

WINTER 2004

## Year in Review ... 2003 Goals and Achievements

*Outgoing president Rob Wilson delivers a favorable State-of-the-Institute report.*

In a members-only business session at the close of the annual meeting in Sea View, outgoing President Rob Wilson, Sensors Corp., reported that the Institute is financially sound and stands strong. He listed short-term goals that were achieved in 2003, and said ETI was on course for its longer-term ambitions of enhancing membership values.

- ▼ The Institute's equity was increased by 11 percent, achieving the 50 percent target ratio of equity to operations.
- ▼ Detroit Tech Week attendance set a record. More than 180 members and vehicle manufacturer personnel attended the closing banquet.
- ▼ Tek Net is now digitized and the viability of achieving a revenue stream is being evaluated.
- ▼ The OBD Subcommittee has been elevated to full vertical group status.
- ▼ Cooperation with the National Automotive Service Task Force (NASTF) continues to produce favorable results on the information access issues.
- ▼ Talks were initiated with the European Garage Equipment Association, which could lead to cooperative international projects.



2003 ETI President Rob Wilson listed the Institute's achievements.

- ▼ Charlie Gorman, whose leadership in the capacity of technical manager has been a major factor in the Institute's progress, will become the executive director of ETI, succeeding Jim Lawrence. The Board also approved the addition of a marketing manager to the staff. That position will report to Gorman.

At the conclusion of his report, Wilson passed the gavel to Greg Potter, Pro Spot International, and ETI president for 2004. ■

## I N S I D E

### 2

56th Annual Conference Highlights  
Creating win-win business solutions was the theme for this year's annual conference.

### 3

Service Information Rule  
An EPA rule mandates the OEMs make information available to aftermarket providers.

### 9

Saving Lives  
Engineering designs affect driver/passenger protection in crashes.

### 10

Air Bags  
Never-before-deployed air bags can greatly affect repair costs.



## News & Views

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## Creating Win-Win Business Solutions

*“Partnering” between supplier and customer is seen as the ultimate solution to the win-win dilemma. It starts with cooperation, but each partner must understand the other’s needs to make a profit.*

A customer who expects you to lose money on a transaction so he can make a profit is not a business partner. He is someone who is contributing to your demise.

The win-win business solution, which was the theme topic at the 56th Annual Equipment & Tool Institute Conference, demands that the customer and the supplier each respect the other’s need to attain a set of business objectives. Primarily, that means for each to make a profit.

### Cooperation Drives Win-Win Solutions

Partnering begins with cooperation, but it goes much deeper. It brings the elements of trust and respect into the equation.

Information access — the open sharing of technical data between vehicle makers and aftermarket service providers — was the core topic in many of the presentations and panel discussions.

Each industry segment — service provider, equipment supplier and vehicle OEM — provided its own view on this sensitive issue. In seeking a solution to information access, cooperation vs. legislation was openly aired, and it was unique to have the service provider segment — often missing from such discussions — involved as a partner.

Unfortunately, not enough of the total industry was able to participate in this lively and meaningful dialogue due to Hurricane Isabel. The lady created a hurricane forecast that caused both nonregistrations and cancellations at Sea View, the Atlantic City resort and spa. But as it turned out, the storm was largely a nonfactor, having blown in and out during the evening hours.

The golf tournament came off as scheduled on a breezy, sunshine-filled Friday afternoon. The hole-in-one prize, sponsored by Toyota, remained unclaimed; however, the limited field contested for an abundance of cash prizes.

Many attendees who ventured into nearby Atlantic City’s casinos and Cape May’s Victorian splendor were richly rewarded.

## The Keynote Address: Partnering For the Win-Win

*The keynote address stressed the need to listen and respond to the needs of suppliers, distributors and customers: “Have a clear mission; pursue it passionately with all stakeholders.”*

“It’s a balancing act of give and take. Communication is the key to success.” That’s how keynote speaker Thomas Willis, president of MATCO Tools, described the win-win relationship MATCO has with its suppliers and 1,500 mobile dealers. They are each stakeholders in a business plan, and it is apparently succeeding nicely.

