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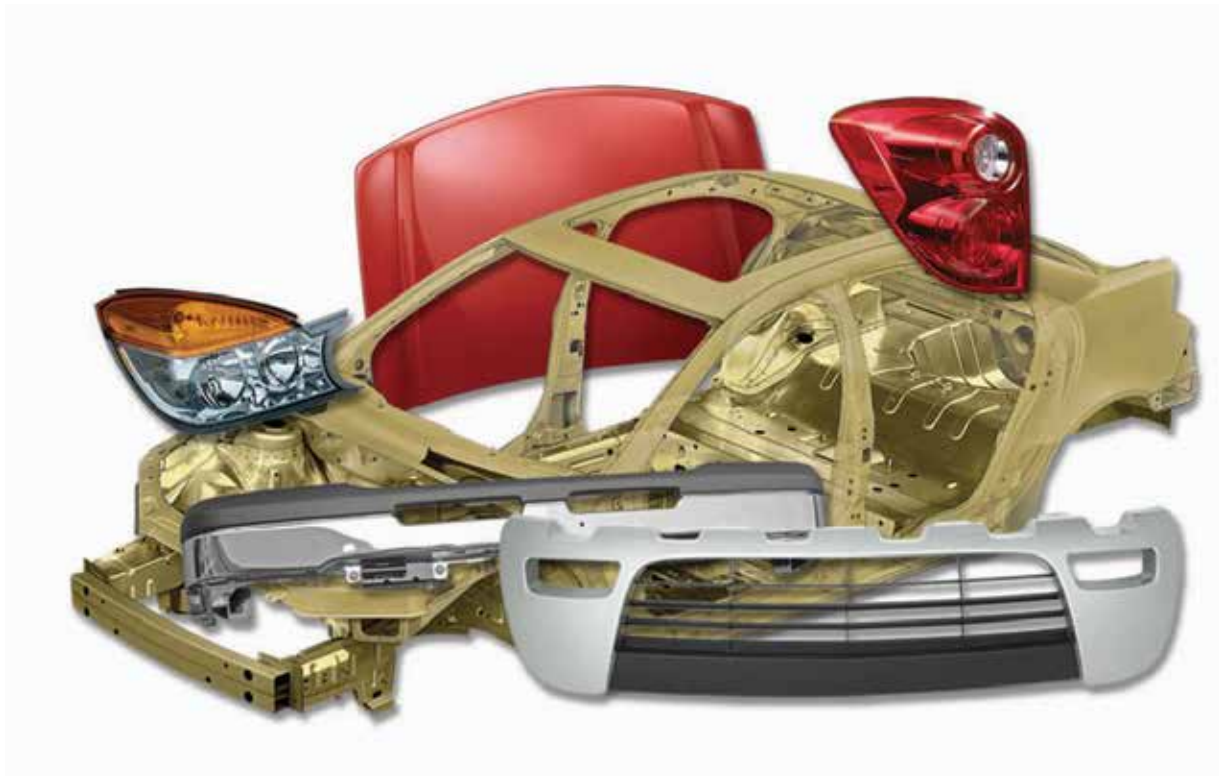
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Contents

President’s Letter3
 Join Now Application3
 CIC Talent Pool Committee Student Survey Results.....4
 Auto Body Industry Expert Offers Predictions for 2020s.....5-6
 Free for Members NDABA Classified Ads7
 NDABA Meeting - February 8, 20207
 Code of Ethics11
 Address Change Form.....11
 OEMs, Insurers, Repairers Need to Give Collision Customers Better Care .13-14
 FOR SALE: N.O.S. GM Body Parts.....14
 Retired Husband.....16

Advertisers

Gateway Chevrolet.....Inside Front Cover
 Corwin Wholesale Parts2
 Luther Family Ford2
 Auto Value Parts Stores.....4
 Minot Automotive Center6
 Nordstrom’s Automotive, Inc.....7
 Fargo-Moorhead Auto Dealers.....8-9
 Kupper Chevrolet Subaru10
 Sturdevant’s Refinish Supply Center12
 Straight and Square12
 Valley Imports14
 Rydell Auto Center.....15
 DentMan Paintless Dent Repair.....16
 St. Paul-Mpls. Wholesale Parts Association/dentsmart Inside Back Cover
 Luther Parts Express Back Cover

Thank You!!!!

