

# Glasurit sets a benchmark in education and entertainment

**BASF Coatings Australia**, marketer of the Glasurit refinish brand, has undoubtedly set an Australian promotional record for the smash repair industry by flying 221 people to New Zealand for a five-day retreat conference in mid April.



The cast of Glasurit executives and distributors takes a bow at the conclusion of the conference. Far right is Pascal Goerdes, BASF Coating managing director in Australia.

NOT ONLY WERE bodyshop executives, their partners and Glasurit distributors treated to a high quality seminar, but they were accommodated and entertained with the best Queenstown had to offer. There were dinners, golf, jet-boat and helicopter rides, clay pigeon shooting, motivational speakers and much more. As one might expect from a German organisation, every event ran on time and exceeded expectations, qualities for which Glasurit refinish products are also known. Guests were put up at Millbrook, one of the most

highly regarded resort hotels in New Zealand.

At a gala dinner, some 50 awards were given in recognition of the value Glasurit places on its customers, particularly those who have been with the brand for many years.

While Glasurit did not reveal exact figures, estimates put the cost of the entire exercise at over one million dollars.

Although there are several high quality paint suppliers to the Australian market, Glasurit appears to have the lion's share of the leading shops and is a specified refinish for a number

of prestige car brands, including Mercedes and BMW. It is also a strong contender in the move to waterborne basecoats with its Line 90.

Why Glasurit would lavish such attention on its Australian market became clearer when the conference was addressed by Colin von Ettingshausen, regional business director for refinish business in the Asia Pacific. He said that while the region, which contained the emerging giants, India and China, accounted for a tenth of the world market for BASF, Australia/New Zealand was now

20 per cent of that market and growing. When you consider that these two countries have a combined population of only 25 million, against the Asia Pacific population of 3.5 billion, the ANZ performance beggars belief.

Von Ettingshausen put the success of Glasurit in Australia/New Zealand down to the talent of its marketing team and the calibre of the bodyshops using the products. This was why the company, and its distributors, were willing put so much into thanking everybody involved and offering management

assistance to further build the strength of Glasurit shops.

## THE CONFERENCE

While the emphasis was clearly on paint, this was no hard sell event. Nobody needed to be persuaded to use Glasurit. What it set out to do was to assist the company's distributors and customers to be more profitable, which would lead to growth, which would lead to more paint being used.

This was done in several ways. There were guest speakers dealing in general panel shop topics and there were Glasurit marketing and technical staff telling the shops how to get the best out of management and training that was on offer from Glasurit programs.

## THE SPEAKERS

### Bernie Blinkenstaff

Unabashed American, Bernie Blinkenstaff, must rate as one of the most informative and enthusing speakers to address an Australian panel shop audience. While his credentials are extensive, the audience best related to the fact that he'd been a US panel shop owner and operator since 1976. Much of his wisdom has been drawn from personal experience. Central to his message is 'manage what you can affect, and what you can't (like how

right equipment becoming too expensive.

"Get over it!" he roared, "it's business. Being a victim is debilitating!

Realise that everybody's sale is somebody else's cost. It's not personally directed at you."

Although the standard of repair work in Australia is world class, the US market has some directions that Blinkenstaff believes will come to Australia. One is the growth of multi-operators like Car Star; another is the increase in numbers of female customers – currently running at 54 per cent in the US; and another is more transparent arrangements with insurers.

In dealing with change and for greater efficiency, Blinkenstaff has an impressive list.

It begins with management by objective, but with the prerequisite that the business has to first be measured. "No measurement, no management," he said, "and tell your people what the measurements are about. They will do more for you if they know what's expected.

"When we play sport, we play hard and we play to win. Everybody in the game knows the rules and they always know the score. Why should it be different in business?"

Another use for measurement is to be able to participate

## 'Manage what you can affect, and what you can't ..., forget about'.

cars are made or OH&S laws or how insurers are consolidating), forget about'.

"Focus on how you can make your customer happy," he said, "or how you can improve your management skills so that every part of the shop runs better." Throughout his talks he encouraged change, but said not expect it too quickly, suggesting the best way was to take 'baby steps'.

He warned against playing the victim of business getting tougher or skilled technicians being harder to find or the

in key performance indicators (KPIs). Blinkenstaff named 26 KPIs that could be used to measure panel shop performance.

"I don't suggest you use all of them," he said. "Shops tend to work with a few key KPIs that they monitor regularly. The important thing is to be able to see trends and the best setup for KPIs is to run them across a rolling 12 months spreadsheet. Your strengths and weaknesses will soon show up."

One of Blinkenstaff's pet aversions is jobs that become stationary in the shop.



