
Modern CLAIMS MAGAZINE

“ Technological change is as rampant as I’ve ever seen it and we need to be helping to deliver upon the implications of that change in the aftermarket *Martin Gray*



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WELCOME

While it's important to address opportunities across the claims supply chain to get a motor accident victim back on the road as soon as possible, this can't be achieved without the good quality and availability of the parts needed to repair their damaged vehicle. That's why Modern Claims has teamed up with Euro Car Parts for the Aftermarket Supplement, looking at the ways they and their partners are innovating to improve this aspect of repair.

We spoke with Euro Car Parts' CEO, Martin Gray, about how the aftermarket is changing in order to thrive in the modern world, and the role his company plays in driving these changes. We also talked to Wendy Williamson, Chief Executive of the Independent Automotive Aftermarket Federation, about the current challenges facing independent repairers and their franchised counterparts. In our third interview, we caught up with Jason Moseley, Executive Director of the National Body Repair Association, about the NBRA's take on the aftermarket, and where the complexities

brought by new and autonomous technologies will arise, as well as how they can be tackled.

This supplement also has a number of great articles from the likes of Thatcham Research and BSI around the importance of safety and quality in vehicle parts, and, in addition, Euro Car Parts explain how it does its part in reducing key-to-key time for the end customer. We also hear from FAB Recycling about how recycled car parts are set to disrupt the aftermarket for the better.

Happy reading! ●

Brendan

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CONTENTS

INTERVIEWS

06 Martin Gray

The entire automotive and insurance industries continue to evolve at an accelerated pace - and that has never been more the case than in these uncertain political and economic times. Modern Claims spoke to Martin Gray, CEO of Euro Car Parts, about his organisation's view of the world, changes affecting the collision sector, as well as the role played by technological, legislative and consumer pressures upon the industry.

10 Wendy Williamson

Technology which is increasingly more available and embedded in vehicles, and type approval, are two challenges that many garages are facing. Modern Claims magazine caught up with Wendy Williamson, Chief Executive at the Independent Automotive Aftermarket Federation (IAAF), about her views on the independent aftermarket, the impact of type approval and how bodyshops and workshops are tackling technology challenges such as driver assistance programmes and alternatively fuelled vehicles.

14 Jason Moseley

With a wide array of factors influencing the body repair sector, Jason Moseley, from the National Bodyshop Repair Association (NBRA), told Modern Claims how the industry can adapt to meet the opportunities on the horizon.

FEATURES

20 The Halo standards

Improving repair quality and calling for higher industry standards - a view from Halo Accident Repair Centres.

Modern
CLAIMS MAGAZINE

Group Editor
Brendan Gurrie

Project Manager
Rachael Pearson

Editorial Assistant
Poppy Green

Events Sales
Kate McKittrick

Charlton Grant
Switched on Media

FEATURES

22 Platinum Plus: a game-changer for motor claims

Euro Car Parts has created a game-changing proposition for UK bodyshops: a one-stop-shop for world-class collision repair products. The crown jewel of this fast-growing portfolio is the quality assured Platinum Plus range of panels, bumpers and lighting. Importantly for insurers and repairers, Platinum Plus is British Standard BS 10125-compliant and independently certified by respected organisations, including Thatcham, TÜV Rheinland, TÜV SÜD, Centro Zaragoza (CZ) and the Certified Automotive Parts Association (CAPA) and NSF International.

24 Thatcham Research: repair research

Based just outside Newbury in Berkshire, Thatcham Research was established by the motor insurance industry in 1969 to contain or reduce the cost of motor insurance claims, while maintaining safety standards. Today, it enjoys a much wider remit spanning safety, security and repair. As the UK's only not-for-profit insurer-funded research centre, Thatcham Research boasts over 180 staff, a state-of-the-art vehicle research workshop, a Euro NCAP-approved crash laboratory and two automotive academies. Here, Tom Hudd, Operations Manager at Thatcham Research's Repair Technology Centre, talks modern cars, repair methods and claims costs.

26 Reducing key-to-key by improving door-to-door

Discover the secrets of Euro Car Parts' high-tech distribution facility, which enables it to provide fast and reliable delivery to bodyshops across the UK.

28 Helping to drive best practice in the insurance industry

As the BSI Kitemark™ for Vehicle Damage Repair marks ten years, Robert Hine, Head of Commercial Engagement at BSI, explores what this means for the insurance industry today.

30 Case Study: FAB Recycling

How recycled vehicle parts can reduce costs and downtime for insurers and fleets.

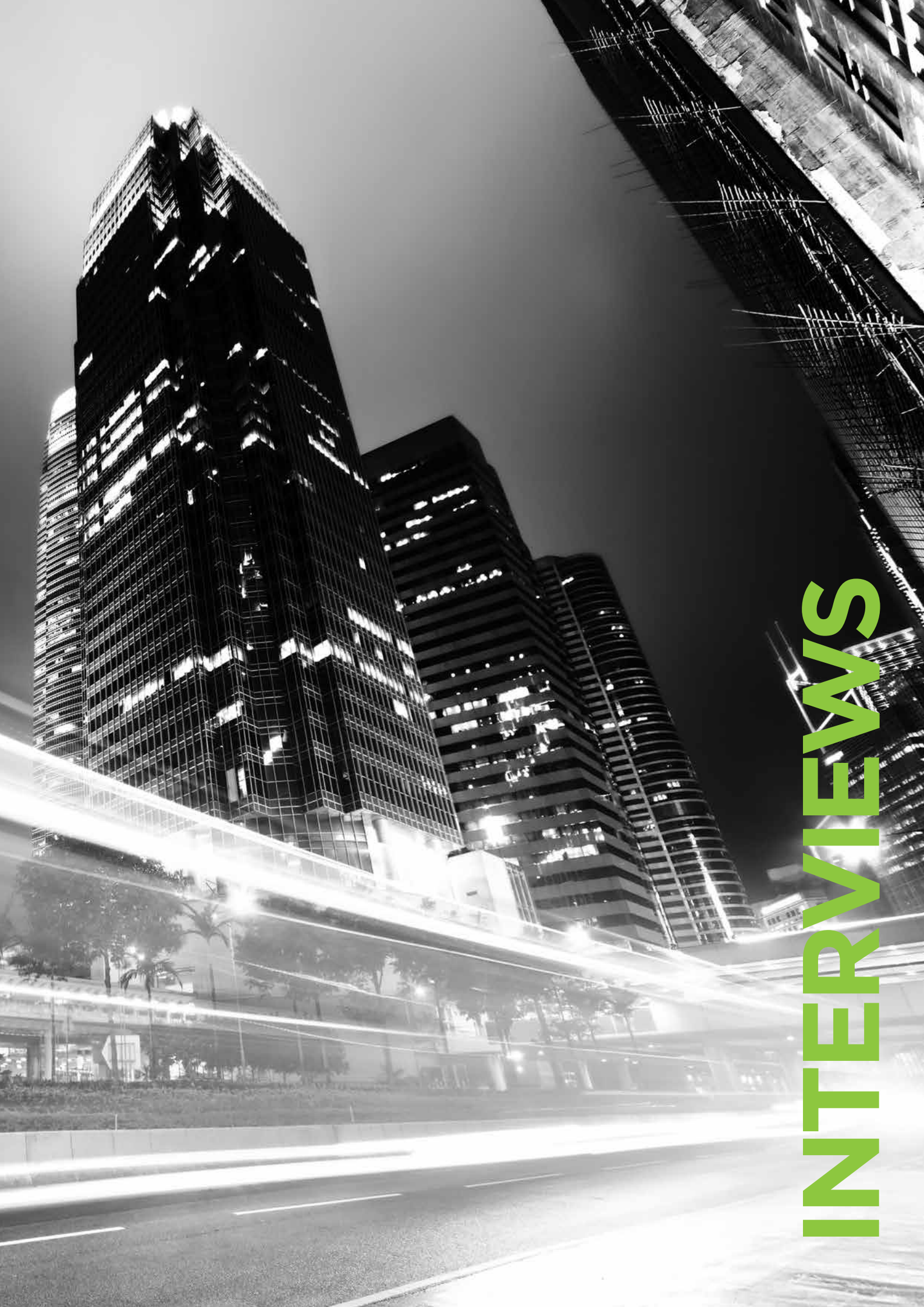
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INTERVIEWS



The big driver across the industry is that all-important key-to-key time for the insurer's customer

MARTIN GRAY

The entire automotive and insurance industries continue to evolve at an accelerated pace – and that has never been more the case than in these uncertain political and economic times. Modern Claims spoke to **Martin Gray**, CEO of Euro Car Parts, about his organisation's view of the world, changes affecting the collision sector, as well as the role played by technological, legislative and consumer pressures upon the industry.

Q How's business?

A On the collision side of the organisation, business is as good as it has been for a while, which is positive. That seems to be reflected across the sector in general. We're hitting budgets and looking to the future. We won't sit still though, and our aim is to continue to challenge our own numbers and philosophies. We are always trying to make the business work more effectively, while striving to further improve service to the bodyshop, meaning we can pass process improvement benefits on to the customer.

Q What factors impact on customer decisions in the UK aftermarket/collision repair sector e.g. price, quality, availability, brand loyalty, standards?

A The big driver across the industry is that all-important key-to-key time for the insurer's customer. Indeed, as consumers become, rightly, more discerning and demanding, the pressure is there to reduce downtime and get the vehicle back to the policyholder, fast. Therefore, the quick availability of parts is crucial. If the panels or components are not available, the knock-on effect for getting the car back on the road is significant.