Issues for NDABA News Report

Issue	Copy Deadline	Printing Date
February-March	Mar. 1	Mar. 15
<i>(Note: Dates for the pre-convention issue may vary.)</i>		
May-June	June 1	June 15
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PRESIDENT'S LETTER



This President's letter is dedicated to Ford, Chrysler and every other car manufacturer not named General Motors.

As we all know, last fall GM went on strike. I do not know all the details or the reasons that led to the strike nor did I search them out. I don't know if they fully understood the impact it would have. What I do know is the impact that it had on the collision repair industry and our customers.

As collision shop owners in today's world, we are faced with plenty challenges and new found duties we could do without. The struggles we faced to obtain parts to repair our customers' vehicles was very frustrating and costly. I really feel for some of our customers that were without their vehicles for extended periods of time due to no parts available.

Not lost in this debacle was the effect that it had on our GM dealers and the parts professionals that sell us our parts. Our dealers went out of their way to obtain parts for us and at times costing them profits, Thank You. And for the parts professionals that endured a lot of stressful calls, Thank You also.

Let's hope that we never have to experience this again. Most importantly, Thank You to Ford, Chrysler and every other car manufacturer not named General Motors for not going on strike and hoping that it doesn't happen in the future. Enough of that.

Hope everyone survived winter and let's get ready for spring!

Scott Heintzman, NDABA President

The views expressed in articles throughout this issue are those of the writers, and do not necessarily reflect views of NDABA.

Readers are welcome to react to views expressed here or elsewhere in the magazine by writing:

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CIC Talent Pool Committee Student Survey Results

Reprinted with permission from BodyShop Business, a Babcox Media publication

By BodyShop Business Staff Writers on February 25, 2020

In a survey of 275 high school, college and technical school students between the ages of 15-45 who attended a Collision Repair Education Foundation (CREF) career fair during the 2018-2019 school year, the Collision Industry Conference (CIC) Talent Pool Committee (TPC) gathered insight into students' reasons for choosing to study collision repair and expectations as they enter the workforce.

One of the biggest takeaways from the survey is that the majority of students don't plan to attend a four-year college, like previously thought.

"Of the high school students who responded, we saw a trend that goes against the industry narrative that students are going to four-year colleges instead of a technical or community college," said Kyle Medeiros, account supervisor at Entegral powered by Enterprise. "Collectively, more students were going to attend a technical or community college or enter the workforce upon graduation."

Just over half of the survey respondents have spoken to a counselor about securing a job in the industry upon graduation. In contrast to the current industry narrative that a student would expect to earn at least six figures annually in an entry-level position, 65 percent of respondents said they would expect to earn \$50,000 or less upon entering the workforce.

Approximately 237 of the respondents identified themselves as male, 36 as female, and two chose not to say. Approximately 122 stated that their current education level was high school, 145 said college or a technical school, and eight had attended a four-year college. The vast majority of respondents were collision repair students.

The survey found that the top reason for choosing their current school program was a love of working on cars, followed by "opportunities for career advancement after employment." However, "the number of job openings" and both entry-level and top technician pay were toward the bottom of the list, with 10 or fewer students selecting these reasons.

The respondents' top factors in

considering future employers were as follows:

- Wages
- Work-life balance
- Potential for advancement
- Insurance benefits
- A retirement savings plan
- Tuition reimbursement

The survey is one way the TPC offers students a platform to voice their opinions to an industry they are interested in joining. That way, their future employers, who are currently facing a shortage of intelligent workers, can learn what the students value both in their education and future careers.

"Our committee believes that in order to attract a new generation of workers

into the collision repair industry, we must first gain a deeper understanding of what the new generation values in a potential career," said Dave Luehr, chair of CIC's TPC. "Kyle Medeiros, CREF and other TPC volunteers have done a terrific job with this survey, and I believe the information obtained is a substantial starting point for our committee's mission."

