

# Escalating Material Costs? Shrinking Refinish Hours? Diminished Paint Shop Profits?



# Refinish Planning for Paint Shop Profitability

Presented by

## Is Your Business Stressed with Paint Shop Profitability?

Forever, paint and material allowance has been calculated by multiplying the number of refinish labor hours on the repair order by a local hourly material rate that's established by Insurance Companies, polling shops for competitive rates. This use of an imprecise paint/materials hourly rate seems inexplicable in today's hi-tech electronic age of accuracy. As long as insurance companies benefit, change is not on the horizon.

Escalating costs, increasingly technical repairs and tooling requiring technical abrasives and adhesives has given rise to material cost. Exotic 3 and 4-stage finishes, expensive limited-use toners will defeat any locally established materials rate.

Many have struggled to add additional material line items to supplements and commonly report, under or no-payment for the essential materials consumed completing repairs. This is an unfair claims practice, no matter where you live. In 4 years, there has been a 16.9% increase in the refinish labor rate. Yet only a 3.4% increase in refinish labor dollars. This is indicating that the labor rate has risen, but the labor hours paid, has declined. Material costs have risen 7%, yet rate pay has only increased by 3%, in the same period, refinish times are shrinking and so is rate-pay dollars.

Material calculators have been in use for decades and have been somewhat effective when used as a guide for negotiation. They can be more effective today.

### Reasons for low material profits:

- Shrinking refinish labor times and operations on estimates
- Poor Estimating practices
- Depending on Rate-Payment to be enough
- DRP Agreements

- Failing to use their refinish materials invoicing from in-house mixing system reports
- Failure to employ material point-of sale software
- Employees taking materials for personal use
- Painters mixing too much paint
- Waste
- Incorrect cost accounting

Why is it that some shops can manage 40% and higher GP on paint and materials using the same insurance-driven material rate formulas?

Here's how they do it:

- Employing P-Page and OEM repair data to increase Refinish-line Items
- Adding associated materials as line-items to the estimate with accurate documentation
- Including painters and technicians up front during damage analysis, having the painter and technician review the estimate for line item accuracy, verifying color and blending techniques
- Employing a Materials Point-of-Sale Inventory and Invoicing system and proper use of their in-house mixing systems

They control their costs by mixing the absolute minimum amounts and writing the maximum refinish hours on every sheet. They employ proactive repair planning, accurately documenting the expected, and the actual, paint and material volume with documented proof. They save and document the consumed materials used, and account for all of it, they edit their estimated material kits that were built for estimating to reflect the actual materials used. They employ material inventory controls and usage accounting. They have refined their negotiation techniques to a science. **Stop Complaining that Materials are Too Expensive**

### Stop Wishing and Start Writing

*You need a wake up call and refresher class in material sales and handling, attend this one-day class, and get paid for what you use*



**Ralph Defibaugh is a Collision Shop consultant. He opened his own collision business in 1986 , grew into a four-location MSO in Upstate New York, which he sold in 2010. He was also an exclusive trainer for a major paint company from 1997-2020. He holds many industry accreditations. He is President of Benchmark Consulting Services, offering business and process solutions for the collision industry. He was also past president of The N.Y. State Auto Collision Technicians Association.**

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***You have Three options Sell more, Use Less or Work Smarter for a combination of both, Learn how to prepare for Negotiation, and get Paid***

***We will cover comprehensive reviews of:***

- Using the Motor CED Guide for Accurate Repair Plans
- Implementing the New “Refinish Planning Missed Operations Worksheet”
- Exploring Material Point-of-Sale Software, that has accurate Web Based Pricing and pre-stored “Material Kits” Using Your Current Products
- Using Volume Estimator during Repair Planning to forecast accurate material cost
- Learn how to beat Paint and Material Caps
- Implement Work Arounds to DPR Concessions
- Experience the in-class exercises applying the new found tools and processes from the class
- Win with Negotiation Techniques & Proof, to get Paid

This one day class will be held at

**from 8:00 AM to 4:30 PM**

**Admission**

**Your Contact for this Class is;**

**Capacity for this event is people,**

**Don't miss this class.**

**First Come-First Served  
we have limited space for this  
class, call now**

Many shops fail to produce a Itemized “Liquid Use” invoice from their in-house mixing system, that would at least account for 60% of material cost.

We will review the available Paint and Material Calculators and Inventory Management Systems that are currently available.

Mitchell RMC, PMC Logic, Eagle MMS, 3M Repair Stack and LOG1C will be evaluated. Today your losing \$200-300 per job. Rate-Pay has got to go, and an accurate reliable source of pricing must take its place.

As the material cost and vehicle technologies continue to grow, Material Inventory control and management is crucial.

**Handouts supplied are actual in-process guidelines implemented by real collision shops today, averaging 4-6 day cycle times and on-time delivery**

- The answer is not hiring new people or additional construction
- It's coming to grips with how much time it takes to write accurate repairs
- Its taking a hard look at your Estimating and Repair Planning Process's
- It's adapting and changing your existing employees to fix what's broken
- Its taking a proactive approach to material usage and applying, actual cost
- It's applying what you already know will be an issue, and killing it
- It's finding what you've missed, before it's too late, on every job
- It's learning to apply what you already know, along with the information you'll take away from this one-day class

**Don't Blink during “Refinish Repair Planning” no company will pay you more because its “Fair”, or you “Deserve It”. Prove what you used, Get Paid for What You Use, It's the Law.**

***This One-Day Class is full of time-tested proven information***