Price is obviously another factor, as is the need for an excellent product and service at every juncture, including the quality of the parts used.

Q What are the key selling points of your collision repair offer?

A It's the same for our collision repair offer as it is for other elements of the business; good, old-fashioned customer service, as well as price and availability. We pride ourselves on endeavouring to get those key themes right.

And, we deliver those key tenets via a truly world-class logistics solution. It's about having the right part, in the right place, at the right time. That is why, as a group, we invest heavily in our hub and branch logistics operation, allowing us to get parts to the customer faster by driving improvements in terms of better process. That investment includes the new T2 facility at Tamworth. We also believe that our approach to pricing allows us to give the bodyshop a better commercial model through increased margin.

In addition, we are one of the only operators able to offer collision parts, paint and consumables in the UK, in one total solution. Added to that, we have an industry-leading workshop equipment service team to support bodyshops and garages in terms of capital equipment purchases, as well as training. So, we're striving to offer that total package for our customers.

Q Are there lessons from LKQ's success in America that can be adopted here in the UK?

A That's a fascinating question; there are so many lessons for both sides of the Atlantic to learn from each other. For example, LKQ has been extremely successful in gaining adoption of aftermarket parts as a credible alternative to OE suppliers in the USA. An increasing penetration of non-OE parts in the US is something we can learn more from back in Europe. Indeed, the market reach of non-OE parts in the USA is 37%, where in the UK it's running at only 7%.

In addition, the United States has a thriving recycled operation that would be welcome in the UK, both from an environmental and CSR perspective. Whichever way one looks at the issue, writing a car off is not a good thing. We still don't have a significant green parts/recycled operation in the UK, but that tide is starting to turn for the good.

“ It's an invigorating, challenging, £4 billion industry, and we want to attract the best recruits for the next generation

“ The spotlight is very much now on areas and issues where the cost of insurance can be reduced

Q What is the role of parts suppliers in reducing key-to-key time for repair network customers? Where are the areas for improvement?

A Our role is important in the supply chain; without parts, cars can't get repaired, and if those components or body panels are not in the right place at the right time, then things can't happen as quickly as they should. So, we work hard to improve our logistics solutions to allow for faster response times. Some OEM players sit their inventories abroad, which can sometimes bring delays when road freight is held up at Calais, as we have seen recently. By investing in T2 and our hub infrastructure, we are able to hold the right stock in the UK, meaning the vast majority of parts are available on a next day delivery basis, which again helps in reducing key-to-key times.

Q How is ECP and the wider aftermarket meeting the challenges of new technologies such as driver-assistance systems?

A Across the UK's car parc, we're seeing the increasingly complex use of electronics, which is leading to a greater need for sophisticated diagnostic equipment to repair vehicles and get them back on the road, often through the resetting of central processing units. For example, the ability to reconfigure cameras and radars hidden in bumpers is becoming more important, requiring an enhanced capability to get it right the first time, every time.

And it's not just electronics; as the pressure for lightweighting becomes stronger, we are seeing an increasing use of aluminium, composites and other materials, which obviously also has an impact on the bodyshop, requiring new and updated specialist skill sets.

We are working in conjunction with key tier one original equipment suppliers, from where much of the new technology is emanating, to make sure we are up to speed and delivering an equivalent level of aftermarket capability. A good example of the step changes we've seen recently is in the area of advanced driver assistance systems (ADAS). Such advances bring the latest radar technology to cars, allowing for assisted and automated driving responses, where practical.

Therefore, every bodyshop will need to have the right diagnostic equipment to repair such cars in the future, while also making sure that technicians are trained in such equipment. Technological change is as rampant as I've ever seen it, and we need to be helping to deliver upon the implications of that change in the aftermarket.

Q How does Euro Car Parts ensure the safety and quality of the parts it supplies?

A Euro Car Parts' commitment to the highest levels of safety and quality in the parts it supplies is utterly central to the running of the business. As a supplier of both OEM and aftermarket parts, we search the world for the highest quality standards and are rigorous in our desire to make sure that all parts stocked by us are compliant to the highest safety benchmarks.

Q What are the opportunities around recycled parts?

A This is an area of massive opportunity for the collision sector in the UK. The recent Queen's Speech saw plans for legislation highlighted to reduce motor insurance premiums. The spotlight is very much now on areas and issues where the cost of insurance can be reduced.

One of the challenges the industry is facing is that repair costs are rising dramatically due to the increasing complexity of cars and technology. However, one of the ways to reduce costs, and therefore insurance premiums, is by the wholehearted adoption of a significant recycled, or 'green' parts operation, with a clearly defined grading system for parts. Such an initiative plays a key role in the USA's repair sector, while in Sweden, almost 15% of parts used in the repair sector are 'green'.

For such a new way of thinking to be embraced, it needs the support of both the insurer and the bodyshop. The insurer needs to accept the parts, while there needs to be a joined-up logistics operation that accrues the components, as well as a robust IT system that allows for the accurate cataloguing of the parts available. Therefore, a co-ordinated national system of connected salvage operators will lead to wholesale adoption, as can be seen from the Swedish model. Such a process may well also benefit from an additional 'stick' approach to augment the 'carrot', where legislation could decree that at least one element of a repair needs to be a recycled or green part, a similar system to that which has recently been adopted in France.

So, for recycled parts to thrive, we need a standardised grading system, a national IT platform and a greater appetite from insurers to use the parts, but the industry can help here by giving them assurance around the quality and provenance of such components.

It has to be a win-win situation for all. The insurer pays less for the parts and the repairer needs to be rewarded for using the component. This, in turn, reduces the repair cost, hence having a long-term impact on insurance premiums and benefitting the end consumer. So, yes, recycled parts, or green parts, are coming, and it will also lead to a sector that will be even more responsible as we seek to play our role in building a more circular approach to the supply chain.

Q What role does data play (e.g. in communication and customer service) and how do you see this evolving?

A Data is crucial at all levels of the industry to making what we do better, quicker and safer. In the aftermarket, we continue to need access to information, as block exemption set out, from vehicle manufacturers and OE suppliers, in order to make sure that cars are repaired correctly and safely.

From a supply chain perspective, it's important that we are maximising information from our own data, so that we can build a robust stock profile and inventory that is entirely accurate and ultimately cuts down on key-to-key time. By reacting to the needs of the market and what is happening, our accuracy further improves.

Indeed, repairers are getting ever more 'cute' at demanding

“ Technological change is as rampant as I’ve ever seen it, and we need to be helping to deliver upon the implications of that change in the aftermarket

deeper information from their own data, in order to work more efficiently and at the right time to further improve supply chain processes. Pulling off increasingly complex and diverse reports from their systems calls for increased software capability and commuting power at the bodyshop. For example, automatic stock and re-order systems and inter-sector and parts procurement platforms are becoming increasingly prevalent, making the supply chain work harder. This is all aimed towards a further improvement in those critical key-to-key times and a satisfied end consumer.

Q What is being done to attract talent into the industry? In what job roles are the skills shortages most pressing?

A Across the collision sector, there is real awareness of our own skills shortage but, as an industry, we are trying hard to alleviate matters through initiatives like AutoRaise.

AutoRaise traces its origins back to 2012, when vehicle repairers came together to build an apprenticeship standard, gaining governmental approval in 2015. It is all about attracting young talent into the industry, by working in conjunction with key bodyshops to build relationships with local colleges and schools to attract a new generation of employees. We also have our own IMI-approved training centres, as well as a team of 20 technical demonstrators.

As a sector, we need to continue to improve our own image, making sure that schools and colleges are more aware of the options available. Roles include estimators, managers, process consultants, production controllers, bodyshop managers and IT specialists – the list is endless. The only constant is the need for people with a positive attitude who can deliver exemplary customer service at what can be a stressful time for the end customer. But it’s an invigorating, challenging, £4 billion industry, and we want to attract the best recruits for the next generation.

Q What effect do you foresee Brexit having on the UK aftermarket/collision repair sector?

A The looming issue of Brexit is the same for the entire marketplace. It has given everyone an element of uncertainty to deal with, but I sense something of a sea change now. Many see that we are in a state of hiatus, of negotiation for the next two years and, therefore, the prevailing mood seems to be one of getting on with things. The attitude seems to be: ‘this is what we’ve got for two years, so let’s crack on’. That sense of pragmatic positivity, despite various macro-economic issues, is to be welcomed.

Q What else is on the horizon for the UK aftermarket/collision repair sector, and how will Euro Car Parts respond to the challenges ahead?

A For sure, there are big changes afoot. We are on the cusp of the most accelerated period of technological change since the car was invented, with changing patterns of vehicle ownership and cultural shifts in the way the vehicle is perceived, as well as more car sharing and different formats of vehicular usage. As an industry, we have always adapted to change and this will hold us in good stead over the next five years. ●

MARTIN GRAY is CEO at Euro Car Parts.



Martin Gray

As CEO of Euro Car Parts, Martin has contributed substantially to the growth and success of the company.

During 2008, Sukhpal Singh Ahluwalia, Euro Car Parts’ current Chairman and Founder, brought Martin in as People/Performance Director before promoting him to CEO during 2013. Prior, Martin was a Managing Director in the Caudwell Group of Companies (Logistics, Retail and B2B), helping to grow the Group from 2,000 to 15,000 employees, becoming the UK’s fastest growing company for three years in a row.

