

Heavy-Duty Shops Adopt Lean Material Management From Their Body Shop Brethren

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At first glance, the difference between the heavy-duty repair and the typical body shop repair industry segments seems huge. Other than the fact that both segments are repairing motor vehicles, the shops size, tools and equipment needs are vastly different. The construction of the vehicles is also vastly different. The heavy-duty vehicles are full frame, and a hefty frame at that. The availability of technical information is a bit more scarce for the heavy-duty shops, and there are fewer choices with estimating and management systems. Colors are often custom for each vehicle in the heavy-duty segment, chosen by the vehicle or fleet owner. There are often less color information or color tools available, although we have seen some great improvements in recent years from the paint manufacturers' color systems and tools.

Don't think for a moment that the trucker or fleet operator is not just as particular with their very substantial investment as any upscale vehicle owner about quality and color match. The insurer is just as conscientious about managing their costs.

While the actual repair work is different, and the knowledge base even more diverse, the heavy-duty repairers face challenges similar to the typical auto body repair shops; such as customer satisfaction, insurance relationships and the demand to stay on top of technological changes. The heavy-duty segment often faces even more stringent environmental rules, notably with VOC content. Add in the other key business similarities, such as making a profit, and the two segments do share some areas of concern and opportunity.

We are going to focus on the area of material management. There is a difference; or is there? Many heavy-duty repair shops have adopted similar material management techniques that have been in use by their brethren in the body shops for some time.

Tracking and accounting for paint and material usage is a important task for the heavy duty repairer. Not only do they often deal with a much higher per vehicle P&M costs, due in no small part to the larger size of the vehicles, but they also contend with some vehicles having a cycle time often much longer than the repair of your typical passenger vehicle.

Results are what matter. Working effectively with paint & materials has a huge impact on quality and margins. Most of the heavy-duty refinishing materials are similar to those used on typical auto body repairs. We have color, primers, sealers, fillers, abrasives, masking materials etc. The first job is proper accounting. Keeping track of direct P&M costs and the many other items that may appear on their paint and material bills. This is an area where these two segments share similar needs.

First we start with two main categories: P&M costs and all other costs. Within each of these categories we can have several sub categories.

For instance in the non-P&M categories we can have shop supplies, booth maintenance, small tools and equipment, and will also have a separate CGS (*Cost of Goods Sold*) category for "line-items". Line items, just like those in the typical body shop, may include items that are not part of P&M sales, but are charged separately; such as seam sealers, adhesives, decals, clips, cavity wax etc.

When we compare costs of color, one unifying measuring stick is the refinish hour. If we compare the total paint & material cost per hour we use the same standard, regardless of which segment we are working in, what part of the country we are in, or what brand of paint, abrasive or other sundry supplies might be in use.

Drilling down a bit deeper we can compare the ounces of RTS (*ready to spray*) materials, such as color per refinish hour. As long as we are comparing similar type repairs, we should be able to establish some good benchmarks, and find those areas where we have an opportunity for improvement.

A recent material analysis report was done for a shop after converting to waterborne paint. This shop had less than stellar material margins. Drilling down into the category level, we found that the main categories (*color, clear and prep-liquids*) were fairly close to being in line with the median comparatives with other similar shops. Looking further down, we see the apparent over use in several other categories. We find what stands out is an apparent excess usage in masking materials and paint shop abrasives. These two categories have a common thread; they are used mostly by the prep staff, and both areas had some significant changes with the change to waterborne. While everyone worked very hard and did a great job on the conversion with shop management and the painters, the prep staff was not afforded quite enough time. A little more training time with the prep staff on new or better techniques, and a slight change in materials, turned this around, and material margins quickly recovered.

Often the jobber can provide separate billing accounts to handle non-repair costs; such as shop supplies, booth and airline maintenance. Some jobbers can provide further category breakdowns, along with per technician billing of materials, which can quickly be turned into average per flagged hour costs. Many shops, both the typical auto body and heavy-duty repair, are working with their jobbers for better, more detailed material management tools.

In future articles we will explore in more detail the tools and methods for lean material management. Many tools are available at little or no cost. And comparisons like those done by 20 groups and MSO's can help every shop make improvements in both materials and labor.

The newest trend adopted by many shops, both heavy duty and typical repair facilities, is to work with third parties that enable comparisons on an even broader scale. Such is the case with at least one heavy duty 20 Group that has members spread across the country. Comparing materials purchased from different sources, with different part numbers schemas, and often, different brands or lines, can seem an insurmountable task. Using a central reporting system allows these groups to compare categories, regardless of where or from whom they were purchased.

Results are what matter. This is a great example where two seemingly different market segments can use the same or very similar tools to improve efficiency, and hopefully material profitability. Particularly in the paint shop.

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