



# Smash Repairs

“An Industry Challenged by  
Change”



**StateFleet Client Conference  
Presentation**

# Agenda

1. → Industry Overview

2. → Legislative Changes & Liability

3. → New Technologies

4. → What Drives Repair Costs

5. → Upcoming Challenges



## Industry Overview





## Australian Smash Repair Industry

- \$5.04 Billion – Revenue 2009
- 9,204 Businesses Australia Wide
- Generally small, privately owned operations
- Insurers control in excess of 75% of industry revenue

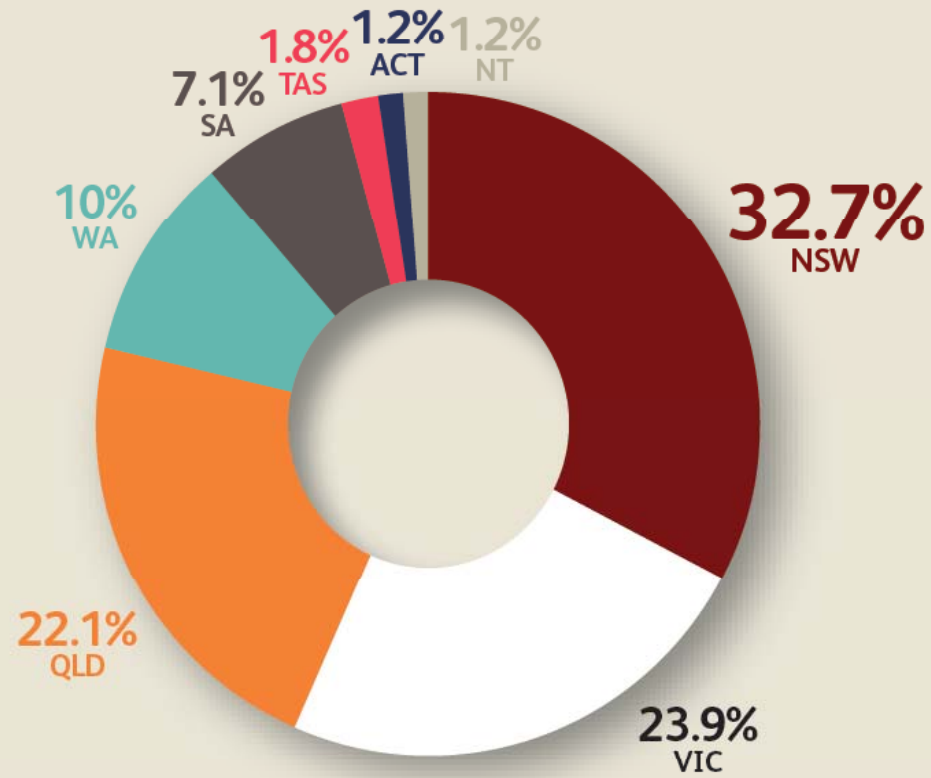


**FOR THE  
PLANET<sup>SM</sup>**



# Business Locations

Business Locations



SOURCE: WWW.IBISWORLD.COM.AU



## The Key Players – I.A.G.

Insurance Australia Group





## The Key Players - Suncorp

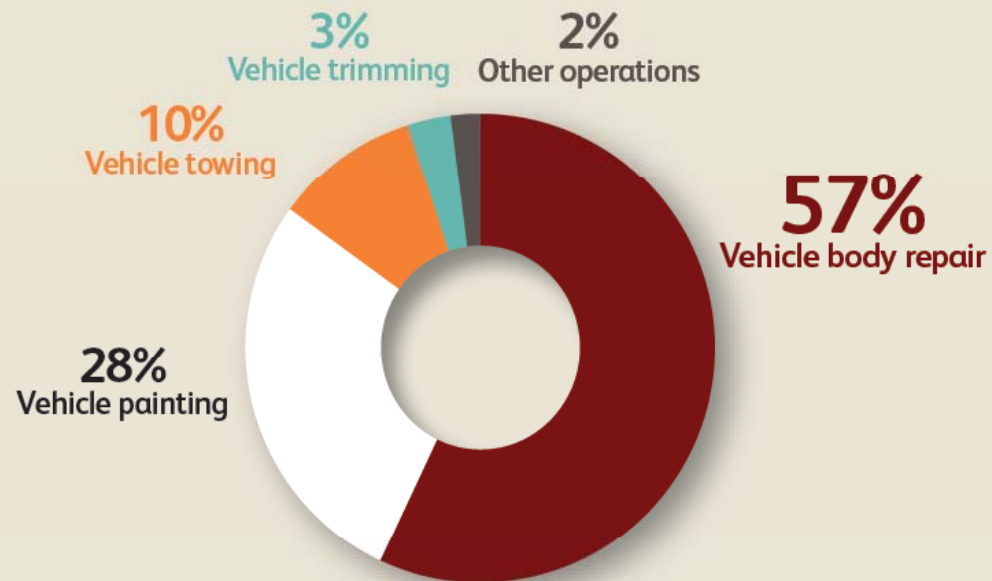
Suncorp Metway





## Where do they make money?

Products and Services Segmentation (2009)