Since Martin has been at the helm, Euro Car Parts has more than tripled its turnover, £272m in 2010 to over £1 billion in 2016, and has grown the number of employees from 2,500 in 2010, to over 10,000 today. The Euro Car Parts network provides 95% coverage across the entire UK and, over the past four years, the branch network has been increased from 90 to over 220 locations.

RVIVED THRU
- POSITIVE EXIT

IAAF
Judy Williams

IAAF

WENDY WILLIAMSON

Technology which is increasingly more available and embedded in vehicles, and type approval, are two challenges that many garages are facing. Modern Claims magazine caught up with **Wendy Williamson**, Chief Executive at the Independent Automotive Aftermarket Federation (IAAF), about her views on the independent aftermarket, the impact of type approval and how bodyshops and workshops are tackling technology challenges such as driver assistance programmes and alternatively fuelled vehicles.

Q What are the benefits of the independent aftermarket providing choice for insurers and motorists?

A Most of our focus is on the supply chain, but from our independent aftermarket perspective, there are many benefits. It's all about choice, value for money, convenience and particularly location for the vast majority of individuals. On top of that, it is the personal service and trust of the quality of repair that you get from a local establishment.

Q What do you think are the challenges facing independent and franchised bodyshops, and are they similar or different?

A Both sectors are facing change, and those challenges are primarily driven by technology, which is increasingly more available and embedded in vehicles. The main opportunities facing us are probably two-fold. One is the connected vehicle and the other is type approval, a new piece of legislation that is being debated at the moment in the EU and something which would affect all in the automotive aftermarket, both body panels as well as parts.

Ultimately, it brings together new vehicle type approval with Euro 5 and Euro 6, which basically underwrites all of our legislation for access to repair and maintenance information for vehicles. That is still going through the motions, but one of the key concessions that we have managed to put on the table is to make sure that the OBD port, the on-board diagnostics system, remains open on a vehicle, and that we continue to get access to technical information in an electronic format. That is more parts focused, but absolutely key to us.

Q What do you think insurers need to know about the changes to the type approval, and what are the implications if the aftermarket doesn't have access?

A It is likely to have more of an impact on fleets. Given that roughly 50% of new vehicle sales go to fleets, we are in a situation with the connected car in which vehicle manufacturers are trying to have a direct relationship with the vehicle driver, when that isn't necessarily the vehicle owner. Clearly, if you are a fleet, you would want to take full advantage of block exemption and have your vehicle repaired and serviced at a workshop of your choice. However, with connected vehicles, the VMs increasingly

have a direct relationship with the driver, as opposed to the vehicle owner, and thus are able to influence directly where the car may be serviced, so there is a conflict there.

This leads us into some of the challenges that franchised dealers are also facing with connectivity, because if there is a problem in a car, it does not differentiate between who owns the franchised dealership. Just as you may be a private motorist who will always take your vehicle to be repaired by your local garage, the same can be true of those motorists taking their car to a franchised dealer. But, all of a sudden, the car is telling you where to go based on the GPS and other technology. So, in a sense, franchised repairer customers are also being cut out of that choice, with their vehicles potentially being directed away from them by the vehicle manufacturer.

The vehicle manufacturer will have certain claims based on the fact that they have designed the car and are building in embedded telematics. So, they are saying that it is their car and therefore their data, but as soon as you get in the car and connect it with your mobile phone, arguably the individual, the car driver, should theoretically own the data. This is all subject to a lot of discussion and debate at the moment, because it is not clear as of yet where data ownership lies.

Under current Block Exemption Regulation, you as a motorist can take your car from day one to be serviced and repaired at any workshop of your choice, providing you are using parts of OE matching quality and comply with the manufacturer's service schedule.

“ The main opportunities facing us are probably two-fold. One is the connected vehicle and the other is type approval

“ As we have seen from some of the post-Brexit discussions, skills shortage in the UK goes across all sectors in the industry

When this legislation was put down in the early 2000s, technology was at a stage where time was not a factor in the repair process. Clearly, vehicle manufacturers are now able to identify a problem that is actually in the vehicle and direct you to a workshop while the car is on the move. What we are trying to push for is a standard interoperable open access platform, so that the driver would have a choice when they are in the vehicle. Otherwise, we feel that problems will be identified by the car when it is on the road and there is a danger that they won't make it to an independent workshop at all.

Q What is the aftermarket doing in tackling the problem of counterfeit parts?

A One of the issues with counterfeit parts is that the scale of the problem is largely unknown, as typically it's something that suppliers' manufacturers tend to try and deal with themselves. It is one of those areas where if a company has got a problem, it is not one that they tend to publicise, and it is not one that is aired across the market.

With the explosion of the internet over the past few years, fraudulent products being available online is a trend we have seen increasing in line with the growth of internet sales. It is hard to know for parts bought online if a part is genuine or not, and reputable suppliers will have a certificate of OE matching quality that they will be able to provide you with.

Q What are the advantages and pitfalls of repairers specialising in certain marques?

A In the future, we are likely to see workshops increasingly specialising in vehicle marques. Gone are the days where a workshop is able to repair any make of car of any age, as technology is forcing workshops to specialise. It is all about having the right tools, skills, training and equipment to repair the vehicle. I don't see many pitfalls in that, and it will give the end motorist a better quality repair.

One disadvantage is that motorists may have to go further to find workshops in order to repair vehicles. However, given the number of workshops that we have in the UK, I think it is fair to say that most people will be able to go somewhere locally to get their cars repaired.

“ With autonomous vehicles on the horizon, the aftermarket will be facing a new set of challenges

Q What are the most pressing skills shortages in the independent aftermarket, and what is being done to train and recruit new talent?

A As we have seen from some of the post-Brexit discussions, skills shortage in the UK goes across all sectors in the industry. The challenge that we have in the aftermarket is when the likes of the vehicle manufacturer advertises for apprentices, they are perceived by youngsters as being a really glossy and attractive proposition, whereas apprenticeships in the aftermarket are not perceived quite so favourably.

If there's fallout from applicants to vehicle manufacturer apprenticeships, one of the things we would like to see is whether we could engage with some of those very good quality candidates who don't make it into that world to create some sharing of skills.

Q What would make aftermarket apprenticeships more appealing?

A As an industry, we need to be doing more in schools to try and attract people into the independent aftermarket. As a result of the Brexit decision, we will hopefully see a resurgence of manufacturing in the UK, and a resultant knock-on effect in terms of attracting youngsters into the industry.

Q How is the aftermarket meeting the challenge of new technology, such as driver assistance programmes?

A We, as a sector, need to gear up to be able to tackle the challenges from new vehicles. With autonomous vehicles on the horizon, the aftermarket will be facing a new set of challenges, because vehicle manufacturers will, I am sure, be trying to insist their dealerships will have to repair them. So, it's about how we in the sector can make sure we're not excluded from this technology. The IMI is doing a lot of work to bring forward discussions about licensing workshops so they're recognised as having the right training, expertise and tools to be able to repair these cars of the future.

We also need to be preparing for more electric vehicles and hybrids, which require a different kind of service and repair to the traditional combustion engine.

In most surveys I've seen, the independent sector performs really well in service quality and customer satisfaction. So, although new technologies might change the way we do repairs in the future, we're coming off a strong base of being able to sort through these kinds of issues.

Q How can communication between repair network partners, particularly bodyshops and parts suppliers, be improved?

A When we do our Supplier of the Year Awards, the things I know bodyshops are looking for are parts availability, good service, good training, and a good returns process in place. Given the level of technology these days, these basics are still vitally important.

That all comes down to the personal service you have and how much you trust your supplier, but it's the same things that are always key.

While an individual is likely to have a relationship with their local garage, that might not be the case with a collision bodyshop, because hopefully that's not something they've experienced too

“ We also need to be preparing for more electric vehicles and hybrids, which require a different kind of service and repair to the traditional combustion engine

frequently! Insurers these days give you the opportunity to choose where you can have your vehicle repaired, so it's important to make sure that the consumer does have that choice in a clearly stressful period.

Q How can smaller independent repairers compete with larger or franchised networks?

A That's simple! It's down to personal service, location, trust in someone you know; all things independent repairers score highly on. However, it's now also about ensuring independent repairers are being given the tools, equipment and technical information to be able to efficiently do their repairs with the increasing complexity of vehicles.

Q What are the aims of the IAAF's Right2Choose campaign, and how will it meet them?

A There is still an incredible lack of information among consumers of their rights when they get a new vehicle. One survey revealed 72% of consumers think they'll invalidate their warranty if they don't take their car for repairs at their main dealer. In stage one of the newly relaunched Right2Choose campaign, we're focusing on the B2B element to give bodyshops confidence on what their rights are and to clarify the rights consumers have so that they know that, when they take a vehicle to an independent workshop, they won't invalidate their warranty.

In the longer term, in stage two, we would love to have a B2C campaign and will be discussing this with our members and industry partners to see if it would be possible to go for this larger and much more costly campaign.

Some of what consumers are told when they buy a vehicle can be misleading, and many workshops are also confused about what they can do. Therefore, we're trying to initially get the message across to both workshops and to the consumers who visit them.

But, it's important to identify the positives too, and the UK is well ahead of the rest of the world when it comes to trialling autonomous vehicles. We represent the aftermarket, but we're all part of the automotive industry, so we need to celebrate its success stories. ●

WENDY WILLIAMSON is the Chief Executive at the Independent Automotive Aftermarket Federation (IAAF).