The CIC Talent Pool Committee is a subsection of the CIC that is committed to working to create a collaborative environment across the collision industry to train, recruit, hire and retain future generations of collision industry employees into a modern and lucrative industry.

The survey found that the top reason for choosing their current school program was a love of working on cars ...



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OEM Procedures, ‘Supplement Hell’: Auto Body Industry Expert Offers Predictions for 2020s

By John Huetter on February 13, 2020

Reprinted with permission from SCRS Repair Driven News



This decade will see the most “rapid and radical change that our industry has ever known,” collision repair industry expert Sean Carey predicted last month, while offering near-term forecasts on topics like insurtech, OEM procedures and DRPs.

SCG Management Consultants President Sean Carey speaks at IBIS 2019 in San Diego, Calif.

Carey, the president of SCG Management Consultants and a consultant to insurers, vendors, shops and MSOs, told a CIECAst webinar audience Jan. 21 that “this is one man’s opinion.” Some of his client companies agreed with his take, while others didn’t.

He referenced a slide that’s nearly five years old, one he said he created after General Motors announced MyPriceLink.

The industry was “absolutely shocked and completely dismayed” that an OEM would seek a different strategic position in the marketplace, Carey recalled. He said he realized OEMs would have a stake in claims and collision repair but “an entire industry” wasn’t ready or often interested for it.

Carey developed a slide back then that predicted that OEMs would bring more efficient parts programs, “challenging the insurer dominance,” offer collision industry technical support, and develop consumer-focused certified networks. So he went 3 for 3 on that one.

Automakers are now in the process of choosing their partnerships, Carey said — another item which the slide indicated he predicted years ago. He said his visits to OEMs found him equally as likely to be talking to data or first notice of loss teams.

Carey’s slide also predicted that “new stakeholder see bigger picture and deploy all the OEM assets” and “As brand reputation is at risk the OEM stakeholders become Parts group & Sales/Brand group.” (Emphasis Carey’s.) He said the industry is currently in those phases as well.

He predicted that these three stages would be complete in the next two to three years. After that, “anything’s possible” in a “brave new world.”

Another historic slide predicted vehicle data would be transmitted to a data center, where various interested parties could draw upon it for factors like damage assessment, an insurance claim, scheduling and assignments. Back then, “it was a little farfetched,” but “this is available” today, he said, referencing the slide’s concepts.

Carey predicted 2020 would see insurers alter their adjustment models, “and it is changing quite rapidly.” Carey also said later in the call that he was met with huge skepticism years ago when he predicted the loss of claims adjusters, but



that’s beginning to happen.

Vehicle information packs, instant metrics and over-the-air consumer updates would arise this year as well, Carey predicted.

“I think we’re right on track,” Carey said.

OEMs

Auto body shops will encounter branded OEM insurance or branded connected repair capacity from five “if not more” of the top automakers within the next 12 months, Carey said.

“Its upon us,” he said.

This gives automakers an opportunity to influence what happens during a repair, he said. It also produces a “high degree of uncertainly and probably suspicion” by insurers on what the OEMs are doing.

OEMs would “slowly but surely” send customers to shops

(Continued on next page)

OEM Procedures, 'Supplement Hell': ...

(Continued from previous page)

in which the automaker had confidence, Carey said.

He said he no doubt that in 4-5 years the majority of work would come from an app or vehicle unit and be directed by an OEM. This wasn't a certainty, he allowed, but it was "pretty clear it's gonna happen."

Nevertheless, he said repairers shouldn't expect certification to drive cars to their doors to the volume seen with a direct repair program or deliver a DRP-like relationship.

As for DRPs themselves, Carey said he didn't foresee "radical changes" in the next year or two. Certain DRPs might ask a shop to deploy new technology, but the overall DRP concept would remain in the current format "for at least the next two years," according to Carey.