Bernie Blinkenstaff, a fire-in-the-belly speaker with a multitude of best practice ideas for bodyshops.



Jenni Neary gave an update on what the insurers were doing.

there are certain tasks that Blinkenstaff says must be carried out parallel to the mainstream production of the job. They include items like paint mixing and colour matching.

One measure of throughput is to calculate the number of cars being put through a booth per day. The benchmark is five, and this can be more achievable by having a painter spray a car just before he leaves in the evening and having a car ready to go straight into the booth first thing next morning.

"I've talked to shops that think they need another booth until they look at their booth throughput and find the problem is actually there," Blinkenstaff said. "A booth is premium floor space, yet how often do we see a car only moved out when there is another one ready to come in. A booth should never be idle as long as there are painters in the shop. That may mean staggering the painters' lunch breaks so that somebody is painting all the time."

In dealing with insurers, Blinkenstaff suggests more transparency, regular consultations, industry-lead negotiations on broader issues, and to bear in mind that, especially in a mature market like Australia, policy renewals were more sought-after than new policies.

Of these, parts are among the worst offenders. He suggests a shop manager should get to know the suppliers personally and sit down for a business meeting to discuss ways for improvement – from both sides.

He described the perfect repair as beginning with meeting the customer, then sell the repair (including telling the customer what will be done), disassemble, write a damage report, negotiate with the insurer, schedule the job, order and receive the parts, assign the job to the technicians and complete the repair. Key to this procedure is writing the damage report only once, ordering parts only once and the vehicle never stopping once it had been assigned to the technicians. When scheduling a job, A valuable concept that Blinkenstaff imparted was that quality and productivity go hand in hand. Correct damage reports, ready parts, well run shops and no re-works serve both needs. He cited an example of the comparison between a Buick and a Toyota Camry which were going head to head for market share in the US. The Toyota not only won the day with a vastly superior car, but it took only 23 hours to produce it whereas the Buick took 31 hours.

## “I’ve talked to shops that think they need another booth until they look at their booth throughput and find the problem is actually there”

In meeting the skills shortage, Blinkenstaff suggests dividing tasks in the shop so that highly skilled technicians like painters are not spending time on low skill work which should be done by ‘entry level techs’.

As a conclusion to an outstanding three part series, Blinkenstaff named the five reasons why panel shops employees come to work. They are, in order: interesting work, appreciation and recognition, being included in information sharing about the company, job security and money.

“If you don’t have the first four, you’ve only got money,” he concluded, “and you know that somebody will eventually come along and offer them more.”

### Jenni Neary

Insurance industry analyst, Jenni Neary, dealt with the vital subject of understanding motor insurers and some likely directions they may take in the future.

She pointed out that Australia had a very unusual set-up in the insurance industry in that it was controlled by a small number of big players: IAG, Suncorp (now incorporating Promina), QBE and Allianz. As far as motor insurance goes, Suncorp and IAG are now neck and neck for size and, between them, control more than 80 per cent of the market. Allianz has about 11 per cent and QBE about six per cent.

The audience of repairers really sat up and took notice when Neary predicted that Suncorp, which had been regarded as a relatively easy

going company to work with, would eventually adopt the more profitable, but less liked, two quote model of AAMI.

Summarising each of the main motor insurance players, Neary said that IAG has a deeply held analytical culture resulting from the comprehensiveness of its data bases and its strong research capability. Of all the insurers, it had the greatest influence on accident minimisation.

“The recent conflicts with the smash repair industry have had an impact on the way IAG thinks about its business,” Neary said. “It has moved away from being almost entirely based on the reduction of cost repairs to a business model based on value to the company of return business where quality and safety are paramount, along with good customer experience.

“The cost of repairs will always be important to IAG but the company also values non-cost related factors. IAG now plans to support its PSRs to run their businesses more sustainably through systems, training, advertising support, sharing trend data and use of the NRMA logo.

“Suncorp has had the weakest performance of the majors in recent times, but now, with the Promina merger, change will take place – although slowly.

“Allianz is the largest insurer in the world, with gross written premiums of \$147 billion. It insures half the Fortune 500 companies. Allianz is controlled from Germany and for this reason the management accountabilities are complex, and decisions and processes tend to be slow and



Glasurit training guru, Jamie Panter



Colin von Ettingshausen, regional business director from BASF Coatings, Asia, flew in to give Australia a pat on the back.



Trevor Scott, BASF Ratio consultant and talented air guitarist, sorted the good bodyshops from the not-so-good.



Ian Wilkinson, national sales manager, ANZ for BASF, launched Galsurit’s new technical support program.

have limited transparency in Australia.