Total \$5.5bn

SOURCE: WWW.IBISWORLD.COM.AU

## Legislative Change & Liability



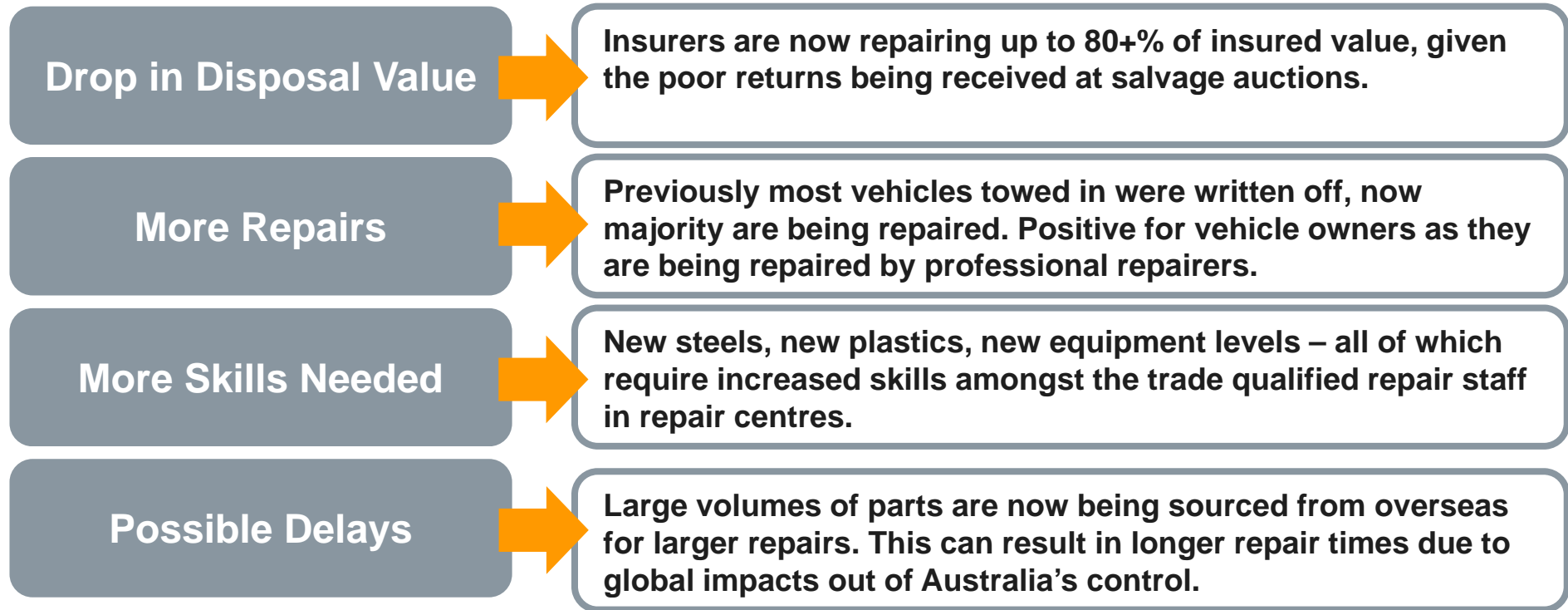


## Repairable Write Off Act – NSW Only

- Introduced in early 2011
- Designed to eliminate black market in car re-birthing
- If smashed, must be repaired and returned to original owner – or sold for parts – cannot be re-registered by someone else
- Estimated 6 out of 10 old repairable write offs had **“questionable parts”**



## Impacts of Change





# Liability – Manufacturer Repair Specifications

- Difficult to source accurate information on new makes and models
- New materials create even bigger challenges
- Majority of technicians attended TAFE over 20 years ago
- Manufacturers not willing to endorse repairers due to liability issues