Carey estimated the current repair bill today averaged \$3,250 and predicted this would rise to "\$5,500, \$6,500" and go up "fairly rapidly" in the next two years.

The future would also see auto body shops "get called out pretty loud and clearly" over improper repairs, for safe and proper repairs demand items "we haven't all been doing" for a while, Carey said.

For the past decade, auto body shops had instead "kind of been getting the job done," but nobody really examined the system.

There was "no question" OEM procedures would dominate 2020's headlines, Carey said. He said they should be followed, and if your shop wasn't, "get on the train right now."

Insurers

But "despite the seemingly obvious imperative to repair the vehicle" using OEM procedures, insurers were deploying the "full might of lobbying" to fight them, Carey said.

They argue it will increase premiums and hurt the shops which can't follow OEM procedures, he said.

"It amuses me," he said. "I don't know how they do it. I don't know how they can think that that's the right thing to say or do, but they are doing it."

Carey predicted following OEM repair procedures would be a "very hot topic" in 2020 and 2021.

In a similar vein, Carey described driver assistance systems as a "conundrum" for insurers in the near term. While reluctant

to refuse legitimate claims, "they believe not every requirement is legitimate," a slide noted.

"There's an uncertainty there," Carey said, but he predicted the industry would get through this hurdle in the next two years.

Carey predicted claims adjustment would be "chaos" over the next 12-24 months as insurtech explodes — including many underdeveloped self-managed claims tools.

He said he sees insurers attempting to force new tech into an old process rather than build the process around the new tech.

"I think once we get through that, we'll be fine," he said.

Insurers would rely more on AI for claims management in the future, and a variety of processes (photos, automated parts lists, etc.) will arise, Carey said.

In the near term, it "will be supplement hell," he said.

PBES?

Asked about the role of paint and

supply distributors in this future, Carey noted that the system hadn't changed much in 100 years.

He said it seemed plausible that robotics, machinery, modern logistics and 3PL (third-party logistics) could alter the process of ordering, replenishing and mixing. However, the current model was tied to some health, safety and legal requirements, he also noted.

Carey said he didn't see a "radical changing world" in the next two years, but there might be an "evolution" rather than a "revolution." He likened it to the acceptance among insurers of scanning seen in 2019.

Nevertheless, paint distribution remained ripe for change like any other form of distribution in the 2020s — "technology will disrupt it," he said.

More information:

"It's 2020 Where Are Claims and the Collision Repair Market Heading?"

Collision Industry Electronic Commerce Association YouTube channel, Jan. 21, 2020

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NDABA Meeting February 8, 2020 Quality Inn & Suites Jamestown, ND

Present were Craig Amiot, Kent Meidinger, Scott Heintzman, Miles Doll, Ed Barnhardt and Jerry Hohertz.

President Scott Heintzman called meeting to order.

The secretary report was given. Ed Barnhardt made motion to accept secretary's report. Craig Amiot second it.

Treasure report was looked upon and was approved as read.

Magazine report: Items still in need for magazine. Send them to Clyde.

Some articles are now in charge of fee to publish them so items are needed for the magazine. Please help us and Clyde on these articles. We can never have too many. Thanks.

Membership renewal is over 50% at the time of meeting and still coming in so we can update email list and the list of shops that are not members in our state.

For the website if there is anything you would like on the website contact Preston Morrison through the website or Scott Heintzman to have it put on.

Miles was looking to see what it takes to set up or make a Facebook page for the association to have on the website or otherwise.

Looking into the meeting with insurance commissioner to get a time setup with them to meet.

The association is working on having something late fall or next spring on something with technical training, electronics, or with business estimating practices still open. If you have something you would prefer let a board member know. We are open to ideas.

Date for next meeting is March 28th, 2020. Place is yet to be determined.

Jerry made motion to adjourn the meeting. Miles seconded it. Motion passed.

Kent Meidinger NDABA Secretary.



