



News Capsule



Nebraska Autobody Association News Summary

Offutt Collision Repair in Bellevue is improving cycle time by assigning employees to work on the vehicle in shifts until 2:00 in the morning. In what Offutt terms Rapid Delivery Service, the night shift continues the work started by the day shift. Offutt owner, George Rybar, originally designed his shop around a linear repair method, which is based on the automobile assembly-line concept. Traditional repair methods assign one technicians to perform numerous repair steps, an approach that can create inconsistencies because of the many skills required to complete a repair. The traditional method can create quality inconsistencies because of the different experience and talent levels of the technicians. A true "quality standard" is difficult to achieve. OCR's approach is to re-manufacture vehicles by utilizing a team of specialized technicians. Damaged vehicles go thru pre-set repair stages that maximize each technician's skill-sets, much like the assembly line that was used to manufacture the car.

Increased demand for steel will continue to create a long-term imbalance between supply and demand and lead to higher prices for vehicle manufacturers and car buyers. Earlier this year, ArcelorMittal, the world's largest steel maker raised prices by 60 percent. Hefty price increases for steel will accelerate the use of plastics and other lightweight material in the manufacture of automobiles.

The impacts of higher fossil-fuel costs are rippling through the economy forcing up prices for commodities and squeezing consumers at retail stores and gas stations. Even big-box discount stores, which have historically held the line on price increases, are discovering they have no choice but to pass on higher costs to their customers.

Higher retail prices are causing some consumers to curb spending. What effect might this have on the auto repair industry? The auto repair industry could be impacted by a number of factors including a) a reduction in the number of miles driven; b) an increase in the number of claimants who opt to cash out on a claim rather than get a collision-damaged vehicles repaired; c) a lessening of impact severity as crashes between larger vehicles and smaller ones decrease; d) an acceleration in the manufacture of hybrid and alternative fuel vehicles; e) an increase in the use of plastics and other lightweight material, and; f) an accelerated change in vehicle technology.

Automakers are gearing up for smaller, more fuel-efficient cars and hybrids. J.D. Power and Associates reported that 345,000 hybrid cars were sold in 2007, up from 256,000 sold in 2006. J.D. Power predicts that hybrids will make up 4.6 percent of the total new-vehicle in two years with over 65 different hybrids models available in the U.S.

Doug Dwyer, who has been in the automotive industry since age 14, is now an online advertising expert who touts the benefits of online advertising. According to Dwyer, "not all advertising is as cost-effective as online media." In a recent speech to an automotive group, Dwyer debunked the myth that 'car guys' don't go online and that Internet users are young. So what may be the best online advertising strategy for collision repair shops? The most cost-effective way to boost your online presence is simply to be a member of NABA, which has the premier collision website in Nebraska including vast consumer resource along with a searchable database of NABA member shops. Compared to more costly and less effective advertising venues, the NABA web site is one of the best advertising values around and it's free simply for being a member of NABA.

A string of automotive plant closures across the US, Canada and Mexico due to slumping truck and SUV sales has rattled nerves but may also be necessary to pave the way for the production of smaller, more fuel-efficient vehicles. General Motors CEO, Rick Wagoner, at this year's annual meeting called the shift to smaller cars a permanent one. Since 2005, the Big Three automakers have announced the shutdown of 35 plants. Nearly 150,000 jobs have been impacted by the closures of plants and suppliers.

State legislative efforts to curb insurer steering practices have met with mixed success. Connecticut recently passed HB 5152, a bill that requires written acknowledgement from claimants that they have been advised of their right to choose the shop that will repair their car while California efforts to limit repair recommendations have stalled. Nebraska already has steering legislation in place under Chapter 44, which prohibits insurers from requiring claimants to use a particular company or location for motor vehicle repair.

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