**Toyota Floor Mat Inspection, Application and Semi-Permanent Installation Instructions**

**STOP**  
Read these important warnings **BEFORE** installing ANY type of Floor Mat.

**A. General Floor Mat Warnings**

- Only install floor mats designed specifically for that model and model year. Check for correct model name and part number on the packaging label to confirm vehicle application.
  - Never install a floor mat if you are uncertain of the model application.
  - Never install the floor mat upside down or turned over for any reason.
  - Only install the driver's floor mat to the driver's foot area.
- Always properly secure the driver's floor mat using the retaining hooks (clips) supplied in the bag with the floor mats. Follow the floor mat retention clip installation instruction supplied with the clips. If the mat is properly secured and you have confirmed vehicle applicability, it will not interfere with the accelerator pedal.
- After the driver's mat is secured by the retaining hooks (clips) some permanently install the floor mat to the vehicles using the self-locking nylon tie straps incorporated in the instructions below.
  - Never install the front driver's floor mat without all retaining hooks (clips) securing the mat firmly in place and the self-locking nylon tie straps permanently installing the floor mat to the vehicle.
- The retaining hooks (clips) are designed to accommodate only one floor mat at a time.
  - Do not install another floor mat(s) on top of an existing driver's floor mat.
- After installation, always check the operation of the accelerator, brake and clutch (if applicable) pedals to assure the floor mat does not interfere with them.
- Carefully read the warning tag attached to the driver's floor mat regarding installation.

**B. Floor Mat Inspection Instructions and Application Information**

Before placing a floor mat in a vehicle, be familiar with the procedure outlined below.

- Identify the correct driver's floor mat for the specific vehicle application.
- Correctly install the driver's floor mat.
- Regularly verify the correct floor mat is securely installed in the appropriate model using the retaining hooks (clips).
- Regularly verify the correct driver's floor mat is semi-permanently installed in the appropriate model using the self-locking nylon tie straps.

**NOTE:** Use the Application Information Chart provided or the Accessory Parts Catalog to verify mat-to-vehicle application.