Willis said when he arrived on the scene at MATCO there were 1,190 mobile dealers — there are now more than 1,500. Working closely with a



**PASSIONATE PURSUIT** – Tom Willis, president, MATCO Tools, emphasizes the need for clear goals and passionate pursuit of same.

network of tool and equipment suppliers, the company is adding 700 to 800 new products to the line each year. That gives dealers innovative and productive tools to present to tens of thousands of service providers who are called on weekly. Many of the new tools are available on an exclusive basis during an introductory period, giving dealers a marketing edge. The supplier benefits from strong sales promotions during this period of exclusivity — as well as MATCO. The dealers, as partners and stakeholders, are involved in product introductions to the line through an active dealer council.

### Pursue Your Mission With a Passion

Willis said it is important to state corporate goals clearly and concisely so that everyone knows what’s expected and how each partner will benefit.

The mission statement he laid out was simple: 1) Deliver outstanding service; 2) Deliver an abundance of innovative, new, exclusive products. Pursue these goals with a passion and make them competitive weapons.

Delivering outstanding service places clear requirements on each stakeholder. Suppliers must ensure maximum fill rates, backorders must be held to a minimum and consignments may be allowed if intelligently exercised. A form of just-in-time delivery is inherent in the system.

MATCO distributor partners want and need product “now.” They expect everything that is not on their trucks to be in stock elsewhere and they want no backorders. Each stakeholder expects to keep his inventory costs low while providing speedy delivery to the end user — the service bay customer. Willis says it’s all a delicate balancing act, but everyone wins when everyone listens to and responds to the others’ needs.

MATCO wants dealers to arrive at the same service bay at the same time each week. If an order can’t be filled from the truck, which is often since there are 12,000 SKUs in the line, the goal is to deliver the tool by the next week. That puts pressure on headquarters, which would then cause the supplier to feel pressure to fulfill the order.

Willis said that this delivery goal is not achieved 100 percent of the time, but they’re very close.

Many orders are placed by phone right from the service bay, so phone discipline at headquarters gets a high priority. The goal for 2003 was to have incoming calls for tool orders answered in 20 seconds. So far they are virtually on target.

### Don’t Compete on Price

The win-win blueprint that guides Willis’ business plan does not compete in the marketplace based on price; rather it is based on superior service and high quality tools that increase productivity in the service bays.

“Competing on service and quality makes price a lower priority in the sales discussion,” he said. “Product knowledge allows dealers to concentrate on features and benefits when presenting a product to the customer.”

Price obviously becomes a factor at some point, but if it is allowed to become the main point, it means that a profit squeeze will have to be put on one or more of the partners. That’s not good for a “partnering” relationship, and it’s not good for a win-win business plan, Willis concluded.

### Cardinal Rules

What does it all boil down to in the Willis view of win-win?

- ▼ Listen to the customer.
- ▼ Develop a clear and focused mission.
- ▼ Involve all stakeholders/partners.
- ▼ Be relentless in pursuing goals.
- ▼ Measure ... Deliver ... Measure ... Deliver ... (continue)
- ▼ Hold all stakeholders accountable — beginning with yourself.

## National Service Information Rule, A Landmark Decision Is Finalized

*An EPA rule mandates that automakers must make emissions-related service information, tools and equipment, as well as data stream information available to aftermarket providers.*

It took more than four years to create and another eight years of modifications and negotiations to become finalized, but finally, the Environmental Protection Agency’s (EPA) important service information rule is now in place. It was well worth the wait and the struggle. The Equipment & Tool Institute played an important role during these proceed-

ings.

In June 2003, the final version of the EPA’s Service Information Rule was signed by then Administrator Christine Todd Whitman and was published in the Federal Register.

### Rule Requirements

OE automakers are now required to provide:

- ▼ Full-text Web sites offering access for 1996 and later model vehicles. Annual reports to the EPA administrator must address performance measures defined in the regulations.
- ▼ Fair and reasonable costs for access to, and use of, the prescribed Web sites. While EPA cannot dictate OEM business practices, the rule sets parameters that establish the definition of “fair and reasonable.”
- ▼ Require purchase/access to car dealer scan-tool equipment as well as information that would allow independent companies — such as ETI members — to manufacture and market emissions-related diagnostic devices.
- ▼ Third-party information providers (Alldata, Mitchell, MOTOR, etc.) should be recognized as vital sources of information to aftermarket service providers, and OEMs who license such information must provide it in electronic format.
- ▼ Heavy duty service information on OEM vehicles and engines up to 14,000 lbs.