Wendy Williamson

Williamson has worked in the automotive aftermarket for over 25 years, having spent the bulk of her career in a variety of roles at Unipart, including a number of years heading up TTC (Truck & Trailer Components). She went on to become head of the aftermarket section for the Society of Motor Manufacturers and Traders (SMMT), before joining IAAF in 2014.

As chief executive, Williamson's ultimate goal is to serve IAAF members' interests in a number of ways, not least in the promotion of the sector to government, the EU, allied trade associations and the press to secure the future of the independent automotive aftermarket.

Williamson plays a key role in offering members constant support through a variety of products and services and as IAAF represents the largest number of parts distributors and suppliers in the independent automotive aftermarket.



There are multiple factors creating unique conditions in the market, and I don't think that's going to change; the pace will just accelerate, and it will never again be as slow as it is today



JASON MOSELEY

With a wide array of factors influencing the body repair sector, **Jason Moseley**, from the National Bodyshop Repair Association (NBRA), told Modern Claims how the industry can adapt to meet the opportunities on the horizon.

Q How is the UK car parc changing, and what are the implications of this for the UK repair sector?

A The political landscape has created uncertainty in the market, with Brexit and a new government, and we don't yet know how that will affect consumer confidence and new car sales. People will think more about the way they spend their money, and habits will likely change.

Insurance premiums and excesses are generally on the rise, so there's more power in the hands of the consumer to shop around when getting their car repaired. As a result, repairers need to be much more tuned into consumer needs, because the automotive aftermarket repair sector doesn't have a particularly good image.

There is also the demonisation of diesel as a result of various scandals, the roll-out of autonomous vehicles, the growth of Gen Y who are looking for a different experience from the crash repair sector, a lot of Advanced Driver-Assistance Systems (ADAS) being fitted on new vehicles, and the increasing complexity of repairs. The final piece of the jigsaw is that more than 80% of all vehicle sales are on a Personal Contract Purchase. So, vehicles are leased, the lease cycles are becoming shorter, and these vehicles will have things that need to be repaired when the lease ends, resulting in different types of work that needs to be done.

There are multiple factors creating unique conditions in the market, and I don't think that's going to change; the pace will just accelerate, and it will never again be as slow as it is today.

Q How would you describe the relationship between the motor and insurance industries? What are the main stress points and areas of agreement?

A Clearly, both the motor and insurance industries are interested in giving the best consumer experience after an accident, and both parties want the car to be repaired correctly and safely. However, the motor vehicle is increasingly complex, so requires more skills and greater investment to repair. At the same time, insurers want to control the costs of those repairs, as any business would want to do.

However, we need to be aware the car is no longer what it was, and bodyshops will need to be paid more for them to be able to do the job properly and invest for the future. We're currently in a

situation where we're trying to use labour rates or payments from yesteryear for bodyshops that are repairing something modern and high tech. Right now, the bodyshops are doing all they can to keep their costs down and keep things steady. But, this will inevitably need to evolve.

A lot of the increase in costs has come from the supply chain; part costs are going up because parts are more advanced. Headlights can cost over £1,000 to repair, and they're one of the most common crashed parts. The actual labour the repairer does is probably one of the most controlled cost elements, and repairers have repeatedly looked for innovative ways to try to manage those costs.

So, there is still friction from motor insurers pressuring repairers at a very low-cost base which, for me, is a self-fulfilling prophecy. Repair businesses won't be able to survive on those terms; the supply goes down, and the insurers will ultimately pay more in the long run. They're writing their own destiny in a way.

“ Independent repairers need to be alive to the market and be fleet of foot to change their business model to decide the best route. Doing nothing is the worst option

“ Repairers need to be much more tuned into consumer needs, because the automotive aftermarket repair sector doesn't have a particularly good image

There are also too many middlemen involved in crash repair today. Twenty years ago, the insurer had its own repair contacts and deployed its work directly into the network. Now, it's full of accident management companies and kickback deals. Everybody needs to have a commercial benefit from working in this industry, but the problem is that it costs a certain amount to repair a car. When more people try to take a cut out of that, the cost is only going to go up. The market is overcomplicated. There are so many aspects where funds are being reduced while costs and complexity are increasing. Ultimately, we forget about the end user, who just wants a quality repair job at the appropriate price.

Q How has the crash repair industry responded to these and other challenges?

A The industry has been innovative in trying to make businesses viable, and it's fair to say labour rates have been quite static. At the same time, repairers have had to invest, and those who haven't are out of the market. What we're seeing is a rise in consolidation. Bodyshops are being sold to bigger groups. My prediction is that in the next ten years, at least four or five consolidators will do 75% of all vehicle repairs, because the investment required to keep up with the pace of the technology will be significant. So, consolidation is coming. We've seen it in Canada and the US, and it's happening in Australia too; it's a global phenomenon.

PAS 125 was launched in 2007, has subsequently become BS 10125, and it's drifted more and more out of the control of the industry it was made to serve. If you look at how vehicles have changed in the past ten years, the standards have hardly changed. So, I've got a big question mark over how fit for purpose that standard is with the governance it currently has around it. I believe this standard should be controlled not by BSI, but by the industry itself.

Q How do you think green initiatives have been embraced by the repair industry?

A At the NBRA, we're working on quite a lot of initiatives, like making sure members are installing plug-in points for electric vehicles on their sites and working with suppliers to give them discounts on these. We've worked on a lot of solutions for waste management, reducing the sheer volume of waste that comes out of bodyshops, and simple things like LED lighting can cut energy bills in large workshops by up to 70%.

I've always been a big supporter of the recycled parts concept. The problem is the practicalities. Can you verify its condition? Does it come with all the bits and pieces it needs? What are the availability issues? You need a huge volume of damaged vehicles that the parts can be supplied from, and I don't think there's enough to support the market. There are not many companies that have got to grips with green parts as yet, but it's a great concept.

Q What are the key similarities and differences between the UK and European crash repair markets?

A One of the biggest differences between the UK and the rest of Europe is the role of insurers and vehicle manufacturers. For example, in Germany, vehicle manufacturers are far more dominant because of their position in the German economy, and the insurers work more closely with them.

The type of insurance being sold in the markets is also different; the UK market is high in fully comprehensive insurance, less so

on the continent. There are a lot more repair shops in European markets because of this dynamic and, in many cases, they are more consumer driven.

But there are similarities too; bodyshops all working on the same cars, with the same complexity of repair. The markets are less mature internationally, and there are fewer networks, though this is changing.

An insurer and a vehicle manufacturer both want the consumer to have a brand experience, so there's a bit of a battle going on, because they both know if they're the first to control the claims chain, they can control the cost and sell more services. Now the manufacturers have more control on the technology being fitted, will they have a lead over the insurers as they can know when an accident has happened and redirect the claim?

Q Will Brexit have an effect on the UK market?

A Consumer confidence will be key, as will the way the economy adapts to how people spend their money, especially as car insurance is seen as a necessary evil rather than a pleasurable purchase. The main issue we're seeing is the movement of labour. It's a well-documented fact that there's a skills shortage in the automotive aftermarket, and body repair is no different. A lot of these skills are currently being brought in from overseas, and that's an uncertainty now.

Q Who do you think motorists should call first in the event of an accident: their insurer or the vehicle manufacturer's dealer?

A It should be their choice and not a decision that's forced upon them. If they believe they'll get a better experience with their insurer because of past experiences, that's who they should call. Likewise, if they feel they're confident in the manufacturer and the brand, they should go that route. It should not be prescribed; it should be down to consumer choice.

Q As connected cars create the potential for vehicle manufacturers (VMs) to increase their share of the market, how can independent repairers attract more work to their own networks?

A The VMs will get a stronger grip and there will be a drift towards VM approved workshops. But, the reality is most of our members already have at least two or three vehicle manufacturer approvals, because a lot of them have already realised they need to be part of this shift. It's not practical to have ten VM approvals, since the technology and complexity will become too much for that, so there will be more specialisation.

There's no doubt that, because VMs own the technology, they'll get a stronger grip on the claims and repair process. Independent repairers need to be alive to the market and be fleet of foot to change their business model to decide the best route. Doing nothing is the worst option.

Q How do you see the crash repair market changing over the next ten years, particularly in regards to the number of bodyshops and the independent/dealer split?

A In 2030, I believe 70% of all insurance related repairs will be done by four or five consolidated repairers. At the moment, we have different players coming into the market, like Nationwide,

“ We need to be aware the car is no longer what it was, and bodyshops will need to be paid more for them to be able to do the job properly and invest for the future

and there will be more new entrants for sure. In other industries, like mobile phones or IT Tech, it's the new innovators who shine through, like Uber. And, at some point in the next few years, somebody will come in and disrupt this sector. I don't know who, and I don't know how, but somebody will. It's a global business trend.

There will be an increase in dealers going back into bodyshop work because they want to control the entire customer experience. Independents will need to align their strategy. I don't think there will be an all-makes repairer.

There will be a generational shift in the way we see cars. Young people now don't want to own a car, they just want mobility. Add to that the autonomous vehicle, which will mean there are ultimately less crashes.

ADAS and connected technology is here now, and will keep coming a lot quicker than everyone thinks. It will be a challenge for repairers to adapt, which is why they need to look at their strategy. They either join a bigger club through consolidation, or they change their business model. ●

JASON MOSELEY is Executive Director of the National Body Repair Association (NBRA).