**(Example of Application Information Chart)**

Model	Part Number	Color	Mat Description
2005-06 Camry	PT208-47000	Black	Driver's Floor Mat
2005-06 Camry	PT208-47001	Black	Passenger's Floor Mat
2005-06 Camry	PT208-47002	Black	Trunk Floor Mat
2005-06 Camry	PT208-47003	Black	Trunk Floor Mat
2005-06 Camry	PT208-47004	Black	Trunk Floor Mat
2005-06 Camry	PT208-47005	Black	Trunk Floor Mat
2005-06 Camry	PT208-47006	Black	Trunk Floor Mat
2005-06 Camry	PT208-47007	Black	Trunk Floor Mat
2005-06 Camry	PT208-47008	Black	Trunk Floor Mat
2005-06 Camry	PT208-47009	Black	Trunk Floor Mat
2005-06 Camry	PT208-47010	Black	Trunk Floor Mat
2005-06 Camry	PT208-47011	Black	Trunk Floor Mat
2005-06 Camry	PT208-47012	Black	Trunk Floor Mat
2005-06 Camry	PT208-47013	Black	Trunk Floor Mat
2005-06 Camry	PT208-47014	Black	Trunk Floor Mat
2005-06 Camry	PT208-47015	Black	Trunk Floor Mat
2005-06 Camry	PT208-47016	Black	Trunk Floor Mat
2005-06 Camry	PT208-47017	Black	Trunk Floor Mat
2005-06 Camry	PT208-47018	Black	Trunk Floor Mat
2005-06 Camry	PT208-47019	Black	Trunk Floor Mat
2005-06 Camry	PT208-47020	Black	Trunk Floor Mat
2005-06 Camry	PT208-47021	Black	Trunk Floor Mat
2005-06 Camry	PT208-47022	Black	Trunk Floor Mat
2005-06 Camry	PT208-47023	Black	Trunk Floor Mat
2005-06 Camry	PT208-47024	Black	Trunk Floor Mat
2005-06 Camry	PT208-47025	Black	Trunk Floor Mat
2005-06 Camry	PT208-47026	Black	Trunk Floor Mat
2005-06 Camry	PT208-47027	Black	Trunk Floor Mat
2005-06 Camry	PT208-47028	Black	Trunk Floor Mat
2005-06 Camry	PT208-47029	Black	Trunk Floor Mat
2005-06 Camry	PT208-47030	Black	Trunk Floor Mat
2005-06 Camry	PT208-47031	Black	Trunk Floor Mat
2005-06 Camry	PT208-47032	Black	Trunk Floor Mat
2005-06 Camry	PT208-47033	Black	Trunk Floor Mat
2005-06 Camry	PT208-47034	Black	Trunk Floor Mat
2005-06 Camry	PT208-47035	Black	Trunk Floor Mat
2005-06 Camry	PT208-47036	Black	Trunk Floor Mat
2005-06 Camry	PT208-47037	Black	Trunk Floor Mat
2005-06 Camry	PT208-47038	Black	Trunk Floor Mat
2005-06 Camry	PT208-47039	Black	Trunk Floor Mat
2005-06 Camry	PT208-47040	Black	Trunk Floor Mat
2005-06 Camry	PT208-47041	Black	Trunk Floor Mat
2005-06 Camry	PT208-47042	Black	Trunk Floor Mat
2005-06 Camry	PT208-47043	Black	Trunk Floor Mat
2005-06 Camry	PT208-47044	Black	Trunk Floor Mat
2005-06 Camry	PT208-47045	Black	Trunk Floor Mat
2005-06 Camry	PT208-47046	Black	Trunk Floor Mat
2005-06 Camry	PT208-47047	Black	Trunk Floor Mat
2005-06 Camry	PT208-47048	Black	Trunk Floor Mat
2005-06 Camry	PT208-47049	Black	Trunk Floor Mat
2005-06 Camry	PT208-47050	Black	Trunk Floor Mat
2005-06 Camry	PT208-47051	Black	Trunk Floor Mat
2005-06 Camry	PT208-47052	Black	Trunk Floor Mat
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2005-06 Camry	PT208-47059	Black	Trunk Floor Mat
2005-06 Camry	PT208-47060	Black	Trunk Floor Mat
2005-06 Camry	PT208-47061	Black	Trunk Floor Mat
2005-06 Camry	PT208-47062	Black	Trunk Floor Mat
2005-06 Camry	PT208-47063	Black	Trunk Floor Mat
2005-06 Camry	PT208-47064	Black	Trunk Floor Mat
2005-06 Camry	PT208-47065	Black	Trunk Floor Mat
2005-06 Camry	PT208-47066	Black	Trunk Floor Mat
2005-06 Camry	PT208-47067	Black	Trunk Floor Mat
2005-06 Camry	PT208-47068	Black	Trunk Floor Mat
2005-06 Camry	PT208-47069	Black	Trunk Floor Mat
2005-06 Camry	PT208-47070	Black	Trunk Floor Mat
2005-06 Camry	PT208-47071	Black	Trunk Floor Mat
2005-06 Camry	PT208-47072	Black	Trunk Floor Mat
2005-06 Camry	PT208-47073	Black	Trunk Floor Mat
2005-06 Camry	PT208-47074	Black	Trunk Floor Mat
2005-06 Camry	PT208-47075	Black	Trunk Floor Mat
2005-06 Camry	PT208-47076	Black	Trunk Floor Mat
2005-06 Camry	PT208-47077	Black	Trunk Floor Mat
2005-06 Camry	PT208-47078	Black	Trunk Floor Mat
2005-06 Camry	PT208-47079	Black	Trunk Floor Mat
2005-06 Camry	PT208-47080	Black	Trunk Floor Mat
2005-06 Camry	PT208-47081	Black	Trunk Floor Mat
2005-06 Camry	PT208-47082	Black	Trunk Floor Mat
2005-06 Camry	PT208-47083	Black	Trunk Floor Mat
2005-06 Camry	PT208-47084	Black	Trunk Floor Mat
2005-06 Camry	PT208-47085	Black	Trunk Floor Mat
2005-06 Camry	PT208-47086	Black	Trunk Floor Mat
2005-06 Camry	PT208-47087	Black	Trunk Floor Mat
2005-06 Camry	PT208-47088	Black	Trunk Floor Mat
2005-06 Camry	PT208-47089	Black	Trunk Floor Mat
2005-06 Camry	PT208-47090	Black	Trunk Floor Mat
2005-06 Camry	PT208-47091	Black	Trunk Floor Mat
2005-06 Camry	PT208-47092	Black	Trunk Floor Mat
2005-06 Camry	PT208-47093	Black	Trunk Floor Mat
2005-06 Camry	PT208-47094	Black	Trunk Floor Mat
2005-06 Camry	PT208-47095	Black	Trunk Floor Mat
2005-06 Camry	PT208-47096	Black	Trunk Floor Mat
2005-06 Camry	PT208-47097	Black	Trunk Floor Mat
2005-06 Camry	PT208-47098	Black	Trunk Floor Mat
2005-06 Camry	PT208-47099	Black	Trunk Floor Mat
2005-06 Camry	PT208-47100	Black	Trunk Floor Mat

1. Make sure the driver's floor mat is properly secured by the retaining hooks (clips). Confirm that the retaining hooks (clips) are secured into the grommet holes in the vehicle's floor (carpet).

**Warning:** Do not stack the floor mats in any vehicle. The retaining hooks (clips) are designed to accommodate only one floor mat at a time.

