure a proper repair. The challenge could be defined as much as a change in management opportunity as it is a training need. To allow repair vendors to get ahead of the learning curve, the partnership between OEs creating the new vehicle technologies and repair procedures must strengthen. This will allow us and other industry vendors to proactively deploy the knowledge needed to drive the necessary changes in process. 📧

>> MSO CONTINUED FROM PAGE 4

exclusive event has evolved into the largest conference in the world, where only collision industry repairers, insurers and OEMs can gather exclusively." stated ASA Immediate Past Chairman, Roy Schaeffer.

If interested in registering for

the 2019 event, please be advised that attendance is limited and you must qualify to attend. Qualification standards are met by insurers, OEMs, multi-shops operators and single location repair facilities with revenue exceeding \$3 million in annual sales. More information can be found at

msosymposium.com

If you have questions about registration please contact Jennie Lenk at JennieL@msosymposium.com.

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STAFFING

SERVICE KING HIRES NEW CIO, CFO

ABRN WIRE REPORTS //

Service King Collision Repair Centers, one of the nation's most trusted providers of high-quality collision automotive repair service, is very pleased to announce the appointment of Stacy Peterson to the role of Chief Information Officer (CIO), and Mark Hutchens as Chief Financial Officer (CFO), effective immediately.

Peterson has more than 15 years of experience in technology, operations and customer management. Her industry knowledge and proven ability to build high-performing strategic teams will be key in accelerating Service King's customer base and superior experiences.

Peterson most previously served as Chief Experience Officer at Wingstop. Prior to that, she held leadership roles in information technology, business and guest experiences at CB Richard Ellis, FedEx Office and Blockbuster. Peterson holds a degree in Business Management from Florida Atlantic University and is named one of the "50 Most Powerful People in Foodservice" by Nation's Res-

taurant News for the past three years.

Peterson commented, "I am very pleased to be joining Service King and look forward to driving the development and execution of the organization's industry-leading technology strategy going forward."

"Stacy is a nationally recognized business leader and brings an impressive track record of leading consumer-facing innovations, and we are very pleased to have her join us," says Service King's Chief Executive Officer David Cush. "Her experience in deploying cutting edge technology in multi-unit operations will be invaluable to Service King as we undertake a broad production management and administrative systems upgrade in the months to come."

Hutchens comes to Service King with more than 25 years of relevant experience in finance, as well as leadership positions in operations, business development, supply-chain, and international. Until December 2018, he served as Executive Vice President and Chief Operating Officer at Papa Murphy's Holdings, Inc., where he was responsi-

ble for global operations, development, supply-chain and business technology, and previously served as Papa Murphy's Chief Financial Officer. Prior to Papa Murphy's, Hutchens served as Chief Financial Officer – International for Bloomin' Brands, Inc. and held a variety of leadership positions at Office Depot, Yum! Brands, and Ford Motor Company.

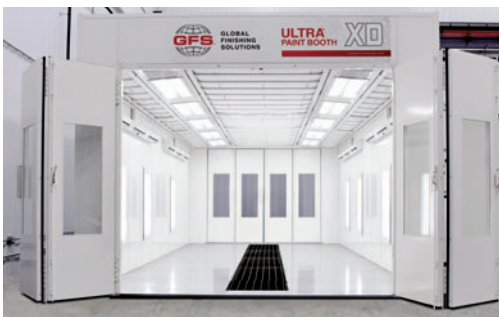
Hutchens shared, "I am honored to be joining Service King during a time of significant transformation and look forward to working with the team to deliver on the full potential of business for all of our stakeholders."

"Mark's experience in global, high growth companies is a great fit for Service King's strategy around customer service, store level efficiency and profitable growth," said Cush. "We look forward to his insights on our company and our industry as we enter a critical stage of process and system transformation."

Hutchens received a Master of Business Administration degree from the Kelley School of Business at Indiana University – Bloomington. ☞

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A call to action to ensure safe vehicles on the road

If you are not adequately addressing calibrations, the time has come to change

My car is trying to kill me!" our customer stated to a service manager. She went on to explain that when she engaged her adaptive cruise control that the vehicle would advance dangerously close to the vehicle in front of it then brake hard. She explained how scary the vehicle behavior was and again stated, "My car is trying to kill me!" The service manager promised to get to the bottom of the issue and report back.

