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Survey

**Which do you find to be more stressful for you in the workplace?**

Dealing with unhappy / irate customers.	40%
Dealing with unhappy / irate employees or co-workers.	60%

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## Choose or be chosen

There may be certain shops for which DRPs may never be a good fit; but, there are probably many more that could benefit from adopting or expanding their work with DRPs.

Oct 1, 2007  
By: Marcy Tieger  
Automotive Body Repair News

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Black and white thinking is linked to our most primitive "fight or flight" human response. The theory is that when potentially threatening situations arise, we often respond emotionally, without considering "maybe this" or "what about that." The mind convinces itself that there are only two choices: all or nothing, good or bad, with us or against us.

For some shop owners, this describes their perception of direct repair program (DRP) relationships — they either participate in them or vehemently abstain from them. Unfortunately, the problem with black and white thinking is that it can severely limit opportunities that exist in a multi-colored world.



Marcy Tieger

The decision to refrain from pursuing DRP relationships may date back many years. It may revolve around a single negative event involving "bad chemistry" between an insurance company field representative and someone at the shop, which lingers long after the representative has left the company.

Many shops are loath to pursue or expand their participation in DRPs because they do not want insurers to "tell them how to repair cars" or "demand discounts." However, those shops are often unaware of their own numbers. A shop that does not know how to measure and track capacity and throughput capabilities cannot properly evaluate whether to take on DRP work, even with concessions. Nor can it know how the addition of DRPs to a healthy mix of business from other sources may be smart business. In short, if a shop is underutilized and capable of further production, it may behoove the shop owner to keep an open mind about DRPs.

Resistance to DRPs should not preclude shops from selectively pursuing the insurers with whom they would most like to do business. Criteria may include minimal if any discounts, an existing relationship that has been mutually beneficial, a plentiful supply of work, etc. And, while there may be certain shops for which DRP relationships may never be a good fit, there are probably many more that could benefit from adopting or expanding their work with DRPs.

Even if a shop must offer discounts, this can be outweighed by an increase in throughput, facility capacity utilization, customer satisfaction, reduction in friction and time savings. A solid business relationship built on credibility and trust affords shops the benefit of the doubt in judgment call situations.

The bottom line is know your numbers and know what the DRP requirements really mean to you. Don't just rely on anecdotal comments from local competition who may have a vested interest in steering you away from their "ball-and-chain" DRP for fear that you'll cut into their market share. Also, if consulting with a fellow shop owner, make sure you are talking to someone who is reputable and who shares a similar business philosophy and ethics. What they describe as difficult or costly in their business may be seamless and profitable in your business.

DRPs are just one part of the insurance industry's response to the same long-brewing, competitive pressures that have affected so many other industries. Industries previously sheltered from competition have had to adapt. The once-stable insurance industry, with a distribution system of captive agents, has had to respond to competition from foreign companies, banks selling insurance and Internet (agent-less) sales. There is no reason to assume that insurers or those who work closely with them, like collision shops, would be immune to these forces.

According to the J.D. Power and Associates 2006 Collision Repair Satisfaction Study, nearly one out of every five customers considers switching insurance companies after experiencing the "moment of truth" — the collision claim process. Three factors were identified as driving the customer satisfaction experience: claims/estimation (62 percent); body shop (36 percent); and rental car (2 percent). The point is, with 36 percent of the customer loyalty equation linked to the body shop, it is foreseeable that DRPs, in some shape or form, are here to stay. After all, DRPs assume affiliate shops will help enhance the overall collision repair "experience" by offering an attractive shop, friendly and communicative

Tuesday, Oct 23, 2007

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personnel, timely repairs, etc. This inures to the benefit of the insurer and with any luck, translates into customer retention.

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