Jason Moseley

Jason's role as Executive Director at the NBRA is multi-faceted.

- Showing leadership for the repair industry. Using the strength of the NBRA brand, Jason's vision for the NBRA will ensure that the views of the repair sector are heard by key decision-makers (such as the government), securing industry sustainability and growth.
- Providing an increased value set of services that members can practically use, driving operational improvement for their business.
- Ensuring that the NBRA is a current, relevant and innovative association that continues to deliver all that they promise.

Prior to the NBRA, Jason spent five years at Solera as Business Development Director and Chief of Staff in the central SMR & Data Groups, developing and deploying core data and product solutions to the 70 Audatex markets.

He was a central player in the creation of AudaMobile for processing claims via mobile tablet devices. In addition, diversifying the Solera portfolio with vehicle valuation and identification solutions.

Before joining Solera, Jason was Chief Operating Officer at Thatcham (The Motor Insurance Repair Research Centre). He established the first UK market parts certification program, bringing quality and transparency to the collision repair sector.

In 2006, he was the industry driver of the PAS 125 standard and the associated implementation of the BSI Kitemark scheme in UK. This culminated in Jason receiving the 2007 Collision Industry outstanding achievement award.

In 2010, Jason's team launched a new interactive online repair and maintenance data solution for body shops and garages

He has sat as a non-executive director on several boards and particularly enjoyed his time with the Institute of the Motor Industry Awards Board, focusing on raising skills and recognition of individuals in the automotive aftermarket.

Jason holds a BEng Honors Degree in Engineering and has also held senior international positions in various global automotive first tier supplier businesses.

In his spare time, Jason likes to play tennis and cycle, as well as enjoying time with his family.



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FEATURES

The Halo standards

Improving repair quality and calling for higher industry standards - a view from Halo Accident Repair Centres.

Coming up with a revolutionary idea is straightforward enough, but having the skill and resource to put it into practice takes a company with years of industry know-how. Halo Accident Repair Centres have an enviable reputation for fast, quality accident repair. Driven by a desire to lead a disruptive revolution in the supply of accident repair and associated services, Halo was set up to adapt to local conditions, while being staffed by the highest level of expertise and commitment.

Results, not promises

The Halo Accident Repair process is a beautiful thing to watch, and consistently delivers the end result. However, the pace of change in vehicle technology and innovations such as 'blockchain powered insurance solutions' means that Halo, like any business in a competitive market, must constantly update to meet the changing demands of the sector.

Working with the directors and innovators at Euro Car Parts, and picking its premium parts as first choice, has allowed Halo to provide insurance companies with lower average repair costs, improved customer retention and reduced cycle times. This is due to a combination of cheaper quality parts, as well as fast and reliable delivery times. By working with partners that are striving for the same high standards and outcomes, Halo has managed to operate at the cutting edge of the industry.

At Halo, safety matters, and staying connected to modern day customer expectations and technology, while following manufacturer repair methods is a must do, as is banishing all fears around using non-OE parts. This is something that third-party testing mitigates, with companies like Thatcham independently verifying that a non-OE part meets the standards stipulated by the manufacturer. To be clear, it's not about buying the cheapest paint or parts. It's more to do with ensuring the end user buys into the claim repair journey from start to finish, and has had transparent and simple information, before, during and after their vehicle repair.

Halo has moved forward progressively with innovation and can now supply a total customer service package, ensuring that its experience of vehicle repair allows it to provide real-time, transparent information at all times.

Halo's B2B package is also coming online, and insurers can now have access to 'Halo Live', a 24/7 cloud-based portal that offers instant real-time information. This includes live documentation, featuring digital signatures from the customer, combined with in-depth digital repair images, pre, during and post repair, helping to reinforce Halo's quality standards. Along with instant access to all parts invoices, final estimate and post repair customer feedback, this approach offers a transparent line of communication for the full repair process. A simple, efficient, open-book policy, this approach reduces time required from auditors, claims handlers and engineers, supplying them with instant access.

“ For claimants, the issue of a quality repair always scores highest in any measure of customer demand

In line with that thinking, Halo believes that sharing positive information and progressive ideas with like-minded partners, such as LKQ Coatings and Euro Car Parts, will enable the business to stay at the forefront of the accident repair industry.

Mission possible

Halo has not got to where it is by resting on its laurels, and the company is on a mission to improve quality standards in the collision repair industry. Halo believes that it is the responsibility of bodyshops to self-regulate this emphasis on quality, ensuring better customer service.

Quality accident repair

Suppliers of accident repair services are the ultimate arbiters of 'quality' repair production. Every year, from production lines scattered all over the country, millions of repairs are delivered back to trusting customers. Even if insurers were to inspect every repair in the country, upwards of four million incidents, and somehow pronounce on their quality, this type of inspection regime is only tackling the aftermath of poor quality repairs and not the causes - where they exist.

The best inspection regime is one that never happens, because the repair is known in advance to be of the highest quality necessary. A regime where quality of outcome is an integral part of the process leads to the desired objectives for customers, insurers and the repairers themselves.

For this to happen, Halo is suggesting a new and refreshed approach to generating a 'quality repair' in which all the stakeholders need to adapt and adjust their approach.

Choose the right partners

The prevalence of e-auctions, written procurement tenders and a preference for solely cost-driven criteria can make it challenging to source quality partners. How many insurers establish a rigorous and all-encompassing 'quality test' before they appoint repairers to their supply chain?

Pay enough - without subsidising inefficiency

Any repairer worth their salt will seek to profit from their business and, if the return on investment is insufficient, then it is almost inevitable that standards will be allowed to slip. At the same time, repairers can be their own worst enemy by failing to manage their production processes effectively and efficiently.

“ The emphasis should be on getting the job right and then, if the correct infrastructure and partners are available, time spent on a repair shouldn't need to be minimised



Halo believes that insurers and repairers alike need to jointly seek the 'right' answer to remuneration issues and not the lowest cost answer. New models of remuneration can help to reduce insurer costs while maintaining quality output.

Differentiate rewards

Higher quality of repair demands greater investment in equipment, people and skills. Halo is asking that suppliers be incentivised for producing higher quality results. That reward could, of course, be manifested in a variety of ways - additional volume, longer contracts, membership purchasing schemes, management training - that would cost little or nothing to implement but would be of great value to the repairer.

Question the value of 'time saved' bonus systems

In a traditional bodyshop regime, the productivity of the process is measured by 'time saved' against the benchmark estimated hours for a repair. Quite often, productive personnel will receive a bonus based on this 'time saved'.

Has there ever been a better way invented to almost guarantee that repairs will not be driven by a qualitative process? Personnel may, quite naturally, seek to finish the job in the quickest time possible, regardless of quality. Halo states that the emphasis should be on getting the job right and then, if the correct infrastructure and partners are available, time spent on a repair shouldn't need to be minimised.

Measure and manage workforce skills

The ability to consistently produce a quality repair is ultimately dependent on the skill of the technician, always assuming they have the right working environment and equipment.

A shortage of trained staff is one of the largest problems the industry is facing. Halo attracts and retains people by paying industry-leading hourly rates, creating an inclusive and non-discriminatory working environment and by offering on-the-job training and progression. This is an approach that Halo believes should be replicated across the whole industry.

Actions, not words

Insurers and other corporate clients of the repair sector consistently and rightly demand a quality output from their suppliers. For claimants, the issue of a quality repair always scores highest in any measure of customer demand. For the repairer, a quality repair that is 'right first time' will result in a lower cost base and greater profits.

Why is the issue of quality in the repair sector even on the agenda if stakeholders are positively motivated to do things right? Unfortunately, there are a small minority that care little for the quality of their output, and Halo is calling on insurers to set the standard of the industry going forward.

However, in a sector beset by mistrust, misunderstanding and a lack of true commitment to the issue of quality repairs, we can be sure that, so far, words have outweighed actions. We need a fundamental shift in thinking if the accident repair sector is going to make true progress. ●

For more information, visit <http://haloarc.co.uk>

A game-changer for motor claims

Euro Car Parts has created a game-changing proposition for UK bodyshops: a one-stop-shop for world-class collision repair products. The crown jewel of this fast-growing portfolio is the quality assured Platinum Plus range of panels, bumpers and lighting. Importantly for insurers and repairers, Platinum Plus is British Standard BS 10125-compliant and independently certified by respected organisations, including Thatcham, TÜV Rheinland, TÜV SÜD, Centro Zaragoza (CZ) and the Certified Automotive Parts Association (CAPA) and NSF International.

An industry first

Launched in 2012, Platinum Plus was the first range in the UK to cover body panels and bumpers under one brand; a genuine alternative for repairers that demand OE quality. A comprehensive lighting range was added in 2014, and Platinum Plus has gone from strength-to-strength ever since, attracting a growing list of big name automotive and insurance industry partners. While it initially focused on the 0-12 year-old car market, it has now expanded to cover virtually every make and model. Bestselling products include bonnets, wings, front and rear bumpers, grilles, spoilers, headlamps, rearlamps, fog lamps and indicators.

Lowering claims costs

In America, Euro Car Parts' parent company, LKQ, the world's largest distributor of aftermarket collision parts, is credited with substantially lowering claims costs and providing extra margin for bodyshops. Euro Car Parts' CEO, Martin Gray, notes that aftermarket parts penetration is 37% in the US, compared to single digits in the UK, around 7% but growing. The benefits of 'green' recycled parts and quality alternatives to original equipment manufacturer (OEM) parts are now widely recognised. Because Platinum Plus parts can be provided at a lower cost than OE parts, it means more cars can be repaired rather than written-off, leading to significant cost savings, improved customer satisfaction and more work for vehicle repairers, not to mention the positive environmental impacts.