“Allianz believes it pays on average 10 per cent more for repairs than IAG or AAMI,” Neary said, “and has supported the retention of ‘funny time, funny money’. This support may be because they don’t have as good a sense of the real cost of repairs and the current system works for them.

“QBE is primarily a business insurer and is highly profitable and successful internationally,” Neary went on. “Cost of repairs is a key factor for QBE and its future strategy will be focused on this and on customer satisfaction. It is likely that, in order to get more control over costs and in view of its small market share and limited ability to support a repair network, QBE may move to develop its own in-house collision services.”

Neary did not surprise her audience by listing what insurers want: competitive pricing, customer service, quality and safety, efficiency, speedy and on-time repairs, predictability in repair costs, transparency, professional working relationships and sustainability.

Neary also touched on the likelihood of the consolidation of shops in Australia although, in the US, where the idea was spawned, the sector only accounts for 15 per cent of repair capacity.

The consolidations that have taken place are nonetheless impressive. Some have over 250 shops, with call centres operating around the clock, offers of customer financing, national warranties, training and systems. One of the biggest, Car Star, is currently trying to make an entry into Australia.

“One thing is very clear,” Neary concluded, “the days of the small single shop are numbered. In order to maintain profitability the repair industry will continue to rationalise with the formation of buying groups, consolidations through both acquisition and franchising and increased specialisation by



Glasurit flew 221 people to Queenstown to learn more about repairing and enjoy one of the most spectacular places on earth.

some. Each business will need to determine how it will respond in this increasingly competitive market.”

#### Trevor Scott

BASF ratio consultant, Trevor Scott, took a different tack in his brief address to the repairers. Rather than bring information and statistics from outside, he recounted his observations from visiting virtually hundreds of bodyshops to assist them in benchmarking and participating in the Vision Plus program.

“I thought I’d share with you some of the things that good and not-so-good shops have in common,” he said. “First we’ll look at the top performers. They believe in, and use, KPIs. They usually have their favourites that tell them what they need to know about their shop’s performance – which they measure. They don’t just measure profits. They insist on accurate data to make decisions rather than gut feel. They do timely reviews, follow through on their observations, look outside their own four walls and strive to create a positive appeal and culture.

“Now for the below average. They say they don’t have time to generate figures or look at

reports. They also complain that no matter how much they ride their staff they just don’t perform, and that ‘bloody insurance companies’ are killing their business. And this is my favourite: ‘It’s pointless developing staff because they will just leave and take that knowledge elsewhere.’”

Some other failings he mentioned were that they blame everybody else, they are unfriendly to staff and customers, and they know everything.

#### Product backup

While it has become customary for refinish suppliers in Australia to offer more than just product to their customers, they all do it in different ways. While Glasurit has appeared to rely on its product quality as the major benefit to its users, the conference revealed a new depth of commitment to assisting the efficiency and profitability of its bodyshop customers.

The heart of the service is the Glasurit Painter Academy which last year completed its shootout programme to find the best Glasurit spray painter in Australia. The shootout takes place over an 18 month cycle.

Jamie Panter, BASF regional technical manager, ANZ/ASEAN,

is in charge of the company’s comprehensive training program which comprises a number of topics taught at the Sydney headquarters or taken into Glasurit shops for in-house training.

Panter and his team have relaunched the training program based on what shops said they wanted. Part of that is an assessment of painting skills in which Glasurit will visit a shop and rate each painter. The results are converted into a bar chart which shows levels of competency, between silver, gold and platinum. The report is given to the shop owner to decide whether further training is appropriate. It is from the platinum standard group that the shootout contenders are drawn.

“Although our shootout grand finalists were all within a few percentage points of each other, there is a vast difference between the best and the worst standards in shops,” Panter said. “I would estimate it could be as high as 50 per cent. The need for training therefore becomes obvious.”

Panter also talked about the other assistance Glasurit can give in benchmarking. The company has been collecting paint shop data for over seven years. In addition there is online help through Vision Plus On Line (VPOL).

Ian Wilkinson, national sales manager for the BASF in Australia and New Zealand, announced the launch of the Glasurit upgraded bodyshop offer which complements the start of the Access Support Program in 2005. It is a joint initiative with Glasurit’s distribution partners who contributed some funding to the conference. The new program aims at giving technical support on a needs based, personal approach.

Included in the program is an annual bodyshop review with detailed analysis of all work processes, management seminars to begin next year, and assistance with bodyshop layout.

#### Organised by . . .

The Glasurit conference was planned and executed with the assistance of Results Plus, an event organiser that has been retained by Glasurit for the past three years. Results plus also staged the 2005 Suncorp conference and has a comprehensive understanding of the smash repair industry.