He turned it over to a talented certified technician with a great deal of Advanced Driver-Assistance System (ADAS) expertise. The technician road tested the vehicle to confirm the condition and performed an electronic scan of its systems. There were no diagnostic trouble codes (DTCs), indicating all the systems relevant to the adaptive cruise control were functioning. Knowing a probable cause, the technician inspected the front radar system and performed a calibration. The factory procedure called for two major steps. First, the radar is to be properly leveled and aligned, a mechanical operation similar to aligning a headlamp. The radar system was mounted on a lightweight bracket, which was distorted, no doubt due to some impact. The distorted bracket was replaced. After it was properly aligned, the technician performed a calibration according to factory repair procedures. This includes the positioning of specific factory-designed targets at a specific distance and position from the vehicle. A scan tool was used to calibrate the radar, and a post-repair scan again indicated no trouble codes. A road test revealed that the adaptive cruise control was back to functioning as designed, without the scary characteristic of driving up on vehicles then braking hard. It was concluded that the radar system being out of calibration was essentially not looking in the correct direction and therefore not seeing the vehicle in front of it until it got too close. This is a true story.

The situation described above is just one example of what can happen with ADAS systems that are not performing as designed. The more we've worked with these systems, the more such examples come to light. There was a steering angle sensor out of calibration, which caused the vehicle to think it was not going



IT IS TIME TO EDUCATE OURSELVES AND ADJUST OUR PROCESSES TO ENSURE REPAIRED VEHICLES ARE PERFORMING AS DESIGNED BY THE MANUFACTURER.

straight. Its accident avoidance system would turn the steering wheel to the right as a passing vehicle pulled up on the left. The system thought moving the car to the right would avoid a collision from the left. And there was the vehicle whose blind spot monitor wouldn't indicate an advancing car on its right side blind spot until the car was almost next to it. Turns out the sensor was out of calibration, and paint and plastic repair on the bumper cover further diminished the system's ability to see. These are just a few true examples of what can happen with malfunctioning ADAS systems.

Consider this a call to action. For those shops who are not adequately addressing calibrations, how many of your repaired vehicles are on the road with potential safety issues? Do your customers even know? Many people are not very familiar with some of the complex features on their vehicles and may not know the difference between a properly functioning system and one that acts a little different. Do you have staff who know the controls and how these systems should behave? Do you road test vehicles after repairs and check the performance of ADAS systems? Are you thoroughly researching factory repair procedures for each job? To

those insurers who are reluctant to pay for steps that assure proper ADAS performance, how do you know if you have potential safety issues out there? Everyone who estimates collision repairs, including insurers, should be referencing vehicle manufacturer repair procedures. Again, the more complex the vehicle, the more important it is.

Our industry is rapidly changing. The more newer vehicles we work with, the more changing technology will impact us. It is time to educate ourselves and adjust our processes to ensure repaired vehicles are performing as designed and specified by the manufacturer. It's about protecting our businesses and even more importantly protecting our customers. It's about doing the right thing. 

DARRELL AMBERSON is the president of operations for LaMettry's Collision, which has eight locations in the Minneapolis and St. Paul 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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ARE YOU IN A RELATIONSHIP?

MSOs must find a partner — not a bully — in their insurer interactions

DARRELL AMBERSON // Contributing Editor

Now that I have your attention please get your thoughts back to business. I am talking about relationships between MSO repairers and insurers.

We as repairers know better than anyone that our industry is unique in that almost every repair job comes with a variation of two customers: the vehicle owner and an insurer. Each wants a qual-

ity repair, but they often have a different perspective of what that is. Since the insurer is typically paying most of the cost, they are far more concerned over the price. Thankfully we have insurers, lest the vehicle owner would often assume the role of containing cost.