### Broad Implications

This is a milestone rule. Though it has been slow in coming and though it applies only to emissions-related systems, its implications to broader aftermar-

*continued on page 4*

**“The National Service Information Rule is a landmark decision for the aftermarket and for equipment makers.”**

## 56th Annual Conference

from page 3

ket issues should not be underestimated, nor should equipment makers conclude the struggle is over. There are still matters of pricing and enforcement that require attention.

Holly Pugliese, environmental protection specialist for the EPA, who determinedly carried forth the torch on this issue, was unable to be present at the Annual Conference as scheduled because of a personal emergency.

ETI Technical Manager Charlie Gorman delivered the presentation in her absence. Those who wish to acknowledge Pugliese's efforts on behalf of information access can do so at [pugliese.holly@epa.gov](mailto:pugliese.holly@epa.gov).

## Ownership And Stewardship Of Data Stream Information

*Why OEMs have shown reluctance to release data stream information to all comers and how ETI members feel they have demonstrated they are responsible custodians of critical data was aired in a ranging discussion.*

Charlie Gorman lead the discussion. Garret Miller, project leader for Aftermarket Tools, SPX Service Solutions, detailed the specific needs of tool makers, the controls already in place among ETI members, and ETI's ability to add more controls, as deemed necessary.

The perspectives of both OE and aftermarket segments were aired in detail. Discussions of this kind are intended to lead to better understanding. Both the EPA and the California Air Resources Board (CARB) have ruled that independent repair shops



**Charlie Gorman, ETI Technical Manager.** "Some OEMs have done an outstanding job of providing information. Others have offered only the bare minimum."

must have the level of tools and equipment that car dealers possess. To provide those tools, aftermarket manufacturers must have access to data stream information.

Automakers agreed to cooperate and to support the aftermarket repair industry.

Emissions-related information is mandated by the National Service Information Rule. Non-emissions data is being offered voluntarily by automakers to head off possible future legislation characterized by the Vehicle Owner's Right to Repair Act, which is the subject of an upcoming panel on the Annual Meeting agenda.

### Issues Remain ... Answers Available

While there is an appearance of full cooperation, issues remain.

**Issue: COMPETITION.** Business arrangements between automakers (OEMs) and their dealers embody certain understandings about exclusive support from "the factory." Some car dealers have viewed providing information and equipment throughout the aftermarket as a violation of the franchise.

**Answer:** *Existing regulations and the threat of future regulations have reduced this to a past issue — not a future problem.*

**Issue: DATA NOT AVAILABLE.**



**Garret Miller, SPX Service Solutions.** "Secure networks ... need to know ... non-disclosure ... embedding ... are all used to secure safe haven for the technical data."

Most every OE uses specialty suppliers for their scan tools and ECUs. The result is that not all OEMs possess the full information needed by aftermarket scan-tool manufacturers (e.g., ETI).

**Answer:** *Again, some problems from the past will remain; but for the future, OEMs will know what information they need from their suppliers. That provision will become a part of every contract OEMs write.*

#### Data Stream Information — What It Is and What It Is Not

Data stream information is not software. It is not hardware. It is not of use to technicians. It is seldom, if ever, used in the form that it is given. Data stream information, simply put, is a list of specifications needed to build a device capable of communicating with on-board systems.

This includes:

- Physical layer, data link documentation for OBD systems
- Protocol documentation for OBD systems
- Parametric data for OBD special service functions

It remains surprising how many OEMs still misunderstand what scan-tool companies need to produce aftermarket tools.

**Issue:** TECHNICAL SUPPORT. Providing information (selling it or offering it with stipulations) by OEMs implies they must offer support as well. That is, answer questions and provide a type of customer service function — even perform translations. OEMs might not have the funding or the manpower to do this.

**Answer:** *Requests for clarification or backup from the OEMs have never been overwhelming, and ETI has a system in place to help OEMs minimize the requests for technical support.*

*The envisioned problems in providing translation of information from one language to another should be eliminated by the trend toward globalization of regulations, standards and presentation formats.*

**Issue:** LIABILITIES. A host of liability issues exist.

1. Injury, death or property damage resulting from the use of data stream information in a way that overtly defeats designed safeguards;
2. Improperly designed tools that actually destroy the electronics they were intended to diagnose or communicate with;
3. Vehicle theft. Some security systems could be altered or defeated with scan-tool information. Original designers of anti-theft systems did not visualize the scope of scan tools.
4. Improper repairs. Misdiagnosing vehicle problems could result in serious customer satisfaction problems for OEMs. Abnormally high parts returns could be expensive to car dealers and OEMs. There is a general belief among the OE segment that independents are undertrained to repair sophisticated systems on newer vehicles, which exacerbates this issue.

