



Missouri NEWS

Auto & Truck Recyclers

Serving the Membership of the Missouri Auto & Truck Recycler Association

October/November 2013

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Do You Have the Drive to Win?

By Christine Corelli

Whether you're a business owner, an executive, or a manager, you're always faced with the challenging task of finding new ideas and strategies that will drive business growth and profitability. If you drive smart, your result can be well worth the long trip.

To maximize your driving power, you need an accurate road map to show you the best route. To get one, tap into what should be the greatest asset your company has - the combined brainpower of your people. Imagine for a moment that you're a professional race car driver (oh, come on, it will be fun.) To win the race, you'll need a state-of-the art race car and proficiency at the wheel. With daredevil and risk taking, you can slant the odds of winning in your favor. But without a highly efficient and cohesive pit crew, you will never win the race without a great crew.

Just as speed is a critical factor in racing, it's the same in business. You must be fast to respond to needs of your customers, fast to respond to changing markets, fast to bring new products/services to customers and fast to find cutting-edge solutions to problems that may exist. For right now, though, slow down, then you can speed up.

Get together with your race team. If your company is too large to involve everyone, be sure to include groups of people representing all levels and from every department. Don't exclude that new recruit. He or she may have valuable ideas they learned from their former employer but have yet to come forward with them because they have been busy trying to "fit in."

Take them to an environment where there are no distractions. Now, direct them to take a good, hard look at your company, and as uncomfortable as it can be, hold nothing back. Ask them to answer all of the questions on the High Performance Road Map you'll find at the end of this article. Keep in mind: This may be easier for them to do than for you to hear some things they say, but the truth is the starting line. You will get results if you make a concentrated effort to take the same approach an outside consultant would take.

Detach yourself emotionally and look at your company as if you didn't work there. View it through the eyes of an outsider. If you are concerned some

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From the President

By Brad Schwartz

Sometimes it can be difficult to find a topic for the President's letter. Several ideas I have seem obvious to anyone in our industry, so it feels redundant to write about these issues. However, I guess every article might contain a nugget of wisdom that sparks a light bulb, or gives inspiration and motivation to finally complete or begin that particular project. So I figured I might just throw some random thoughts together and see what comes out of the oven.

Join MATR. Some of you may not realize, but our state industry organization has a respected, intelligent, and powerful presence in Jefferson City. Our lobbyist (Randy Scherr and Associates) has represented and protected our industry for many years. His team constantly monitors any legislation introduced to the state legislature that could impact the automotive recycling industry. He keeps the MATR Board informed about bills that would negatively affect us, and has the contacts and knowledge to counter or amend these bills to reflect more favorably upon our industry. His team will often discover a sentence or paragraph 'hidden'

in a piece of legislature and expose it to the Board. I believe Missouri has one of the strongest state lobbyist organizations representing our industry. I also believe we need stronger membership and that the core group of us should not carry all the Missouri recycling yards.

Open your General Ledger and **review your expenditures.** In today's challenging economy, we are all forced to make adjustments to maintain revenue flow. If you haven't done this yet, I highly recommend reviewing your expenses to see if there are any windows to lower your monthly overhead. I think we often simply accept the amounts listed on all our bills, but if you make a few phone calls and revisit the contracts with your vendors, they may adjust your billing to keep you as a customer. After we met with our waste disposal representative, I was amazed that they lowered our weekly bill by over fifty percent. We were also able to lower costs with our weekly uniform company, our phone company, and our advertising expenses.

Consider the possibility of **down-sizing.** I think we all believe that each employee provides a necessary function in the daily operations of running our business, but I found that this is not always the case. During my Round-Table visits and discussions, I realized most Yard owners don't realize how often they carry extra employee baggage. As an outsider, it is sometimes easier to analyze the inefficiencies of someone else's yard, rather than see the problems in your own backyard. Also, I saw how the 'baggage' employees negatively affected the rest of the crew. At Liberty, once we actually condensed a few jobs and shifted some responsibilities, I realized it did not affect our productivity. Occasionally the down-

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sizing put a light strain on our general operations, but normally it actually improved our efficiency, and has lowered our salary costs.

Surround yourself with **qualified** and knowledgeable people. Although I just spoke about down-sizing to lower costs, I also believe it is worth paying extra to create a strong, proactive staff. Smaller staff, but more efficient and productive.

