



INSIDE OEM COLLISION REPAIR PROGRAMS

TECHNICAL FEATURE

Fifteen years ago, there was only one mass-produced aluminum-intensive vehicle: The 1997 Audi A8. (The vehicle arrived in the US for the first time in October 1996, although the vehicle debuted in 1994). There were no hybrid electric vehicles (except for the Panzo Q9 Hybrid race car), and Mercedes-Benz and Toyota were the only manufacturers with OEM-supported collision repair programs. Ultra-High Strength Steel was used only for bumper reinforcements, and boron was just an element on the periodic table. Well, welcome to the collision repair industry in 2013, where everything has drastically changed.

The following original equipment manufacturers (OEMs) have sponsored Collision Repair Network Programs:

- Aston Martin
 - BMW, Mini, Rolls Royce
 - Chrysler, Dodge, Jeep, Fiat*
 - Ferrari
 - Ford, Lincoln
 - GM (Buick, Cadillac, Chevrolet, GMC)
 - Honda, Acura
 - Jaguar, Land Rover*
 - Mercedes-Benz, Sprinter, Smart
 - Nissan, Infiniti
 - Toyota, Lexus, Scion
 - Volvo
 - VW, Audi, Porsche, Bentley*
- (*Coming Soon)

The above programs were created for a multitude of reasons, but the main motivator was to ensure quality, customer satisfaction and brand loyalty. As vehicles became more technologically advanced (not only with comfort features such as GPS, online access, heated/cooled seats and more, but also with advanced structural substrates and advanced smart airbag systems), OEMs listened to the concerns from their consumers about collision repairs and quality. If a new vehicle was involved in a collision and the owner went to the dealer that sold them the car to have it repaired, the dealer would then get the vehicle fixed at either their own shop or a shop with whom they had a relationship. Prior to the repair program, there were many cases where vehicles were repaired with aftermarket or used parts; in some cases, components were fixed that should have not been repaired. For example, we once had a case where a 2008 BMW E60 (535xi) was involved in a frontal collision. The repair facility pulled and repaired all the frontal damage, including damage to the aluminum front structural components. The vehicle *literally broke in half* at all the repaired areas due to work hardening from normal driving (approximately 1,000 miles after repairs were com-

pleted). This case was a prime example of why training and education are needed and why OEMs had to step up and provide repair recommendations. Additionally, I-CAR was offering classes on the new advancements in vehicle construction and electronics 15 years ago – and shop owners, technicians and insurance personnel were clueless on how to repair these vehicles. Remember the whole scare over hybrid vehicles due to the unknown procedures?

Over the past 10 years, more and more OEMs have established Collision Repair Network Programs. Although these programs were created to ensure the quality of repairs for customer satisfaction and brand loyalty, some OEMs were required to create programs due to the complexity of their vehicles. At the same time, these OEMs started to produce position statements and required repair procedures to explain why new original equipment replacement components, sectioning locations and repair procedures should be used to repair their vehicles. These papers were created due to the response to the poor quality of repairs the dealers were seeing (which resulted in voided warranties), issues with lease returns due to poor quality of repairs and/or aftermarket parts usage *and* the whole CarFax issue. As time has passed, the OEM Collision Repair Programs have become more and more technical, with some requiring very specific welding tests.

The OEM Collision Repair Programs require some or all of the following:

- Specific structural repair equipment
- Specific MAG (steel) welders
- Specific MIG (aluminum and silicon bronze) welders
- Specific STRSW (Squeeze Type Resistance Spot) welders
- Specific glass, cutting, reshaping, riveting and OEM model tools
- Specific I-CAR training classes
- Specific I-CAR welding qualification tests
- Additional OEM specific welding certification tests (ISO tests)
- Specific OEM general and model-specific hands-on training classes
- Specific OEM online training courses
- ASE certification for each structural, non-structural and refinish technician and estimator

To be on an OEM program, it is generally required that you have a good relationship with a dealer, as dealer sponsorship is required with most of them. This can be a very lucrative relationship for both the repair facility and the dealership. The dealer sends customers to the repair facility, and the repair facility purchases more OEM replacement parts as a result. Every one of these programs require new OEM replacement parts only.

For the past few years, some shops have not purchased OEM replacement parts due to a variety of reasons (such as

a DRP agreement, the insurance company saying no and the percentage of profit from aftermarket). Not using original parts has been the root cause of multiple issues with lease return vehicles and used car sales for the OEMs. This has also resulted in consumer dissatisfaction and is most likely the main reason why the OEMs developed these programs.

To go on a program or not? That is an excellent question. The first thing a shop owner must do is evaluate his or her business by asking the following questions:

- Are my technicians older and near retirement (not willing to train)?
- What does my shop look like? Is it modern and clean with a comfortable waiting room?
- Is my equipment modern and up to date?
- Do my technicians have any training?
- Do I have the space or property to quarantine off a specific repair area?
- What is my financial situation? Can I afford the initial and further investment?
- Can I afford the rigorous ongoing training requirements and investment?
- Can I keep my trained and certified technicians employed at my facility?
- Can my facility pass an on-site audit and inspection by the OEM consulting company?
- What would my return on investment (ROI) be?
- Do I have any relationship with a dealership(s)?

As you can see, there are a lot of questions you must ask yourself prior to making a commitment to try to get involved in an OEM repair

program. Please keep in mind that some OEMs require specific curtains to quarantine off the repair area, or even a completely separate building (usually for aluminum repair). Additionally, many OEMs have a two-tier program, one for steel vehicles and another for aluminum-intensive vehicles. Some of the programs offer training courses for free (with the facility owner only paying for travel and lodging expenses), while others require the facility owner to pay for the course and associated expenses.

Here is something else you need to consider: Can you afford to have that trained technician be away from the shop for training? Training courses can go for days at a time; there are a few that are two weeks long. Another thing to consider is these training programs are offered in only certain locations throughout the United States. Plane travel and driving sometimes adds a day or two to the overall amount of time the technician will be absent from the facility. Additionally, there might be the expense of a car rental, parking fees or taxi service for the trip – and you have to feed the technician(s) while they are away at training. Some OEM programs have annual membership fees, training requirements and online OEM repair information access. Although some include those items, each program is different.

What can you expect if you get involved in an OEM repair program? You should see an influx of new customers, (in some cases) higher Labor Rates, better CSI through assistance from the OEM training programs on customer service procedures and a more exclusive

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image in your market area. These OEM repair programs are pretty exclusive, and that puts you in very good company because the OEMs are very selective on who they allow on their programs. You can Google the OEM Certified Repair Programs and count the amount of certified repair facilities in the US and see they are limited and in demographic-specific areas.

Depending on the OEM program you get involved in, you can expect to spend anywhere from a few thousand dollars to upwards of \$1 million. We hope this article has helped the industry to better understand what it takes to get involved in OEM repair programs. Feel free to contact us if you have any questions. **H&D**

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Executive Director's Thoughts

Many repairers have gone down the road of OEM certification programs. Some say that they have had huge success and utilized it as a marketing tool to new and existing customers, as well as a way to differentiate themselves. But there are others who have claimed that they were better off before. Personally, I don't know how anyone who advances their business with research and forethought could have complete failure.

- Jordan Hendler