**C. Driver's Position Semi-Permanent Installation**

- Necessary Materials
  - Self-locking nylon Tie Straps (Must be UV-resistant, rated at 50 pounds minimum & 0.19 inches wide)
  - Easy Peel Labels (Use Anyseal 52627)
  - Thin Flat-Head Screwdriver
  - Fine-Toothed Pencil
  - Ruler
  - Diagonal Cutting Pliers

Applicable to '05 - '10 Avalon, '07 - '10 Camry, '04 - '09 Prius, '05 - '10 Tacoma, '07 - '10 Tundra vehicles only.  
Toyota Floor Mat Inspection, Application and Semi-Permanent Installation Instructions

PANELCORP



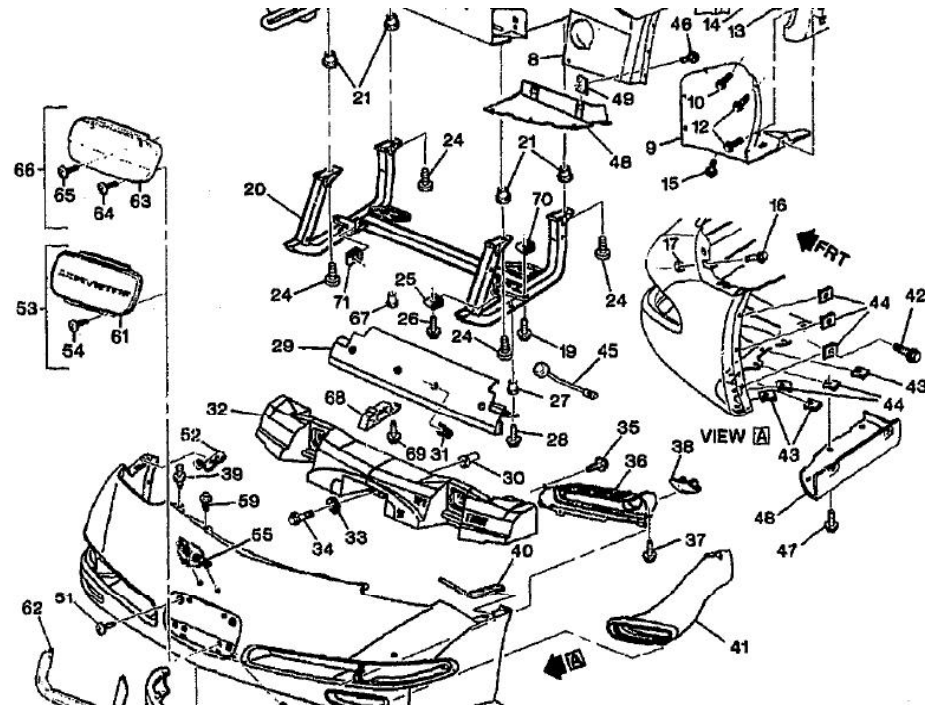


## New Technologies



## New Structural Materials

- Structural Plastics
- Structural Glues
- High Strength Steels
- Aluminium Panels
- What's Next??





## High Strength Steel – Do not Weld!!

- Must be replaced not repaired
- Integral part of Structure
- Common on many new models
- Accepts heat only to certain temps
- Major issue if repaired incorrectly





## S.M.A.R.T. Repair Technology

- Small & Medium Accident Repair Technology
- Only used on >8 hour repairs
- Limited functionality in real life
- Clever branding of existing “fast track” technology
- Better models available from overseas already





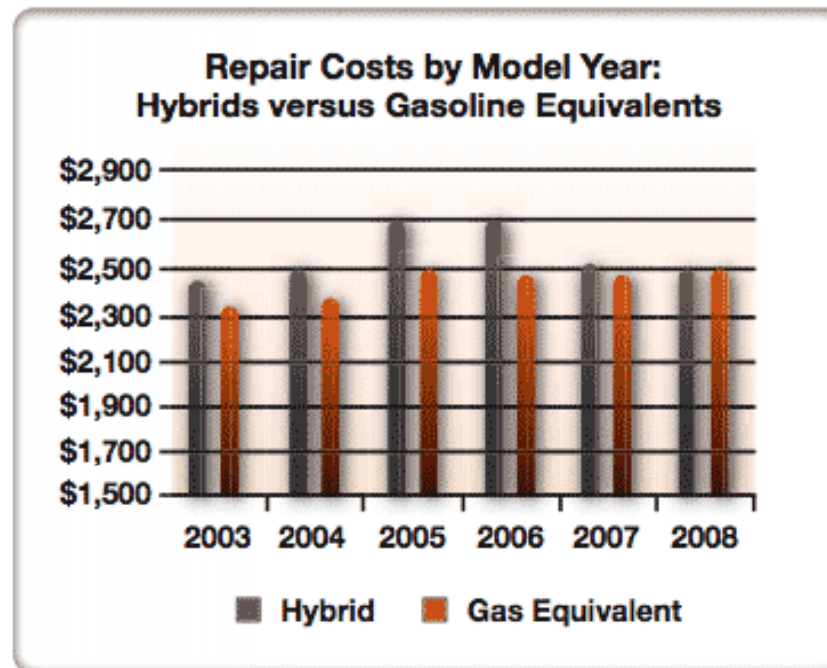
## Aluminium Panels – Why?