Remain flexible in today's ever-changing economic environment. As the rules of business change with the continual shifts and variables that affect our business, you must be able to adapt to those unexpected hurdles that hit you out of left field. The entire automotive industry is struggling with a sluggish economy. So, like a row of dominos, as others adjust their business practices, it often directly affects the automotive recycling industry.

Come to the annual MATR convention in Hannibal. Usually it becomes a relaxed, enjoyable experience, and you have the opportunity to interact with other owners and managers of recycling facilities. One of the benefits of attending the conference is that you can share your challenges and problems with others who have dealt with similar issues. People are generally open to sharing their thoughts, so you can often get feedback and ideas on ways to approach or circumvent the problems that plague your own particular yard.

So, in conclusion, besides discussing your buying practices, management styles, selling behavior, pros and cons of your operations, simply know when to hold em', and when to fold em'.

MATR Legislative Report

By Brian Bernskoetter

This session the Legislature enacted several bills of interest to MATR members. This update will serve as a reminder to the bills enacted and to provide you notice that these provisions were officially enacted into law on August 28th.

SB 148 – Several MATR members have noticed that customers were having problems transporting salvage titled vehicles to the Highway Patrol for inspections because of the change in the law regarding drive away permits. MATR teamed up with some legislators to pass legislation to solve the problem. These two bills allow the Department of Revenue to issue drive away permits to individuals for the sole purpose of driving a salvage titled vehicle to the highway patrol inspection station.

HB 103 and SB 157 – These two bills modify the current scrap metal laws by adding catalytic converters to the list of "metals" for which records must be kept. The exemption we were able to include several years ago for purchases of metals that are a component part of a larger item remains intact. This bill could however impact anyone who purchases a single catalytic convertor for cash.

HB 428 – This bill provides for a more streamlined process for an insurance company to receive a salvage title for a vehicle received from a claims settlement where the title has been lost.

MATR is eager to directly address the needs of our members by attempting to change state law or regulations that are burdensome or unnecessary in your automotive salvage businesses. If in the course of your work you come across laws or regulations that you feel would benefit the general membership if they were changed or updated, please let us know so we can exercise our ability to help you effect that change.




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Drive to Win...continued from cover

people may hold back, have them write their answers anonymously on 3 x 5 cards. Collect them and read them back one at a time. Then, take a consensus of opinions and draw conclusions. Once this brainstorming is done, you'll be in a better position to see things more clearly, make decisions and create your race strategy. This can be hard work, but your biggest challenge will be to implement necessary changes and sustain the momentum of the drive. Expect the road to get a little bumpy in places, and keep the following in mind.

Follow your race strategy. Once you have completed the road map stage, you will have your own customized new business strategy. Follow it as closely as you can in order to stay on course.

Always drive with a clear focus on the customer. The key to sustaining the momentum is dynamic leadership and consummate driving skill. Encourage everyone in your company to listen to the voice of the

customer and to drive with an obsession for delivering their best performance to every customer, every day.

Employee Involvement is the key to your success. People tend to promote what they help to create. Their continued involvement is crucial. Seek to obtain their commitment to "buy" into the goal of winning the race and working together as an efficient, cohesive group, just like a great pit crew.

Keep everything in perspective. Business growth is crucial to the success of your company, but both you and your people need to enjoy the view while you drive. Celebrate small successes. Laugh a little along the way too. Laughter will recharge your entire being. Working in an atmosphere that is fun encourages ideas, stimulates creativity and helps lighten the driving pressure.

Are you ready to get your map and drive in the race for business growth? If you are, you must understand and accept that the road will be much more challenging for you than for any race car driver. Here's why: For them, there's a finish line to cross. For you and other business leaders who are striving to move forward in today's challenging marketplace, the race for business growth and profitability has no finish line.

High Performance Road Map

Follow these directions, and you will be on your way to the road to business success.

- Where are we now?
- Where are our strengths?
- What needs improvement?
- Where do we need to be?
- What, in your opinion, does management need to do to help the company move forward?
- Where are there opportunities to expand our services?
- Where else can we offer our services?
- Are we calling on every potential piece of business out there?
- Are we using the Web to learn what other markets we can tap?
- What can we do to sway our competitor's customers over to us?
- Are there other ways we can offer a service or product that will complement our business?
- Does our company operate consistently like a



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well-oiled machine?