**Answer:** *This is the area where a few things might still remain unanswered. But the fact is many scan tool manufacturers have excellent security systems in place, and ETI stresses intelligent stewardship as a*

*condition of continuing membership.*

*Concerning a liability that might be created for an OE by unauthorized use of data, a proper, universal recourse and remedy formula has not been devised. The proper use of safeguards discussed above, however, as well as the requirement for indemnification of the OE, and the condition of liability insurance should keep these issues under control until such time as more perfect formulas for conduct are instituted.*

**Issue:** SAFETY/EMISSIONS CONTROLS. Scan tool data stream information can be used to design equipment that will alter, or turn off, both safety and emissions systems or their programs. Data stream information in the hands of the wrong people could be used to totally reprogram a vehicle's performance.

**Answer:** *Those controls already discussed apply in this case.*

## How OEMs Have Reacted

"So far, most OEMs are going along with the program," Gorman said. "Some have embraced the spirit of the regulations. They have done an outstanding job of providing information."

Others seem reluctant, he said, providing only enough to meet regulations. Often that's not enough information to build a scan tool.

In some cases, OEMs have resorted to licensing fees as a means of reducing requests for information, offsetting some of the costs associated with support and also reducing liability exposure. In the latter case, the logic is that only serious and legitimate tool companies would pay the license fee.

ETI is inclined to believe these fee arrangements are counterproductive. The fee implies "accuracy and completeness." It further creates the impression that "support is part of the package," which will create greater expectations rather than fewer. Also, the fee arrangement creates problems with the NASTF equipment committee. Few of the committee members hold a license, so NASTF will be unable to verify the information.

## ETI Is Committed

How can ETI help in this information access situation? The institute is totally committed to keep data secure, understand the general concerns of OEMs, and allay any fears OEMs may have about ETI members' abilities to deal in a professional manner with data that is entrusted to their use.

Where there are issues, ETI will seek answers. The ultimate goal is to preserve and to enhance the win-win relationship.

## Cooperation vs. Legislation: What's Best?

*Panelists from five industry segments discuss the need for, and the best way to obtain, information access on all systems of a vehicle. The possibility of legislation generates a spirit of cooperation.*

A multifaceted panel discussion, moderated by Greg Potter, Pro Spot International, was designed to shed light on the information access issue from viewpoints of OEMs, equipment makers and service providers. There was no disagreement about the goal: To create a flow that would get all service information and equipment to the entire aftermarket spectrum.

Differences of opinion were expressed, however, on the best way to accomplish this — through voluntary and cooperative actions to be monitored by the National Automotive Task Force (NASTF) or through legislation (H.R. 2735) to be enforced by the Federal Trade Commission (FTC).

John Cabaniss Jr., the Association of International Automobile Manufacturers (AIAM), described the mission and effectiveness of NASTF. Through widespread industry cooperation NASTF attempts to keep a series of

*continued on page 8*

# A Pictorial Panorama:

**KEYNOTER MINGLES** – Tom Willis, MATCO, and spouse Becky, get a briefing from Jim Lawrence, ETI executive director, at the opening reception of the 56th Annual Conference.



**EXPERIENCE COUNTS** – (R to L) Dan Latta, Blackhawk, a long-time ETI attendee, visits with Mick Vinchattle and Bill Eernisse, who is serving a multi-year term on the ETI Board.



**COUPLES** – (L to R) Chuck and Judy Cunningham, Hennessy Industries, discuss the agenda of business events and local site visitations with Tom and Donna Fisher, SPX Corp.



**TOUGH TRIO** – A threesome of Neil Davis, Snap-on; Greg Potter, Pro Spot; and Steve Frisbie, Chief Automotive Systems, stand on the 18th green, unaware that they were headed for prize money.