No-quibble guarantee

Euro Car Parts sources Platinum Plus parts from leading manufacturers, all specialists in their respective areas of technology. These parts are then scrutinised and independently certified by organisations recognised by British Standard BS 10125. The kitemark standard, successor to PAS 125, aims to ensure that vehicle repairers deliver a consistent level and quality of repairs. Platinum Plus is an EU registered trademark backed by a lifetime warranty and a no-quibble guarantee. This means Euro Car Parts will accept back any Platinum Plus product it sells to a customer regardless of the reason for return and give a full refund.

Independent certification

As an example of the robust standards applied, the certification criteria for Platinum Plus lighting was developed in partnership with Thatcham, the UK motor insurers' automotive research centre,

“Euro Car Parts sources Platinum Plus parts from leading manufacturers, all specialists in their respective areas of technology

Logistics: the right parts in double quick time

Euro Car Parts has over 200 branches across the UK and Ireland, each one with a dedicated bodyshop expert. This means repairers can get the collision parts and panels they need in double quick time, often on the same day. Every branch is constantly restocked via the vast National Distribution Centre at Tamworth, T1, which opened in 2010, and the even bigger and higher tech, T2. With 2,600-plus delivery vehicles and 90 HGVs on the road at any one time, orders received by 6pm will be picked, dispatched and in-branch by 6am the following morning. To keep panels in prime condition, Euro Car Parts uses cages instead of pallets, and every branch has at least one specially-modified collision delivery vehicle. In the UK, the Platinum Plus range runs to several thousand body panels alone, as the famous tagline says: "Any Part For Any Car".

established in 1969. Units are tested for fit, function, adjustability, beam pattern and material specifications matching OE. The lights are clearly labelled with a Thatcham/TÜV mark, both on the light and the box, and a Platinum Plus Certificate of Matching Quality is available upon request to comply with BS 10125.

Another respected organisation overseeing the standard of Platinum Plus parts is the Certified Automotive Parts Association (CAPA). Established in 1987, its mission is to protect vehicle owners, bodyshops and insurers from inferior and over-priced replacement parts. CAPA certified parts must pass specific standards, such as CAPA 101 for metals, CAPA 201 for plastics and CAPA 501 for bumper parts. Its stringent process starts

“ Platinum Plus was the first range in the UK to cover body panels and bumpers under one brand; a genuine alternative for repairers that demand OE quality



with manufacturers proving their capacity to produce parts that match the quality of OE parts. Following material, dimensional, appearance and performance tests, each CAPA authorised part is uniquely numbered and protected with a traceable, tamper-proof seal. The result, CAPA says, is that you can be sure it will fit, perform, last and be as safe as the one it replaces.

The other quality assurance bodies backing Platinum Plus run similarly detailed checks. For example, CZ's process involves audits to the manufacturer covering the development of the part, the materials used, the manufacturing process and the storage and dispatch of products. Monitoring of quality standards through sampling of parts in the market generates additional confidence in the repair.

NSF International says the aim of its certification programme is to close the supply chain gap between parts manufacturers and repair shops by addressing the key role played by parts distributors. It also certifies the performance of parts via specific protocols, for example, NSF P368 for reinforcing beams, P378 for exterior plastic and P379 for exterior sheet metal. To ensure ongoing compliance, it also invests in extensive in-market testing, including return rate monitoring and complaint investigations.

Flagship brand

Euro Car Parts has left no stone unturned to provide a truly world-class collision repair portfolio. With Platinum Plus as its flagship brand, the expertise of LKQ, and its unrivalled buying power and infrastructure, it is delivering bottom line benefits throughout the supply chain. ●

EURO CAR PARTS is the UK's leading distributor of car and LCV parts and specialises in three key markets – trade, retail and collision. For more information, please visit www.eurocarparts.com

Parts and paint

As well as Platinum Plus, Euro Car Parts keeps unrivalled stocks of all the other repair parts bodyshops need. For example, it has the largest range of mirrors in the aftermarket, including complete units, housings, glasses, covers and bezels, and also the UK's widest choice of paint and consumables. Holding a comprehensive range of OEM mechanical parts, including braking, steering and suspension, the company prides itself on having everything a bodyshop will need to repair any vehicle. Better still, its hub and branch structure means they're often delivered within 30 minutes of an order being placed.

Thatcham Research: repair research

Based just outside Newbury in Berkshire, Thatcham Research was established by the motor insurance industry in 1969 to contain or reduce the cost of motor insurance claims, while maintaining safety standards. Today, it enjoys a much wider remit spanning safety, security and repair. As the UK's only not-for-profit insurer-funded research centre, Thatcham Research boasts over 180 staff, a state-of-the-art vehicle research workshop, a Euro NCAP-approved crash laboratory and two automotive academies. Here, **Tom Hudd**, Operations Manager at Thatcham Research's Repair Technology Centre, talks modern cars, repair methods and claims costs.

The Thatcham Research Repair Technology Centre (RTC) has three main functions:

- 1) Fleet and supply, procuring vehicles and parts for our projects
- 2) Repair method research and publication
- 3) Bodyshop of the Future, including scoping out technical training needs.

We publish repair methods for, on average, three new cars a month, and have completed sixteen in the first half of 2017 alone.

On that journey, we have a relationship with the vehicle manufacturer (VM). If we discover something that's not quite right, for example, service parts which don't join up as shown on their specific methods as a result of the computer-aided draft (CAD) drawings from vehicle design, we go back to the VM and highlight the issue. Then we create a repair method. Most VMs are very grateful and take the opportunity to amend their method. Usually it is clear that we are adding value. We have what we call The Thatcham Research Dictionary for terminology, so all of our methods use the same language. For example, we always refer to a near side front wing, never a left hand front wing or a left front fender. It provides consistency and makes our methods easier for technicians to follow.

Advanced driver assistance

We've recently introduced a vehicle look-up for driver aids so insurers and repairers can enter a vehicle registration into Escribe, a portal which gives insurance engineers and repairers instant access to the very latest multi-franchised Thatcham Research crash repair methods, and see at a glance, for example, that autonomous emergency braking (AEB) and adaptive cruise control (ACC) are standard and lane assist is an optional extra. It is a helpful tool because a vehicle assessor can get an initial indication of how hard or easy the repair is likely to be, whether they've got all the necessary tools and whether it might have to go to the VM to be calibrated.

As more cars get advanced driver assistance systems (ADAS), this tool is going to become increasingly important. Our team visited one of the larger bodyshops recently and, of around 350 vehicles on site, 26% had some form of ADAS. There is a bit of denial in the insurance and repair market about the volume of vehicles that are fitted with a form of ADAS. It is not something that's going to happen in the future, it is already here. Thatcham Research is ahead of the curve in presenting this data.

“ A big focus for the bodyshop of the future is sensory equipment

New metals

We look at what the substructures consist of, whether it is high-strength steel, aluminium or reinforced plastic, and how you should go about replacing or repairing them (if the VM stipulates it can be repaired). The structures on modern vehicles are getting ever more complex, and bodyshops need to be equipped to handle them. 20 years ago, most technicians only dealt with mild steels, then high-strength steel and boron steels came into the industry, then aluminium, and now more carbons are being introduced.

There's a 7-series BMW that uses press hardened steel lined with carbon fibre on a B-post and sill section. This approach simultaneously adds strength and reduces weight. Just 3% of carbon introduced to the vehicle, along with aluminium structural panels, has reduced the overall weight by about 100kg, giving more nimble handling with either improved fuel economy or a quicker drive. From the VM's point of view, it's an ideal solution, but it makes the job of repairing that vehicle significantly more complicated.

As with computing, the pace at which new technology is coming over the horizon is phenomenal, and accelerating. We've already incorporated definitions of things like semi-autonomous vehicles and carbon fibre into our standards, and introduced them as issues for apprentices to be trained on. It is vital that bodyshops know what they're working on and that they put their technicians into structured training courses to enable them to cope with these new technologies. If they shy away from change, they are putting their business at risk. Training is their best ally and one in which they need to invest.

High repair costs

It is also absolutely key for VMs to talk to insurers, repairers and the rest of the industry. Ideally, we need to be involved in how these vehicles are designed. For example, we saw a 4x4 recently that requires you to take out the inner wing and the quarter panel in order to replace the boot floor. The VM hasn't considered the intrusive nature of that repair, which will probably lead to many of these vehicles being written-off due to the prohibitively high repair costs. In the production facility, it probably looks very efficient but, further down the line, humans need to be able to take it apart and put it back together again, replicating the advanced joining

“ The pace at which new technology is coming over the horizon is phenomenal, and accelerating

techniques. If they'd shown that to us at the design/CAD stage, we could have advised them accordingly.

Thatcham Research is pushing for greater involvement in the development of vehicles, and there is probably a role for the Society of Motor Manufacturers and Traders (SMMT) in pulling the VMs together on this. Thatcham Research is at the coal face, but parts availability for brand new models is definitely an issue. When a VM puts new technology on a vehicle, it is not uncommon for there to be an eight-month gap before this information reaches the aftermarket.