This dynamic has had more influence on our repair operations over the years than arguably any other single factor. The introduction of Direct Re-

pair Programs (DRPs) in the 1980s and 1990s had a monumental effect on the repair industry. The insurers leveraged their ability to refer customers to get cost concessions and additional administrative services provided from repairers. As the number of programs has grown, as well as the insurers' use of their influence, many repairers have built their businesses through DRP relationships. Over the years, insurers have used their

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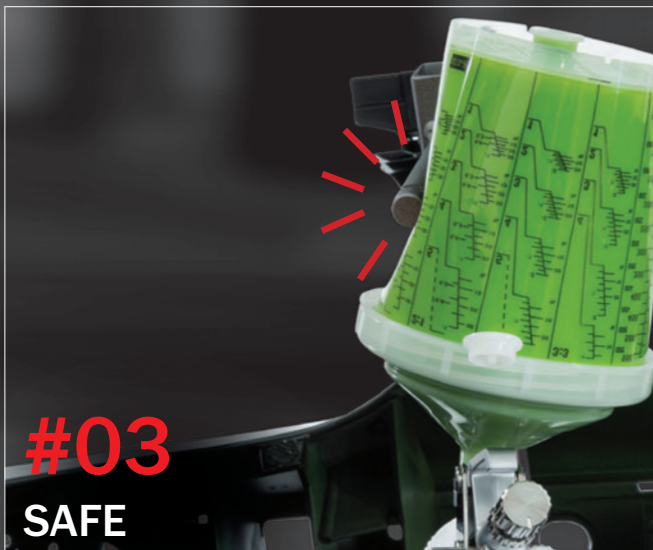
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increased influence over shops by continually adding more responsibilities and requirements to their programs. For the most part, repairers have accepted these, even sometimes to the surprise of insurers, in the interest of perpetuating and increasing their referral dependence. Fast forward to today and we see that many insurers have dramatically cut their claim handling staff and passed many responsibilities to repairers. We as repairers have accepted terms such as no mark up on towing, free storage, glass discounts, parts discounts, bottom line discounts, financial penalties for not hitting self-managed program goals, free total loss administration and handling, photographic documentation, prioritization of repairs, accommodating catastrophe teams, sharing of parts invoices, alternative part searches and purchases and more. Labor rates in the 1970s were the same or similar to mechanical rates, and today they are far less, no doubt influenced by insurers and DRPs.

DRPs have become like an addiction. We are so dependent upon them that we continue to pay more and more to have them. We feel like we can't get away. Ending a DRP is frightening in terms of the potential loss of business. To a large extent, we have turned over much of our own ability to gain customers to the insurers. They have had the influence and we as repairers have allowed and supported that.

Are we at a tipping point?

I pose this question to you. Are we at a tipping point? Have we finally gotten to a point where some repairers say "no" to the increasing demands of some DRPs? Are there other ways to get customers to consider our shops without the influence of an insurer? Can we afford to select which insurers we wish to have a DRP relationship with and who we don't?

Based on what I hear from some repairers, I believe this could be an emerging trend. Don't get me wrong, I am not

an anti-insurer, anti-DRP revolutionary. But I am reporting what I see, and I believe it is healthy that we periodically consider our business models in light of current industry trends.

Partners

Some years ago, there was an insurer expert presenting at NACE. At the time, more and more shops were referring to insurers as their "partners," meaning through their DRP relationships. Talking to repairers in the room, this speaker said, "Insurers are NOT your partners! They need you and you need them. But they are NOT your partners." That has always stuck with me. I believe that insurer/repairer relationships can have some of the attributes of a partnership. Good partners care for each other and want what is best for their partner. Partners think in terms of a long-term relationship, instead of simply using and discarding others. Partners treat each other with respect and consideration. Partners want each other to thrive and succeed. They want the best for each other. It's a give-and-take relationship. Insurers and repairers have different goals, needs and risks. In some cases, where one gains the other loses. Therefore, they cannot be complete partners. But there are so many things that they can do in harmony and can have many of the attributes of partnership.

Unfortunately, in too many cases insurers behave in a dominant fashion over repairers — more like a master/servant relationship. When one party is harsh, dominant, arrogant, using and uncaring for the other, the relationship is frankly the opposite of a partnership. Bullies don't make good partners. I am not talking about all insurers. But unfortunately, there are a few who at the shop level behave like bullies. In an increasingly sensitive society, it may seem hard to comprehend, but it is true. We as employers have the responsibility to provide good working environments for

ENSURE EACH DRP IS RIGHT FOR YOU

You already know that no two programs are exactly alike. Every one comes with its own set of requirements, and some are far more labor intensive or high maintenance than others.