## *Sea View ... Venue*

Folklore has it that a brash, but very successful man, so dissatisfied with his inability to obtain a membership at the Atlantic City Country Club that he took matters into his own hands and created his own golf club.

That was in 1914 and the man was Clara Barton. The club created in The Great Gatsby era and a 9-hole course was expanded to two championship courses, it has produced champions, the host of major golf tournaments, and has produced leaders, including President Warren H. Ford.

ETI held a planning meeting at Sea View Golf Club. An ideal site for an annual conference. Hunting, sightseeing and off-site shopping and dining. Sea View proved to be an exciting venue.



**BEFORE THE STORM** – Michelle Duggins, ETI administrator, and speaker Garrett Miller, SPX Service Solutions, find things comfortable on the eve of the 56th conference.



**FRIENDLY COLLISION** – (L to R) Steve Frisbie, Chief Automotive Systems, accepts a top-scoring golf award from MC and presenter Larry Carter.

# The Events at Sea View

## *e With a Mystique*

Successful industrial entrepreneur grew in his preferred starting times at the... k the glib suggestion of a starter there

erence H. Geist. Thus, Sea View was... mbiance. As it grew in size from nine... became the playground for industrial... ents and the quiet escape for power... arding.

ew in 1995 and remembered it as an... urricane Isabel dampened some of the... dining experiences, but, overall, the... e.



**JUST SMILES** – It looks good to me, the smiles of (L to R) Bill Eernisse, Rotary Lift, and Mike Simon, Delphi ISS, seem to be saying of the agenda, the buffet and the registration list.



**THE BOSS WINS** – Rob Wilson, ETI president, is presented with the long ball individual cash award from Larry Carter, who was in the same foursome. They played The Pines Course, one of two layouts at Sea View.



**WE'RE READY** – (L to R) Bill Eyerdom, Delphi ISS; Lucyna Rurek, Ford Motor Co.; and Neil Davis, Snap-on, find the opening reception a perfect “get ready for business” atmosphere.



**THE TOP LEVEL** – Jim Conner, Management Services Group, and wife Rita are flanked by (L to R) Larry Carter, ETI past secretary/treasurer, and Rob Wilson, ETI president, with wife Betsy at the accommodating Sea View Spa and Resort.



**PRESIDENT'S TABLE** – Rob Wilson, ETI president, and wife Betsy (center) host members and guests at the banquet finale: (L to R) Judy and Chuck Cunningham, Hennessy; Larry Carter, Car-O-Liner; Jeff Kern, Hunter Engineering; Malcolm Barrett, Ford Motor Co.



**EXECUTIVE MANAGERS TABLE** – Jim Lawrence, executive director, and Michelle Duggins, ETI administrator (center), host (L to R) Mike Simon and Bill Eyerdom, Delphi ISS; Mick VanChattle, Blackhawk; Garret Miller, SPX Service Solutions; and Bill Eernisse, Rotary Lift.



**NOT BAD** – (L to R) Larry Carter, Car-O-Liner; Jeff Kern, Hunter Eng.; Malcolm Barrett, Ford Motor Co.; and Rob Wilson, Sensors, racked up some interesting scores.

## 56th Annual Conference

from page 5

complex score cards on gaps in the availability and accessibility of information, equipment and training to automotive services professionals. Those score cards are referred to as information matrixes. Through four major committees, NASTF facilitates filling the matrix gaps through cooperation with worldwide OEMs.

"Despite best efforts," Cabaniss said, "gaps in service information, training and tools persist. Statutory or regulatory solutions are usually inadequate and/or too late. Open communication and cooperation offer more promise."

### In Opposition to Further Legislation ... Contention For the Sake of Contention

"OEMs have committed voluntarily, through a historic agreement on Sept. 20, 2002, to give independents cause to expect affordable access to the same information, training materials and tools that franchised dealers have," noted Mark Saxonberg, manager of Service Technology at Toyota Motor Sales USA. Saxonberg made this strong assertion in support of the voluntary approach advocated



**Greg Potter, Pro Spot International, panel moderator.** "The information access issue calls out for discussions that are broadened beyond equipment aspect. It's many faceted."

by NASTF. That commitment applies to both non-emissions-related and emissions-related systems.