- Save weight on existing steel technology – Reduce Fuel Usage
- Carbon Fibre, plastic or fibreglass would be lighter
- Carbon fibre significantly stronger
- Requires rethinking of existing repair processes
- New Commodore – first car off the rank in 2014

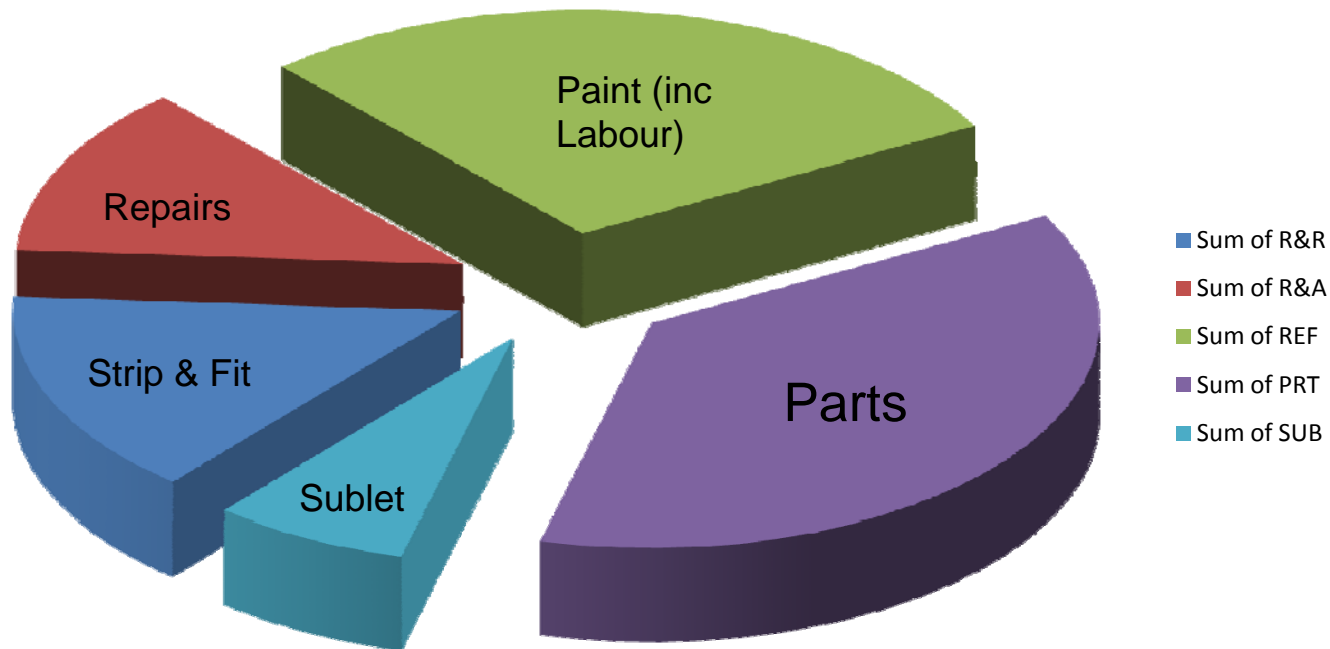




## What Drives Repair Costs?



## Where does the money go?



## A Simple Comparison – Small 4cyl

- All existing Govt Contract Vehicles

- All sub \$20K purchase price

- All Entry level vehicles

- All prices are as per Manufacturer List Price

	Car A	Car B	Car C	Car D	Car E
Front Bumper	\$303.62	\$275.00	\$178.30	\$435.00	\$538.00
Radiator Support	\$862.46	\$375.00	\$541.83	\$179.00	\$463.00
Headlight x 2	\$911.80	\$770.00	\$702.22	\$670.00	\$724.00
Rear Bumper	\$401.20	\$270.00	\$421.42	\$460.00	\$512.00
Beaver Panel	\$354.28	\$209.00	\$239.32	\$305.00	\$264.00
Tail Light x 2	\$651.46	\$570.00	\$350.88	\$560.00	\$508.00
<b>TOTAL</b>	<b>\$3484.82</b>	<b>\$2469.79</b>	<b>\$2433.97</b>	<b>\$2609.00</b>	<b>\$3009.00</b>