- Can we depend on each other, so we can focus on the most important person to our business—the CUSTOMER?
- Do we consistently strive to improve operations?
- Do we need a new approach to business development?
- Are our advertising, sales, and marketing strategies working?
- Are we getting enough referrals from our existing customers?
- Do we need to conduct more marketing research? How can we do better?
- What have we done to differentiate our company from the competition?
- How would our customers answer the question, “What’s different about working with our company?”
- Do customers know why we are better?
- Do we know how to articulate why we are better?
- Do we know how to articulate the value of our product? How can we do better?
- Are we consistently working to improve our service?
- Since what we offer is not any different from what our competition is offering, are we far better in the level of service we provide?
- How much effort do we put into soliciting feedback from them to discover what they want and need from us?
- How quickly do we respond to calls?
- Is it easy to do business with us?
- Does everyone in our company know they are expected to bring forth ideas to improve customer service and do they regularly contribute their ideas?
- Are we listening to the voice of the customer?
- Do we have an effective CRM system? How can we do better?
- How’s our reputation?
- How are we perceived in the eyes of our customers, the industry and our community?
- Do we operate with ethics and integrity?

- How about service? Fair pricing? How can we do better?
- Do we consistently strive to be a better company?
- Do we consistently work toward being better than our competition?
- Do we make an effort to be better than our competition in every aspect of the customer experience?
- Do we strive to under-promise and do everything we can to over-deliver? How can we do better?

Doesn’t it feel great to have good directions? Now the rest of the race is up to you!

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Christine Corelli is a keynote speaker, and author of five business books, including the popular “Wake Up and

Smell the Competition”. Her latest release, “Roadmap To Success” is currently available. As a business speaker, she is known for her high energy, high-involvement and often provocative style. As a consultant, she has an innate ability to see into the heart of issues, and solve problems.



MATR Annual Meeting

This year's annual meeting will begin Friday, October 25, 2013, with registration starting at 4:00 p.m., followed by Reception and Exhibit Tours.

Saturday, October 26 will feature the MATR Board meeting (including Election of officers and directors,

updates on Legislative Activities, Membership and Association Activities), Breakfast and Exhibit Tours, Annual Membership Meeting, and a tour of J.C. Auto and Truck Parts in Monroe City. The evening will conclude with cocktails, dinner and Greg Claassen, Ventriloquist.

MATR 2013 Annual Meeting Agenda

Friday, October 25, 2013

- 4:00 PM - 6:00 PM Registration & Check-in
- 6:00 PM - 8:00 PM Reception & Tour Exhibits

Saturday, October 26, 2013

- 7:30 AM - 8:30 AM MATR Board Meeting
- 7:30 AM - 9:00 AM Breakfast Buffet & Tour Exhibits - **Sponsored by Grossman Iron & Steel**
- 9:00 AM - 9:45 AM Annual Membership Meeting
Election of Officers and Directors
Legislative Update
Membership Update
Association Activities Update
- 9:45 AM - 10:15 AM Break - **Sponsored by PSC Metals, Inc.**
- 10:15 AM - 11:00 AM Exhibitor/Sponsor Presentations
- 11:00 AM - 11:10 PM Depart Hotel for J.C. Auto & Truck Parts
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- 11:30 AM - 12:30 PM Lunch - **Sponsored by J.C. Auto & Truck Parts**
- 12:30 PM - 2:00 PM Yard Tour - J.C. Auto & Truck Parts
- 6:30 PM - 7:00 PM Cocktails - **Sponsored by Car-Part.com**
- 7:00 PM - 8:00 PM Dinner Buffet - **Sponsored by Manheim Total Resource Auctions**
- 8:00 PM - 9:00 PM Entertainment - Greg Claassen, Ventriloquist
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Sunday, October 27, 2013

- 11:00 AM Check out

New Record Age of Motor Vehicles on U.S. Roads Fueling Consumer Demand for Quality, Recycled OEM Parts

MANASSAS, VA - Today, the Automotive Recyclers Association (ARA) is responding to new data demonstrating that the average age of light vehicles in the United States has reached an all-time high of 11.4 years, presenting significant opportunities for the increased utilization of recycled, genuine original equipment manufacturer (OEM) automotive parts.