There are important considerations for insurers here too. For example, there have been at least two vehicles launched in 2017 where vital parts like rear panels weren't available for six to eight weeks or more. We are in discussion with several VMs about this, because vehicles shouldn't be launched without a repair solution being in place. The vehicle owners would certainly expect these parts to be available immediately, but sometimes they aren't. In the event of a collision, that brand new vehicle could well be off the road for ten weeks, with the associated hire/credit hire costs. How should an insurer underwrite such a vehicle?

Light collision

A big focus for the bodyshop of the future is sensory equipment. Five years ago, most bumper damage was quite straightforward to repair. Now, adding any kind of metal could affect the performance of radar and laser radar, known as lidar, units fitted behind the bumper. Then there's headlamp technology, which has rocketed over the past couple of years. A halogen headlamp might cost between £50-200 and you can repair a scratched lens or a broken bracket. An LED headlight, however, could cost upwards of £400, a big difference. You can't replace just one bulb, you have to replace in strips, and there are additional cooling fans and control modules to contend with as well. For example, certain matrix-type intelligent headlights are linked to GPS and will throw out different light patterns on motorways, A-roads and country roads. The technology is brilliant but, again, we need to understand the complexity and the cost of repair.

For a single headlamp for a 7-Series BMW we looked at costs of around £5,000. It comes with a 200-page dossier on how to connect it, and it needs to be calibrated. Doubtless the cost will reduce as the technology washes through the rest of production, and like any new-to-market technology, it starts in prestige vehicles and cascades down, but it must be a consideration for the insurance market. In five years' time, a light collision taking out both headlamps could well make it a total loss. We're talking to people in the supply chain about ways to bring the repair cost down. For example, can we replace just the glass rather than the whole unit?

Affordable electrification

There are other challenges around electrification, such as batteries worth £4-8k located directly behind the boot panel, connected to an inline fuse. As soon as that breaks, you currently have to replace the whole battery. But surely you should be able to replace just the fuse? The batteries themselves contain upwards of 120 cells. Again, it should be possible to replace just the damaged cells and then rebalance the battery to make it serviceable. That's another aspect of the research we're doing this year.

In conclusion, there's a lot of new technology hitting the industry at the moment. It is very exciting and, although people are naturally wary of anything new, it quickly becomes the norm. Thatcham Research is uniquely placed to provide essential data for insurers, bodyshops and the wider collision repair market.

Modern materials

Thatcham Research produced this graphic of a 5-Series BMW to illustrate the variety of materials used on modern vehicles. Anything green is aluminium, with different shades indicating different grades. All other colours are different types of steel. As you can see, there are about 20 different materials in total, a dramatic increase in the space of a few years. ●

TOM HUDD is Operations Manager at Thatcham Research's Repair Technology Centre.



Reducing key-to-key by improving door-to-door

Discover the secrets of Euro Car Parts' high-tech distribution facility, which enables it to provide fast and reliable delivery to bodyshops across the UK.

The headline statistics on Euro Car Parts' logistics operations are impressive, to say the least. With over 9,000 employees and 200-plus branches, it keeps extensive stocks of over 130,000 different parts and makes more than 60,000 free-of-charge deliveries to UK workshops every working day. In a single year, Euro Car Parts' 2,600-plus delivery vehicles travel a distance equivalent to going to the moon and back 88 times.

Operating a fleet of 90 HGVs, Euro Car Parts' 'hub and branch' structure means that 99.3% of all orders will be in the hands of the customer on the same or next day. Further still, the stock at each branch is individually tailored based on requests received over the previous 12 months. As a result, even smaller stores will have the right service parts to fulfill 85% of orders on its shelves. With 16 regional hubs, Euro Car Parts can fulfil over 94% of all service part demands, and its national distribution centres take efficiency of delivery to a whole new level.

When Euro Car Parts opened its first vast warehouse at Tamworth in June 2010, it was described as "state-of-the-art" and "the envy of the industry". Fast forward just a few years and the best got better; Tamworth 2 (T2) is three times bigger and even more high-tech. Located in the heart of the Midlands, close to major motorways and freight rail terminals, it is the largest and most advanced facility of its kind in the UK, providing a million square feet of warehouse space, plus offices and training suites. Announcing the new facility in 2015, Sukhpal Singh Ahluwalia, Chairman of LKQ's operations in the UK, said: "Positioned within the UK's logistics golden triangle, T2 will further increase our efficiency and consolidate our position as the leading all-makes supplier in the automotive market."

Benefits for all

A key metric in the automotive repair industry is key-to-key time: the moment you hand over your car to the workshop, to the moment you get it back. Shorter key-to-key times bring benefits for all involved – the customer gets their car back more quickly, and the bodyshop and insurer can move onto the next job. Each of Euro Car Parts' bodyshop customers is linked to a local branch. The bodyshop requests whatever parts they need, and orders for even quite rare panels can be placed any time up until 6pm every working day, Monday to Saturday, and those products will be in-branch before 6am.

Quality control

There are further systems running seamlessly behind this core ordering and delivery function. For example, Euro Car Parts will conduct quality control checks on every panel product before it is sent out. Even large parts, such as a bonnet, will be unpacked, checked and repackaged. If there is a problem, it would be

“ Shorter key-to-key times bring benefits for all involved – the customer gets their car back more quickly, and the bodyshop and insurer can move onto the next job

taken out of circulation and replaced. The branch will receive these parts in jumbo cages – which provide more protection and more efficient storage than boxes – before most people are awake the next morning. From that point, the branch will deliver those products to the customer using one of their vans. Or, if appropriate, a specially-modified collision parts delivery van.

Due to multiple levels of checks, it is very rare for there to be a problem with parts. This begins with sourcing from leading suppliers to having robust processes throughout the supply chain. For example, the Platinum Plus range of panels, bumpers and lighting is independently certified by respected organisations such as Thatcham and, importantly, meets British Standard BS 10125. This extends into important practical considerations such as labelling, parts traceability and packaging. Items like bonnets will usually come boxed with polystyrene edges on the four corners and sides. From there, it will go into a second box that is, again, very strong around the corners, and there'll be more packaging inside to protect against dents or scratches while in transit. Every new part is transit-trialled to minimise damage and make the deliveries as smooth and safe as possible.

More than enough stock

Parts availability is another vital element of Euro Car Parts' award-winning service. While rivals commonly accept lead times of up to 12-weeks for overseas freight deliveries, it usually receives items within 4-6 weeks. In some cases, special arrangements can be made to further reduce turnaround times. Storage facilities such as T2 then enable it to keep more than adequate stocks of each part, typically enough to meet demand for a whole year. As the UK's leading all-makes supplier, Euro Car Parts caters for a huge range of vehicles, from the latest new-to-market models to older models which even the vehicle manufacturer (VM) may no longer supply parts for. As the famous tagline says: "Any Part For Any Car".

If a bodyshop requests the wrong panel, the branch will place another order with T2 and it will be delivered the next morning as usual. The return will be handled separately, with the priority on getting the job done as efficiently as possible. Likewise, if a

“ In a single year, Euro Car Parts’ 2,600-plus delivery vehicles travel a distance equivalent to going to the moon and back 88 times



service part such as a battery isn't right, the bodyshop can usually carry on with the repair safe in the knowledge that the correct part will be with them very soon, often in less than half an hour. For commercial vehicles, Euro Car Parts stocks panels that are primed ready to be sprayed white, by far the most common colour. Again, it is all about minimising key-to-key time.

T2 technology

Specifically designed to meet Euro Car Parts' requirements, T2 is a vital part of its collision repair infrastructure, which enables it to react incredibly quickly to even the most obscure parts requests. Like the large warehouses you might have seen operated by Asda and Amazon, it is semi-automated. There's parking for 600 cars and 90-plus lorries, and a shuttle system supports high-speed throughput up to eight times faster than manual picking. There's cutting-edge technologies such as Radio Frequency (RF) scanning and fingerprint-access doors everywhere you look. Bodyshops can even be plugged into a bespoke piece of cataloguing software which allows them to look-up the Vehicle Identification Number (VIN) of a car and find exactly which part numbers they need. It's this kind of support and attention to detail that makes Euro Car Parts such a strong partner in the UK collision sector.

Improved for insurers

Euro Car Parts has created a game-changing proposition: a one-stop-shop for world-class collision repair products. The crown jewel of this fast-growing portfolio is the quality assured Platinum Plus range of panels, bumpers and lighting. Importantly for insurers and repairers, Platinum Plus is British Standard BS 10125-compliant and independently certified by respected organisations, including Thatcham. It is a high quality cost-effective alternative to OE and Euro Car Parts also keeps unrivalled stocks of all the other parts bodyshops need. ●

For more information, visit <http://www.eurocarparts.com>



Helping to drive best practice in the insurance industry

As the BSI Kitemark™ for Vehicle Damage Repair marks ten years, **Robert Hine**, Head of Commercial Engagement at BSI, explores what this means for the insurance industry today.

What is the BSI Kitemark for Vehicle Damage Repair?

The BSI Kitemark for Vehicle Damage Repair marked its 10th anniversary earlier this year – having originally been developed to provide assurance that bodyshops and repairers conform to the industry standard BS 10125 *Automotive services, Specification for vehicle damage repair processes*. It also helps bodyshops and repairers demonstrate that they have the support systems necessary to maintain quality over the long term. In addition, it provides peace of mind to motorists and owners of vehicles that vehicles are as safe after repair as they were before they were involved in an accident.