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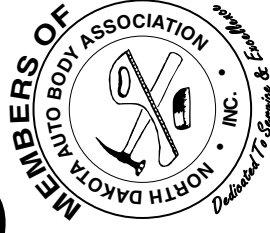
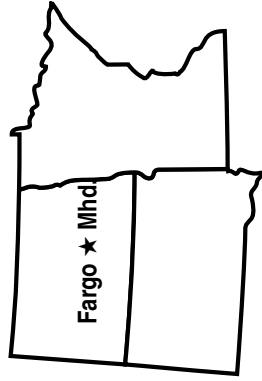
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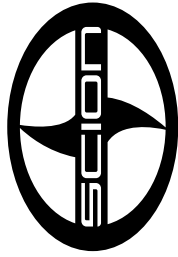
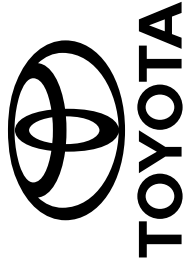
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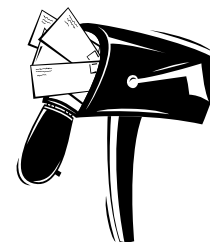
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Expert: OEMs, Insurers, Repairers Need to Give Collision Customers Better Care

By John Huetter on February 17, 2020

Reprinted with permission from SCRS Repair Driven News

“We’ve disrespected the car significantly for the past 10 years,” a collision industry expert told a CIECAst last month, describing the disrespect as occurring during auto claims and auto body repair.”

“We are not giving it the credence it deserves,” SCG Management Consultants President Sean Carey said Jan. 21 of the vehicle. Consumers aren’t obtaining the necessary repairs and functionality, he said.

“That’s a cold hard fact,” Carey said.

It was unclear based on the accompanying slide if he was referring to all three sectors: insurers, repairers and OEMs. But Carey indicated throughout the call that all three needed to take better care of the customer.

Automakers and insurers had a significant common economic interest in handling auto claims differently, according to Carey.

“The cost of failure is a common enemy” one of his Jan. 21 presentation slides stated.

The slide cited 2014 Accenture data to report that 41 percent of customers switch insurers after an accident — regardless of how the carrier handled the claim. The slide also said 36 percent of consumers defect from a vehicle manufacturer within a year of a “poorly handled claim/repair,” citing 2017 FCA and 2019 I-CAR information.

These are “large, megacorporations” for whom brand defection is “crippling,” Carey said.

“We’re just not doing a good job of looking out for the customer,” he said of those two sectors.

OEMs

Repairs occurred in uncertified shops 87 percent of the time, meaning automakers have no idea what happened to 11 million of their customers, according to Carey. An argument existed the OEMs weren’t even sure what transpired during the repairs in

certified shops, he said.

Carey estimated the industry spanned 27,000 active auto body shops, with only about 15,000 of them truly “Class A” facilities. Of those, only 8,000-10,000 “at the max” had the necessary skills and equipment to repair today’s cars, Carey said.

The 35 percent of repairs done with alternative parts represented a \$4.5 billion opportunity for an automaker, according to one of Carey’s slides. However, underperformed service work represented \$66 billion of lost sales for dealerships or other aftermarket vendors — and defections to a different vehicle or manufacturer cost \$160 billion worth of retention, according to the same slide.

OEMs would “slowly but surely” send customers to shops in which the automaker had confidence, Carey said.



SCG Management Consultants President Sean Carey speaks at IBIS 2019 in San Diego, Calif.

Insurers

Meanwhile, insurers spend \$8 billion attracting customers, according to another slide citing J.D. Power and eMarketer data. Carey observed how the defections led to carriers having to spend significantly just to stand still.

They also spend about \$7.5 billion — about \$575 per repair — in loss adjustment costs, according to III data in the slide. This was too much, Carey argued.

The consumer price index for auto insurance rose 58.5 percent between 2009-18, compared to just 7.9 percent for new cars, 17 percent for overall inflation and 21 percent for body work, according to another slide.

“Something is way out of kilter,” Carey said.

He said managing claims had grown “so very expensive” that insurers will introduce new claims handling models. Loss adjustment expense was “beyond control now,” he said.

Carey also called claims an insurer “touchpoint” that had instead been used as a cost control mechanism for the past decade.