Further, the Saxonberg text labeled the pending Right to Repair Legislation (H.R. 2735) as "contention for the sake of contention." He warned that, "Additional legislation would actually discourage OEMs from continued dialogue, cooperation and negotiations on the 'real' remaining gaps in the information Web sites, etc."

Saxonberg's presentation acknowledged that there are still "a handful of gaps" in the network of information voluntarily available to independent shops. "Those gaps exist, mostly, within the information libraries of low volume OEMs," he said. "Additional regulation cannot deliver much more than what Toyota and most other OEMs are already delivering" — or have agreed to deliver.

The mechanism for identifying these gaps using graphic matrixes for information, tools and equipment, and training, laying them on the table, validating them and prioritizing them for action already exists. NASTF developed a process that has a demonstrated track record of success. "The need for further legislation has evaporated," Saxonberg concluded.

As a final reminder, he said that the regulatory process "polarizes the parties."

### Repair Information Access Can Build Repeat Sales for OE Brands

What happens in the service bays of independent service providers can easily impact a car owner's decision to stay with a particular brand or switch to another. Since it is generally acknowledged by industry researchers that over 70 percent of all vehicle maintenance and repair is performed at sites other than car dealerships, those automakers that make information available through-



**Rick Ferber, owner of European Auto Sales.** "Car dealers supply me both parts and information and I appreciate the spirit of cooperation in both cases."

out the marketplace are making wise decisions.

Rick Ferber, owner/operator of European Auto Service, a five-bay facility in Marlton, N.J., expressed those views as a panel member on the cooperation vs. legislation panel discussion.

Citing his own experiences, which he characterized as typical, Ferber effectively made the case for the long reach and heavy influence of the independent service provider in the marketplace.

Ferber said that his investment in hand-held diagnostic equipment alone was more than \$60,000. He noted that over 35 percent of his business comes from vehicles that are still under warranty. Those two facts made his further comments relevant to OEMs and ETI members.

While not striking a vote for either legislation or voluntary cooperation, Ferber stressed the importance of vehicle makers realizing that independents are in a position to help their customers enjoy a successful ownership experience by making repair information freely available. Every means possible should be considered, including Web sites.

Ferber left a clear impression that those vehicle OEMs and tool and equipment makers who recognize the importance of their customers' needs will find a way to get them information and training, easily and inexpensively.



## Parts Missing From The Plan — Another Point of View

There is something missing from the equation in the sharing of information plan advocated by NASTF and others, said panelist Don Walker, director of training at Standard Motor Products.

Walker complimented those who have achieved a level of both legislative success and the promise of further voluntary compliance regarding information access. These achievements serve the tool and equipment industries well, along with third-party information providers. He said, however, that it will take more than that for the survival and future prosperity of independent service providers.

Specifically, he pointed to the vital role that replacement parts have always played in the growth of the automotive aftermarket. He wondered why information on replacement parts has not been worked into the equation when NASTF and others draft their success plans and matrixes.

Walker also offered that a force greater than good intentions will be necessary to carry out the information-sharing agreement on diagnostics and repairs on the one hand and specifications for the design and



**Don Walker, director of training, Standard Motor Products.** "I sense a heartfelt intent to cooperate, but...."

manufacture of sophisticated equipment on the other.

"I sense heartfelt intent to cooperate," he said. "Twenty-two car companies agreed to go along with providing information voluntarily. They won't all do it — or rather, will not do it in the same way.

"It's simply not realistic. This presupposes a major turnaround of attitude that has been in place for decades. Voluntary cooperation will not persist with all of the factions involved," he added.

## It Will Take Time

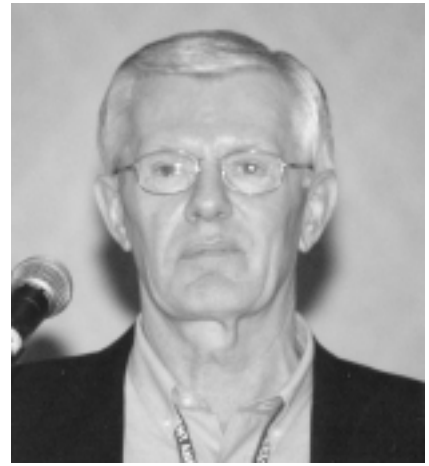
In Q&A sessions after the formal presentations by the panel, a more hopeful tone was apparent. Comments by Bob Everett, AASP/Garden State, typified that tone. "It's going to take time to get the information spread around and to create awareness. It's going to take time for OEMs to comply. To build trust where it has not always existed is not that easy. It takes time."