Car manufacturers and insurers who make the BSI Kitemark a requirement for their networks of approved bodyshops and recommended repairers are more likely to reduce risks to their business, retain customers and improve performance.

Why was the BSI Kitemark for Vehicle Damage Repair developed?

In response to calls from the industry, BSI published the specification PAS 125 in 2007, sponsored by Thatcham to provide guidance on the best approach to conducting repairs to damaged vehicles. In 2014, this transitioned into a British Standard - BS 10125 *Automotive services, Specification for vehicle damage repair processes* to include additional requirements that the vehicle repair industry felt were important. The entire industry, including the insurance sector, was involved in its development to ensure it would meet the needs of all parties.

Specifically, the standard was updated to:

- Address the implications of new technology and materials
- Add a requirement to inform customers when safety-critical work has been done
- Provide for an audit trail for self-certified parts – “parts for the vehicle to be repaired, shall be supported by certification that the parts have been manufactured to the vehicle manufacturer’s specification and production standards for original parts” or ...”that the parts are of quality and performance equivalent to the original parts.”¹
- Add a requirement for each stage to be signed off by a competent person
- Extend the audit trail to sub-contractors
- Introduce the requirement for a customer-focused complaints procedure

ABOUT BSI

BSI (British Standards Institution) is the business standards company that equips businesses with the necessary solutions to turn standards of best practice into habits of excellence. Formed in 1901, BSI was the world’s first National Standards Body and a founding member of the International Organization for Standardization (ISO). Over a century later, it continues to facilitate business improvement across the globe by helping its clients drive performance, manage risk and grow sustainably through the adoption of international management systems standards, many of which BSI originated. Renowned for its marks of excellence, including the consumer recognised BSI Kitemark™, BSI’s influence spans multiple sectors, including aerospace, automotive, built environment, food, healthcare and ICT. With over 80,000 clients in 182 countries, BSI is an organisation whose standards inspire excellence across the globe.

To learn more, please visit www.bsigroup.com

Due to the success of the standard, BSI chose to offer Kitemark certification, which for the past ten years has ensured the standard is being correctly implemented by repair shops certified by BSI. As with all Kitemark schemes, bodyshops are independently audited by BSI’s technical experts. Visits are unannounced, to ensure that repairs match the requirement of the audit.

What are the benefits for insurers?

The BSI Kitemark has been in existence since 1903. Since then, it’s been used as a symbol of quality and safety, recognised and valued by consumers as a truly independent guarantee of quality wherever it is seen, including for vehicle damage repairs. There are 800 bodyshops certified to the Kitemark, currently.

The mark of best practice can help car makers and insurers to:

- Improve customer satisfaction and customer retention
- Provide ongoing quality assurance through repeated, rigorous safety checks and professional audits
- Demonstrate a commitment to the highest possible standards and to continuous improvement
- Provide a professional, trusted external resource for managing and monitoring dispersed networks
- Strengthen and support risk mitigation and risk-management strategies



What's in the future for the BSI Kitemark for Vehicle Damage Repair?

Understandably, with the technological advances in vehicle design, materials and computing power, standards have to be reviewed continually to keep pace with such developments. Equally, as vehicles become more complex, more expertise is required to repair them.

The BSI Kitemark has been instrumental to the industry to date, however it is currently being reviewed by stakeholders in the industry, including insurance organisations, to ensure it continues to meet the requirements of the insurance sector, bodyshops and consumers. To date, the Kitemark scheme has focused on the industry standard BS 10125 *Automotive services*. However, to reflect the changes in the market and new developments, BSI will be adding other elements such as cybersecurity and the customer complaint process to the scheme. This will ensure that the Kitemark for Vehicle Damage Repair continues to support the industry, both now and in the future. ●

For more information, please visit: <https://www.bsigroup.com/en-GB/our-services/product-certification/industry-sector-schemes/automotive-product-certification-and-kitemark-schemes/vehicle-damage-repair-kitemark-pas-125/>

¹ BS 10125:2014+A1:2016 *Automotive services – Specification for vehicle damage repair processes 3.5.1*

ABOUT BSI KITEMARK™

Originally used solely in the UK, the BSI Kitemark is now recognised throughout the world as a mark of quality and safety that offers true value to consumers, businesses and procurement practices. A recent consumer survey showed that nearly 70% of British consumers have awareness of BSI Kitemark.

A product or service with BSI Kitemark certification proves that it has been independently and rigorously tested, giving consumers the confidence that it goes above and beyond standard levels of quality, and can be trusted to meet the highest levels of safety and reliability. The consumer survey shows that 60% of customers are willing to pay up to 26% more for goods and services displaying the BSI Kitemark.

The BSI Kitemark is a registered trade mark, owned and operated by BSI; there are currently around 3,395 registered BSI Kitemark licences. With UKAS accreditation, the benefits to BSI Kitemark clients include risk reduction, increased customer satisfaction and access to new customers around the world.

Case Study: FAB Recycling



How recycled parts reduce costs and downtime.

Based in Cinderford, on the English side of the River Severn, FAB Recycling is at the forefront of the 'green parts' revolution set to transform the motor claims industry. Some of the UK's largest and most prestigious fleets, including 41 of 43 police forces, Euro Car Parts, The RAC, DHL, Ocado, Europcar, Enterprise, AVIS, British Gas, all trust FAB with their vehicles.

One of the company's key selling points is that it treats recycled car parts very differently to the way they've traditionally been seen - not as scrap, but as having real value. FAB can supply all non-safety related parts, such as all types of bolt-on body panels, with a special focus on hinged parts, such as doors, boot lids and tailgates, in addition to large mechanical parts; engines, gearboxes, axles and differentials. The range is extensive.

Jason Cross, managing director of FAB, says: "The green parts we sell are of the equivalent quality standard to new parts, OE and come with additional benefits: doors are often supplied complete; with window mechs, bump strips, etc. included, plus engines with turbos and injectors fitted as examples. Availability is plentiful when you line up the supply chain of donor vehicles and parts can regularly come in the right colour. This in turn reduces key-to-key times and additionally brings down average repair costs significantly while avoiding write offs. For example, if you take a door off a British Gas van, it can go straight back on another British Gas van. There's significant monetary savings and reduced downtime there, not least because you haven't got a vehicle off the road for a week while you wait for a door to be painted. Environmentally, it's an absolute winner.

"A vehicle will reach certain write-off points but, by using aftermarket parts in conjunction with green parts, we can often bring the repair cost below the write-off threshold. When a vehicle gets repaired, pretty much everyone wins - the driver, the fleet operator, the insurer and the repairer. No one wins when a vehicle is written-off. As a result, I don't know anyone at the moment that is not either engaged with or at least researching the use of recycled parts for their car/LCV fleet."

Making the grade

FAB grades all of its parts according to a proven system used by 5,000 vehicle dismantlers and recyclers in the US. A part in absolutely perfect condition is a 'zero'. All other categories describe the level of remedial work required to make them a zero. For example, a Grade B part will need the equivalent of up to two hours' work to bring it back to zero quality.

Items are inspected on arrival, while they are still on the vehicle, and again when they are removed and enter the storeroom. "The grading system, combined with these multiple checks, helps to build trust," says Cross. "Second-hand parts have had a poor reputation in the past, and we want to improve confidence in them. Our doors are fitted to police cars being driven at up to 155mph, and we've never had a problem yet. If a recycled part is fit for purpose, why not use it again and again?"

A growing market

FAB occupies a 2.2 acre site with 16,000 square foot of storage, but has recently purchased a new 6.75 acre site with 53,000

“ I don't know anyone at the moment that is not either engaged with or at least researching the use of recycled parts for their car/ LCV fleet

square foot of storage. It is currently the only UK vehicle dismantler with ISO 14001 accreditation to be carbon neutral.

Unlike vehicle manufacturers, who are automating ever more of their production plants, FAB's work is very labour intensive. Cross is keen to emphasise that his business is clean, modern and highly professional.

"Taking vehicles apart can be messy," he says. "When people think car recyclers, they think of oily old vehicles stacked on top of each other, but we're so far from that. I can't stress enough how the green agenda is starting to get traction. The big players are getting interested and it will be a snowball effect."

In the US, 16% of parts used in insurance repairs are recycled. In the UK it's less than 1%, so the scope for growth is huge. A large number of insurance policies now allow green parts to be used. It is even possible that insurers might attempt to gain a market advantage by publicising the use of green parts.

"We all recycle our rubbish now and don't give it a second thought," says Cross. "What the customer is looking for is user-friendly simplicity. If you're going shopping, you want to go to one place and get everything you want. You want to be able to order something in the morning and pick it up on the same day. Euro Car Parts is bringing that kind of logistics and infrastructure to our industry.

"Insurers are watching and having serious discussions about green parts. They'd be crazy not to; the marketplace is massive. Something new that provides cost savings for the customer has to be a winner." ●

For further information, visit <http://www.fabdirect.com>





A Bright Start

The Platinum Plus lighting range is the first in the UK to receive Thatcham/TÜV certification, providing the body repair industry with an alternative source of proven quality lighting.



- Thatcham/TÜV Rheinland Headlamps, Fog Lamps and Rear Lamps
- E-mark Certified - 100% Optical Compliance with ECE Regulations
- BS10125 2014: +A1 2016 Compliant
- Lifetime Warranty

Platinum
 FIT FINISH QUALITY
 "GUARANTEED FOR LIFE" **Plus**