That's why finding the right mix of the right programs is both challenging and important. Just because one program might bring you a lot of work, it may not be a good fit. Shop owner Ryan Cropper walks you through his experience of — gasp — cutting a DRP and how his shop survived.

Ready his story at ABRN.com/rightDRP.

our staff. When considering which insurers we wish to have formal relationships with I would suggest that bullies should go to the bottom of the list.

What does the data say?

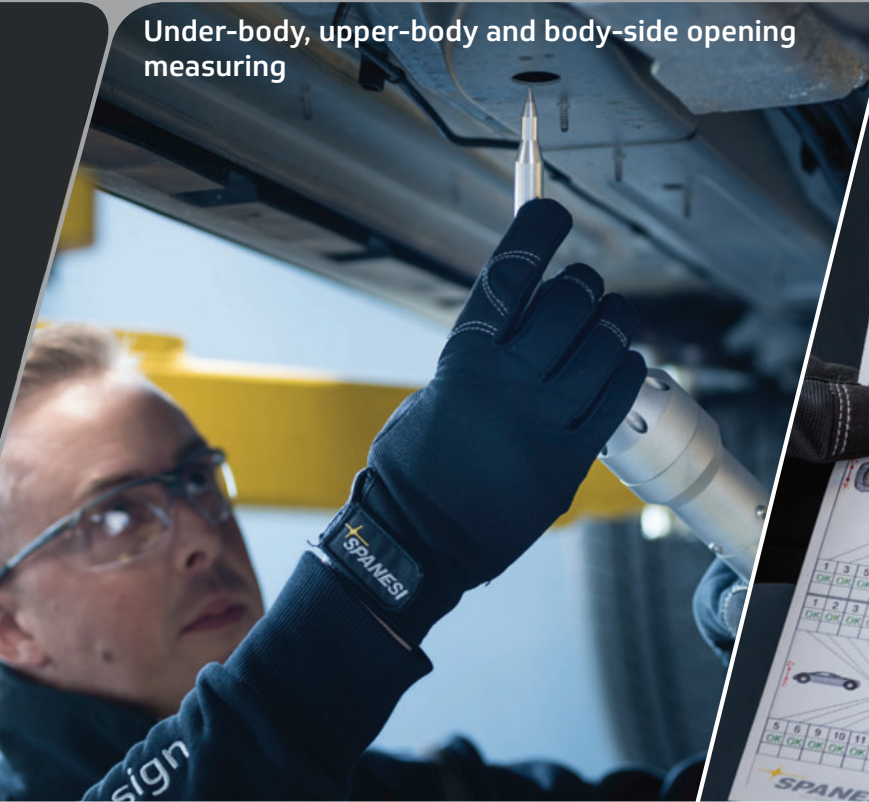
I communicated with Susanna Gotsch, Director, Industry Analyst, CCC. She is a master of the immense data CCC accumulates and is truly a student of the industry with great insight on trends. When I asked about insurers and relationships with repairers, the following was her response:

"Auto insurance claim frequency has been trending downward, but the cost of insurance claims continues to rise — for full year 2018 both collision and property damage losses, per ISS Fast Track, the average paid claim was up nearly 5 percent, while the average paid claim for bodily injury losses were up about 3 percent. So it's safe to say there remains a lot of pressure on insurance carriers from a loss cost perspective. The private pas-