## An Even Simpler Comparison – People Movers

- All existing Govt Contract Vehicles

- Single Part – TailGate

- All Entry level vehicles

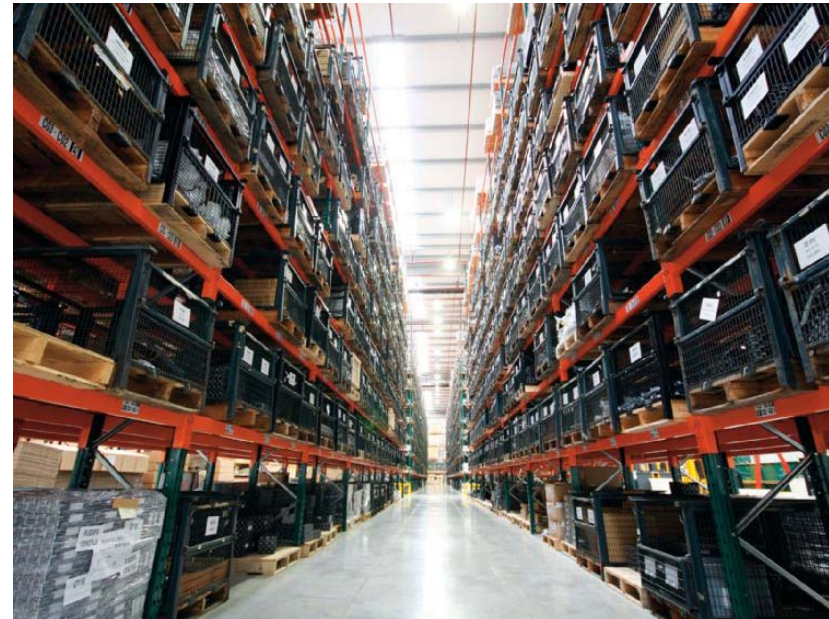
- All prices are as per Manufacturer List Price

	Car A	Car B	Car C	Car D	Car E	Car F
Tail Gate	\$990.00	\$1006.66	\$1444.70	\$1572.45	\$1750.00	\$2148.23



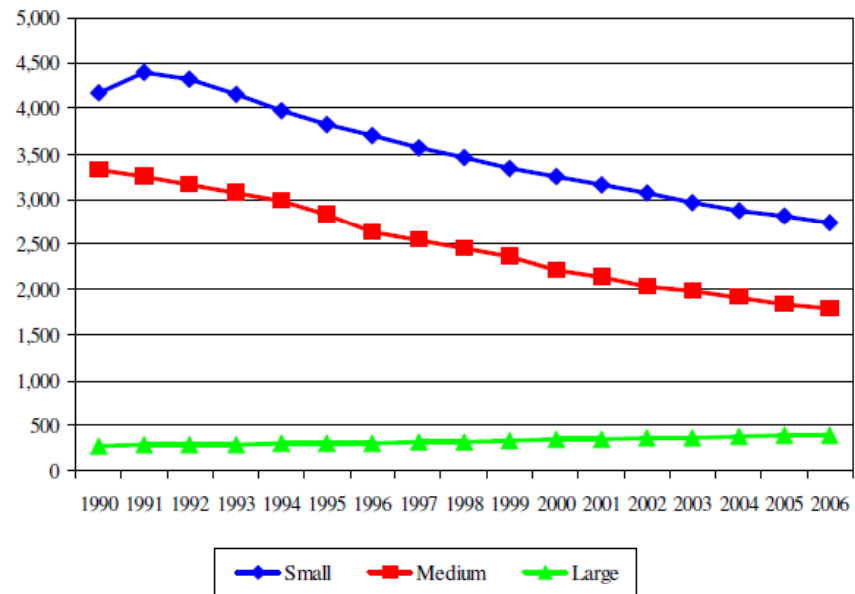
## What's Constant? – What Changes?