## Saving Lives ... Collision Repair Crash Worthiness And Safety Compliance

*Engineering designs in driver/passenger protection for crashes. Aftermarket services must preserve and/or restore precollision conditions to the vehicle.*

Some of it is high-level engineering, some of it is plain common sense, but the bottom line is that there are many ways to reduce vehicle damage and passenger injuries resulting from collisions.

Statistics and charts abounded in a presentation on vehicle-crash losses prepared by Kim Hazelbaker, senior vice president of the Highway Loss



**Larry Carter, president, Car-O-Liner.** "SUVs can cause havoc in collisions with passenger cars."

Data Institute. It was heavily oriented toward the incompatibility of SUVs and passenger cars in collision situations as SUVs have a size and weight advantage that can cause havoc with a normal passenger vehicle and its occupants.

For example, bumper heights do not match in straight-on collisions. On side collisions, the SUV bumper reaches almost to the window level of the passenger vehicle. At night, SUV headlights are high enough off the ground to be troublesome in many situations.

Hazelbaker was unable to attend the annual conference because of Hurricane Isabel. In his absence, Larry Carter, president, Car-O-Liner, did an excellent job of delivering the presentation.

The phenomenal growth of trucks in the total fleet was cited as a safety factor to be dealt with. Light trucks outsold cars in 2002.

The presentation also cited the fact that horsepower has been steadily increased over the years, but corporate average fuel economy (CAFE) has not. This prompted the suggestion that technology may have gone in search of the wrong goal.

*continued on page 10*

## 56th Annual Conference

from page 9

### Never-Before-Deployed Air Bags Are a Huge Factor in Collision Repair

***Reclaiming non-deployed air bags from vehicles that are taken out of service could significantly reduce repair costs.***

An unintended consequence of on-board safety systems is that they are driving collision repair costs through the ceiling. Those ubiquitous air bags are the main culprit. Replacement costs are causing large numbers of vehicles to be declared "totals." That means collision repair professionals are faced with the reality that there will be fewer repairable vehicles unless somebody does something.

Keith Manich, vice president, Collision Industry Business Development, Entella Corp., used those facts to set the stage for how his company is reversing the number of vehicles that are totaled because of repair costs. He described how Entella is enabling the survival of more vehicles through alternative repair processes.

The focal point is the testing and the recertification of Never-Before-Deployed (NBD) Supplemental Restraints (air bags). It is the high tech epitome of what has traditionally been known as parts rebuilding.

Testing and certification of air bags from disabled vehicles involves not only strict industry practices, but also, in most cases, compliance with state government regulations.

Statistics from one insurance company showed that the use of these alternative repair procedures could reduce the volume of 267,000 totaled vehicles by more than 22 percent to

207,000. Obviously, that's 60,000 more vehicles available to the collision repair industry from just one insurance company. It should get the attention of all segments of the industry.



**Keith Manich, vice president, Entella Corp.** "Never-before-deployed air bags represent an enormous asset to the collision repair business."

### The Competition Is Fierce For Customer Loyalty

***Industry segments compete for a larger share of the auto service/repair market. It gets down to OEMs and car dealers vs. the independents and the franchise specialists.***

It's a big prize, so it's natural to expect serious competition. The automotive service market is estimated at \$210 billion. There are 163 million vehicles out of warranty, and about 70 percent of post-warranty maintenance is performed outside the new car dealer network. Who's competing for the big prize and how are they doing it?

AutoXray President Bill Miller took on the task of moderating a panel discussion on this powerful subject. He was aggressive as an interviewer, placing key questions before

John Elias, General Motors, and Bill Haas, Automotive Service Association (ASA).

### The Competitors

There are four competitors in this struggle for market share: 1) OE vehicle manufacturers; 2) franchised new car dealers; 3) franchised specialty repair shops; and 4) independent service providers (general and specialized).

Manufacturers have extended their warranties and have done a serious job of re-establishing the importance of on-going preventive maintenance. One statistic stands out at the car dealer network: 48 percent of the profit at car dealerships comes from 12 percent of the revenues. That revenue stream is parts and service, so dealers are increasingly serious about giving car owners a great service experience. They are interested in loyalty to the store for service, as well as to the vehicle brand, for repeat sales.