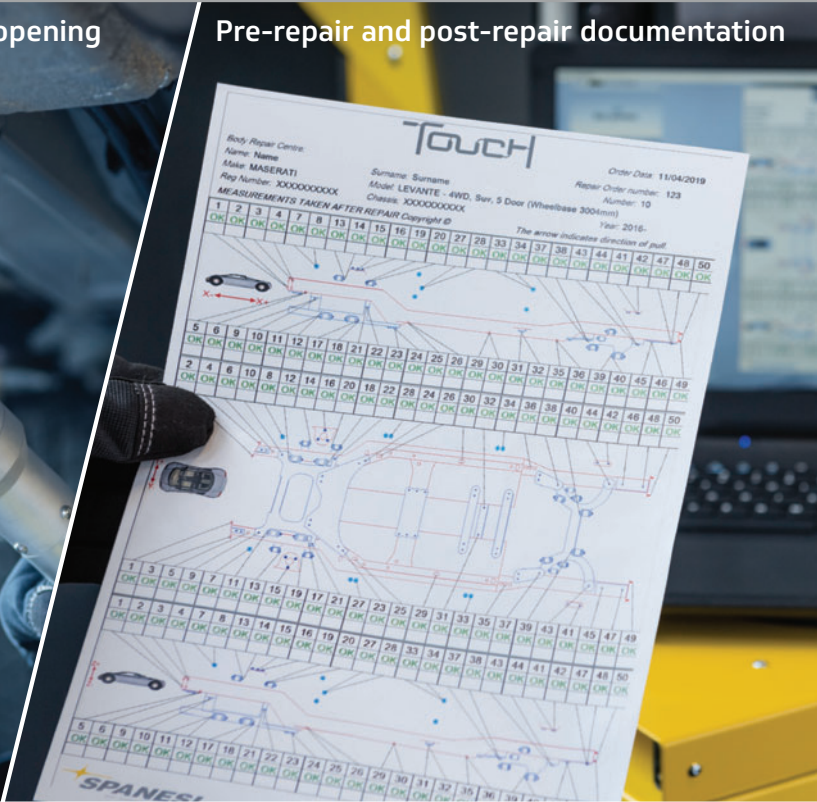
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senger auto market remains extremely competitive, and market share continues to shift, with some gaining share at the expense of others. We also know that shops are under a lot of pressure to make investments in training and tooling to ensure they can repair today's vehicles, which we know has become increasingly complex.

"When we look at the method of inspection for the appraisal E01 (estimate of record) we have seen a shift over the last several years. DRP share of MOI was 41 percent in CY2013, but fell to 37.4 percent by CY2018.

"When combined with Open Shop (demand estimate from the consumer shop of choice) share and the share of service center (where the appraisal is written by insurance staff at a body shop), total percent of appraisals 'written at the shop' actually grew from 48 percent in CY2013 to 49.2 percent in CY2018 (only 0.2 percent increase for service center, remainder for Open Shop). In terms of the actual number of shops participating in DRPs, we have not necessarily seen any decline, but have seen an increase in shops participating in both OE certified networks and in the Open Shop program."

I find the MOI statistic particularly interesting. It's a nearly 10 percent drop in the DRP share. To me that is an indicator of diminishing value of DRPs. The customer referrals from the insurers, which drive MOI for the shop, are by far the most valuable part of the DRP relationship. I think most repairers would agree that if there were no referrals they would not choose to be part of a DRP, especially considering the immense administrative responsibilities and pricing concessions. Open Shop is not a DRP scenario, instead just an enhanced relationship in terms of expediting the estimate/supplement process. It doesn't include referrals nor all the obligations of a DRP. And of course, the service center scenario is not a DRP either, and similarly doesn't come with the same administrative responsi-

bilities and not necessarily the same pricing concessions.

It's interesting that Susanna brought up OE certification. Recently Ford Motor Company publically acknowledged a survey they performed. They stated that they surveyed a large number of customers who had recently experienced a vehicle collision and repair. They asked, "What was the most important reason in selecting a collision repair shop?" Here are the results:

1. Certified by my vehicle manufacturer — 52 percent
2. Recommended by friend/family — 21 percent
3. Recommended by my insurance company — 20 percent
4. Geographically convenient for me — 7 percent

Could this survey be distorted because it was the vehicle manufacturer that performed it? I don't know. But I do know that CSI data that I have seen lately indicates a very appreciable increase in the percentage of customers who chose a shop based on vehicle manufacturer certification. There are also some indications that people, especially younger generations, are inclined to include online searches for customer ratings of businesses. There is also an increased inclination to check with others in their social circle before making a shop choice. In other words, there are indications that an increasing number of people are not simply relying on the insurance company's recommendations before making their shop choice.