He said insurers also understand “they have been less well informed” than they ought to be, Carey said.

Shops

For their part, collision repairers should advocate for the customer, according to Carey, who expressed doubt the industry had done so recently.

“It will all turn to you,” Carey said.

Shops would “get called out pretty loud and clearly” if they fail to deliver a safe and proper repair, according to

(Continued on next page)

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(Continued from page 13)

Carey. Such work requires items “we haven’t all been doing,” he said. He estimated that for the past decade, the industry has been “kind of been getting the job done” without scrutiny of the system.

Asked about repair validation, Carey said he thought it started with the repair plan. He thought the industry had been “trying to find an economic solution to an engineering problem for too long.”

It must “do better” in validating that every step that should be taken had been

taken, Carey said. Merely printing the repair procedures wasn’t sufficient to prove they’d been done.

“Printing the repair procedures is not a repair plan, folks,” he said. “It doesn’t get the job done.”

Validation might instead entail documentation such as an initialed 100-point checklist, he said.

If you’re not following OEM procedures,”get on the train right now,” Carey said.

Prepare for “nothing less” than a safe

and proper repair, Carey said.

“If I sound like a broken record, I make no apologies for it,” Carey said. It was time for everyone to “step up” and always do the right thing, not just the times it’s been paid for, he said.

More information:

“It’s 2020 Where Are Claims and the Collision Repair Market Heading?”

Collision Industry Electronic Commerce Association YouTube channel, Jan. 21, 2020

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RETIRED HUSBAND

After I retired, my wife insisted that I accompany her on her trips to Target. Unfortunately, like most men; I found shopping boring and preferred to get in and get out. Equally unfortunate, my wife is like most women - she loves to browse. Yesterday my dear wife received the following letter, from the local Target:



Dear Mrs. Harris:

Over the past six months, your husband has caused quite a commotion, in our store. We cannot tolerate this behavior and have been forced to, ban both of you from the store. Our complaints against your husband, Mr. Harris, are listed below and are documented by our video surveillance cameras:

- 1. June 15:** He took 24 boxes of condoms and randomly put them in other people's carts when they weren't looking.
- 2. July 2:** Set all the alarm clocks in Housewares to go off at 5-minute intervals.
- 3. July 7:** He made a trail of tomato juice on the floor leading to the women's restroom.
- 4. July 19:** Walked up to an employee and told her in an official voice, 'Code 3 in Housewares. Get on it right away'. This caused the employee to leave her assigned station and receive a reprimand from her Supervisor that in turn resulted with a union grievance, causing management to lose time and costing the company money. We don't have a Code 3.
- 5. August 4:** Went to the Service Desk and tried to put a bag of M&Ms on layaway.
- 6. August 14:** Moved a, 'CAUTION - WET FLOOR' sign to a carpeted area.
- 7. August 15:** Set up a tent in the camping department and told the children shoppers he'd invite them in if they would bring pillows and blankets from the bedding department to which twenty children obliged.
- 8. August 23:** When a clerk asked if they could help him he began crying and screamed, 'Why can't you people just leave me alone?' EMTs were called.
- 9. September 4:** Looked right into the security camera and used it as a mirror while he picked his nose.
- 10. September 10:** While handling guns in the hunting department, he asked the clerk where the antidepressants were.
- 11. October 3:** Darted around the store suspiciously while, loudly humming the, 'Mission Impossible' theme.

12. October 6: In the auto department, he practiced his, 'Madonna Look' using different sizes of funnels.

13. October 18: Hid in a clothing rack and when people browsed through, yelled 'PICK ME! PICK ME!'

14. October 22: When an announcement came over the loud speaker, he assumed a fetal position and screamed; 'OH NO! IT'S THOSE VOICES AGAIN!'

15. Took a box of condoms to the checkout clerk and asked where is the fitting room?

And last, but not least:

16. October 23: Went into a fitting room, shut the door, waited awhile; then yelled very loudly, 'Hey! There's no toilet paper in here.' One of the clerks passed out.

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