### Customer Satisfaction

Now independent service providers have an exceptionally high customer service satisfaction rating. Only Lexus dealers exceed the independents in a recent ASA survey. Poor service during the warranty period drives customers to independent aftermarket service facilities.

Haas said that almost 65 percent of automotive service customers are



**John Elias, General Motors.** "Goodwrench has the expertise and equipment to offer superior service on GM vehicles."



**Bill Haas, Automotive Service Association.** "The attempt to project the independent sector as lacking in expertise and equipment is misguided."

women, and 80 percent of those women are not satisfied with their service facility. "That's a big challenge for everyone," he said.

GM's John Elias detailed how GM is trading heavily on the Mr. Goodwrench image they've built. The idea is to reinforce over and over that only Goodwrench has the GM expertise and advanced, dedicated equipment to fix GM vehicles right, the first time — using genuine GM parts.

Dealers are on board with this image building. They are willing, Elias said, to invest in new equipment to protect and enhance their share of market position.

## Analyzing The Win-Win Structure ... How Relationships Become Partnerships

*The wrap-up session became a dynamic integration of all presentations into the full meaning of how partnering can lead to win-win business situations.*

Neither wind nor rain nor reduced attendees could keep Charles "Chuck" Deskins, president, SPX Valley Forge Technical Information Systems, from

his appointed task as wrap-up speaker at the 56th Annual Meeting. He rode the storm and delivered a power-packed presentation on the meaning and conduct of a win-win business partnership.

Deskins described a grim reality in the vendor/customer relationship: Vendors want to drive their sales revenues up. Customers want to drive vendor expenses down. Those are not — or seem not to be — mutual goals.

A good vendor should want to do everything he can to make his customers succeed. But Deskins said, "If the customer keeps insisting on treating you like an arm's length vendor, it's hard not to behave that way — rather than as a partner."

Every business relationship should have a formal, if not legal, statement of expectations — a living document, not just something to drag out if things don't work out as planned. "If you can't define the benefits to each partner, the relationship is at risk," Deskins explained. "Partners will win together."

### Becoming Partners

The five basic steps for growing business relationships into partnerships are:

1. Establish trust by being trustworthy. Never lie!
2. Acknowledge at the outset what each partner stands to gain.
3. Define objectives and agree to provide solutions if things appear to be getting off track.



**Chuck Deskins, president of SPX Valley Forge Technical Information Services.** "The customer expects to have the A Team. Dedicate resources to each partnership."

4. Dedicate resources as a vendor to the customers' goals. Everyone wants to feel they're dealing with the A team.
5. Establish metrics — that is, measurements of progress and success in achieving agreed-to goals.

Above all, partnerships grow on trust, and trust is built over time. It cannot be blind, however. "Trust, but verify, is a good philosophy," Deskins said.

To avoid trouble, he noted, "Learn to walk away from a deal if you know at the outset that you can't do what the customer expects. Don't drag the customer down — or your own company. When both companies meet their objectives, you have a win-win partnership. And it's beautiful." ■



**FACES IN THE CROWD** – Lively discussions on topics in search of solutions kept attendees fixed on presentations. Unscripted Q&A brought point and counterpoint into play.

# Passing of the Gavel

*Change-of-Command Ceremony Is a Tradition That Implies Continuity and Cooperation in the Interests of the Institute*



Rob Wilson, Sensors Inc. (L) hands the gavel to Greg Potter, Pro Spot International, 2004 ETI president.

A time-honored annual event is the “passing of the gavel,” which symbolizes the change of command as one presidential term expires and a new one begins. The ceremony is brief, but it is a tradition with huge significance. The incoming president takes the helm and is entrusted to take the Equipment & Tool Institute on to a new level of achievement. The outgoing president remains on the executive committee for assistance and continuity. ■

## One-On-One Insider Meetings

*New marketing feature in Annual Meeting format  
proves to be a double-edged success.*

ETI members are able to schedule private, one-on-one meetings with OEM executives at the Annual Conference. Both the vehicle makers and the tool/equipment suppliers added this important feature to the agenda a few years ago and it has been lauded. It affords confidential exchanges of ideas and requirements in sessions usually scheduled at one-hour intervals.