Going forward

Anecdotally, I know of a number of shops who have reduced the number of their DRP relationships. Is this of any significance? Is it the start of a trend? Is it because of increased pressure from insurers, no doubt due to their increasing pressures from competition and rising costs? Is it simply because of good economic conditions giving shops more courage to risk losing insurer referrals?

How about the future? Vehicle manufacturers are flexing their muscles. Their influence on our industry is increasing, primarily due to our increased dependence upon them for repair information and parts because of increasingly sophisticated technologies. They understand their increasing risks of litigation from new technology liabilities. They have concluded that better collision repair experiences increases brand loyalty and are taking steps to accomplish that. During a recent webinar, Rob Johnston, Ford Motor Company's Global Collision Marketing Mgr., said, "We think we will be the referral source, not DRPs. We've said that before...I think some kind of look at us funny, but we believe that. Ford knows its technology, strategy, connectivity, and consumer wants. I just tell people, 'Let's do this thing together.'"

Many vehicle manufacturers are taking more control of their certification programs and they are increasing the shop performance requirements. AND many are taking over the first notice of loss. It's just starting to happen, so it is too soon to know what the impact will be. But if it does have a significant impact, it will be another powerful reason for shops to lessen their dependence upon DRPs.

Will DRPs become less prevalent? Will some insurers compensate by becoming better partners to repairers? Will vehicle manufacturer certification programs become the new DRP? Will shops simply become more independent relying on themselves for new business?

Stay tuned. Its an exciting time to be in the collision repair business! 📺



DARRELL AMBERSON is the president of operations for LaMettry's Collision, which has eight locations in the Minneapolis and St. Paul area. He is a board member

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More than the sum of their parts

Merging two family-owned MSOs, Legacy Autobody has built a foundation for future growth

BRIAN ALBRIGHT // Contributing Editor

➔ There is strength in numbers, which is why many shop owners have considered either expanding their business to become an MSO, or looked at partnering with a franchise brand or a consolidator. Pennsylvania's Legacy Autobody Group is the result of two family-owned MSOs teaming up under the CARSTAR brand, and creating a strong, competitive business.

Both Scott's Collision Centers and Duncan Autobody were well-known in Eastern Pennsylvania. The shops had a lot in common — both companies were launched in the early 1970s, both had two locations, and both were family-owned, with second-generation leaders in place in the 2000s.

According to Matt Dewalt, Legacy's co-owner and former president of Scott's, the two companies had been friendly competitors for years. In 2017, Dewalt and Duncan's owners (Mike and Eric Horvath) decided that they would be stronger if they merged.

"We'd have more buying power, and we'd be able to leverage better vendor discounts," Dewalt says. "We also liked the concept of working together — they know things that I don't know, and there are things I know that I could teach them. It's nice to have somebody onboard that has your back. And having four shops would give us more marketing power and help us compete against the bigger shops."

Local competition includes Gerber, Caliber Collision and two large dealership groups with autobody operations. Dewalt and the Horvaths decided they would need some stronger DRP relationships to stay competitive (neither group had many DRP agreements in place) and opted to partner with CARSTAR in order to take advantage of the company's national insurer agreements.

Managing the merger

The employees at the existing locations welcomed the merger. "We explained why we were doing this, and they were all excited," Dewalt says. "We explained that healthcare costs were rising, competition was increasing, and we didn't want to keep asking them to pay more or do more. We could save money and grow the company."



LEGACY AUTOBODY

Easton, Pa. // www.legacyautobody.com



Matt Dewalt, Mike and Eric Horvath
Owners

6
No. of shops

1
Markets served

80
No. of employees

Spies Hecker
Paint supplier

\$18 million
Annual gross revenue

Dewalt says the biggest challenge of merging the companies together was adjusting to the co-ownership arrangement. "You're working with people every day that you weren't working with before," Dewalt says. "Originally we talked to a lot of consultants to do business evaluations on how to split the ownership, but ultimately we just decided to come to a number on our own."

Legacy has standardized forms and other materials, and all of the shops are using the CCC software platform. The company also engaged a management company to help streamline processes across the company. "It's a two-year program, and they come in and observe the processes at all locations," Dewalt says. "They pick the best processes, and build a playbook for us. We're half way through that program, and are teaching those processes to all of our staff."