- Majority of labour costs fixed
- Costs per hour charged significantly lower than vehicle servicing
- Enviro and other allowances are fixed
- Insurer monitors all labour costs
- Parts are really the only variable



# Upcoming Challenges

Number of bodyshops, 1990-2006





## Industry Consolidation

- Aged Repairer Body in need of a shake up
- New technology and New Price Modelling will drive many out
- Major players are finally looking at Partnership arrangements
- Repairer Groups are starting to take real shape
- Mum & Dad shops will simply not survive



**Industry News**  
**2011 – The Year of Industry Consolidation**



## Increased Customer Service Expectations

- Mobile Quoting / Onsite Estimating
- Pick Up & Delivery Services
- Return to Auction / Disposal Agent
- Faster Turnaround Times
- E-Commerce Solutions
- Big shops can deliver, small will struggle





## Arrival of the MEGA Repair Centre

- Existing model used in Asia Pacific
- Capable of 400 + Vehicles per week
- Tradespeople working in teams against the clock
- New technology to speed up repairs
- Production line type design
- Manufacturers investing with partners



**2000 vehicles on site – in NZ**

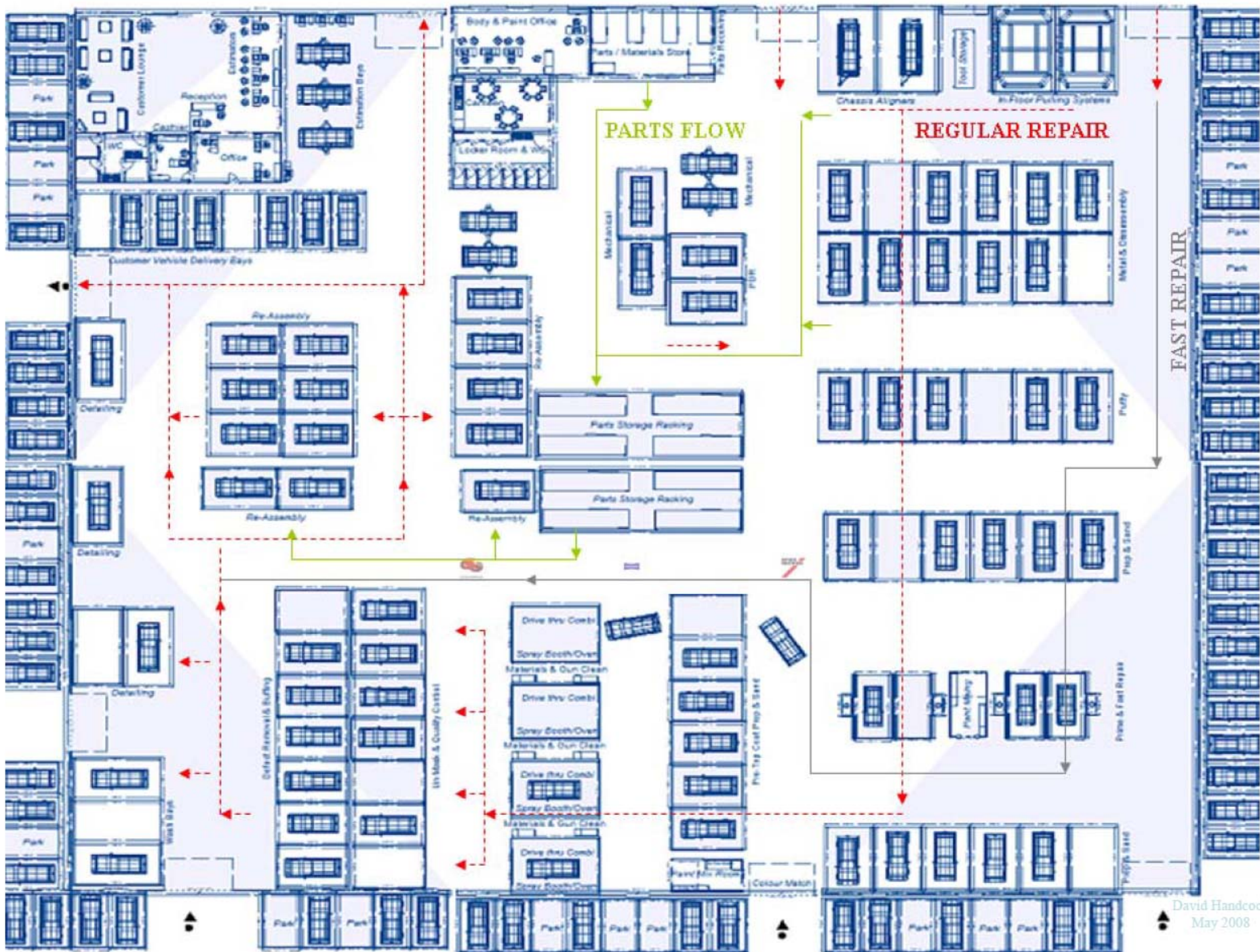


# Large Size Body & Paint



## Shop Lay-Out Plan

David Hancock  
May 2008



David Hancock  
May 2008



Questions