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Shop managers at each location handle day-to-day operations, while two bookkeepers handle the financials. All paint supplies come from the same jobber, and most of the parts vendors are consistent across locations. Shop managers handle insurance issues and serve as points of contact. “If something needs escalated, then that comes to us [the owners],” Dewalt says.

“We also just promoted a location manager to operations director, so he is going to start working with the shop managers and overseeing the locations,” Dewalt says. “That will help the three of us, as owners, concentrate on finances and growing the business.”

Poised for growth

As a four-shop company, Legacy was also better positioned to expand in the region. “Part of the merger was that we had a mindset to grow,” Dewalt says. “We started contacting local shops, and CARSTAR was contacting shops as well.”

Legacy was able to purchase an existing shop to bring the group to five locations, and as of this writing, is about to open a sixth shop that was a brownfield development. Being a larger MSO helped Legacy obtain financing from a local bank, Dewalt says.

“We’ve identified markets we want to be in, and if we can’t work a deal, then a brownfield seems like an option we’d consider again down the road,” Dewalt says. “We look at the existing shops on a map, and if we see a hole in coverage, we see if we can fill it.” Legacy also gets feedback from insurance partners on potential opportunities.

The company also looks for shops of a certain size to fit its business model. “There are a lot of small shops, but we can’t afford to operate them,” Dewalt says. “We have a manager model, and if you have a 4,000-square-foot shop and have to pay a manager salary, there’s no way to get enough revenue to support that.”



Legacy’s current shops range from 8,000 square feet to 21,000 square feet.

The shop Legacy acquired was another family-owned business, and Dewalt says that the original owner’s children still work there. Legacy simply brought in their own manager and retained the rest of the staff. “It was a nice shop, but they hadn’t invested a lot in training or equipment in the past few years,” Dewalt says. “We brought in a new Car-O-Liner frame machine and added vacuum sanding. We gave the employees a good benefits package and vacation. They’ve been excited, and they’re looking forward to seeing growth and having new equipment and training.”

As a four-shop operation, Legacy did \$13.5 million in business last year, and Dewalt estimates that with six shops the company will reach \$18 million in revenue. “When we started, we had a plan to build the company to \$20 million in sales, and we’re already getting close, so there’s really not a limit at this point. If we can keep adding one or two shops per year, we will keep expanding.”

To staff the other new shop, Legacy is moving a manager to the brownfield development and promoting an estimator to manager at his previous location. “We’ve started training ahead of time,” Dewalt says. “One of our shops has two painters and no preppers, so we’re sending a painter to the new location and hiring preppers for both shops. We always have issues finding technicians.”

While there is no formal promotion track yet, Dewalt says that being an

MSO has opened opportunities for employees to move up in the organization. “We also just started an apprenticeship program that we’re piloting for body technicians,” Dewalt says. “That’s the hardest position to fill, because young people just aren’t getting into the industry anymore. We’re looking for people with a willingness to come and work every day and learn the craft. We’ll hire the attitude and teach the skill.”

Like other shops, Legacy does struggle to locate new technicians, a problem that will likely increase as the company expands. “We have some schools nearby, but we don’t get many people out of them,” Dewalt says. “There’s one tech school in our area, and they just have one person in their autobody program. I expect that program will not exist within the year. Finding body technicians and estimators is one of our biggest challenges. We call them ‘ghosts.’”

Dewalt says the CARSTAR relationship has paid off in terms of sales and other benefits. “There are rebate programs we take advantage of,” Dewalt says. “There are some challenges, too. There’s a central review program, so we’ve had to integrate that into our estimating process, but overall it’s been positive.”

Becoming a larger MSO has helped Legacy gain new business, reduce costs and opened up new opportunities for revenue growth. Dewalt also says that the merger has made being an owner much less grueling. “I have more freedom,” he says. “I can go away for a week and not have to worry.” “There are two other owners, and we have a lot of good managers in place.”



BRIAN ALBRIGHT is a freelance journalist based in Cleveland who has been writing about manufacturing, technology and automotive issues since 1997. He is a

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