The data comes from the latest report issued by R.L. Polk, a global automotive market intelligence research firm, which compiled information from state vehicle registration databases and reviewed over 247 million car and light truck registrations for the report. According to Polk, the average age of the nation's car and light-vehicle fleet has continued to rise since 2002, a trend which has now resulted in a record high of 11.4 years. This represents an increase from 11.3 years last year and 10.8 years in 2010. In 2002, the average age of a vehicle on the road was 9.8 years.

"Industry trends have demonstrated to us for years that Americans are holding onto their cars for longer than ever before -- for personal economic reasons as well as better engineered vehicles built to last longer," said ARA CEO, Michael Wilson. "Professional automotive recycling businesses play an increasingly important role within the automotive parts marketplace to provide consumers with quality, green recycled parts to service

their aging vehicles." According to the Polk report, the number of vehicles older than 12 years has increased more than 20 percent and that percentage is expected to continue to rise for at least the next five years.

"We are excited about the growing opportunities illustrated by this new data for automotive recyclers to provide green, recycled parts to consumers looking for economical solutions to their automotive repair needs," said ARA President, Chris Wright. "From do-it-yourselfers to insurance companies and the service repair community, automotive recycling businesses offer quality, recycled OEM parts replacement options."

Since 1943, the Automotive Recyclers Association (ARA) represents an industry dedicated to the efficient removal and reuse of "green" automotive parts, and the proper recycling of inoperable motor vehicles. ARA represents the interests of over 4,500 auto recycling facilities in the United States and fourteen other countries around the world. With programs such as the Certified Automotive Recycler Program (CAR), Green Recycled Parts, and other partnerships, ARA members continue to provide consumers with quality, low-cost alternatives for vehicle replacement parts, while preserving our environment for a "greener" tomorrow.

To learn more about the Association, visit ARA's Home Page at www.a-r-a.org or call (571) 208-0428.

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Are Insurance Companies Now Focusing on Recyclers?

By Jim Counts

I don't have to tell you that most body shops are now effectively controlled by the insurance industry. However, we might need to be reminded how that came about so the same thing doesn't happen to recyclers. (For the sake of saving space I will use the letters IC to stand for Insurance Company.)

Several years ago, the insurance industry decided that they needed to set up a "preferred shop" networks stating that customers would receive better service because certain standards would be maintained by these preferred body shops. The chosen shops were promised that their company name would be listed on every estimate. As part of this arrangement the preferred

shop had to warranty and stand behind all repairs, thus relieving the insurance company of any cost should a problem with the repair occur. Of course, the shop had to build more bays, buy new equipment and hire more employees to handle the extra business they were getting. At first, the preferred shops loved the program since they no longer had to advertise and compete for business. Then the IC wanted the shop to take on the payroll of doing the estimates. Then they wanted a bigger discount on labor in exchange for this preferential treatment. Then they started dictating where the shop had to buy xx percent of their parts. Then they wanted the shop to build or set aside office space and parking lot space for an on-site rental car company. Then they started measuring the time it took to repair the average vehicle and required the shop to pay for rental vehicles after xx days. All this at the shop's expense.

When a big storm came through and the preferred shops could not handle the extra work, the IC added more shops to the program and, of course, that work is soon gone and now the remaining repairs are split more ways.

During the last 20 years, over half the body shops in the US have gone out of business! Now let's look at what has been taking place with the auto and truck recycling industry. Once most of the salvage pools were bought up by Copart and IAA, the insurance industry found another way to unload expenses: Dump the expense of processing and selling the wrecked vehicles on the vehicle buyer. Then they have the auction company call the "winning bidder" and see if they can pressure you to pay more, even though you were the highest bidder. The more of us who give in the more they do it. Why, because it works and we allow it. Now one of the biggest vehicle insurers in the US has come out with a program where you can pay to bid the price of your parts down. Note, I said you pay to be part of



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a program where you can sell your parts for less. So far it works something like this: They set up a website where you can see which parts are needed and then you enter your LOWEST price in the hope of getting the sale. They rolled this out in the Phoenix and Chicago area to get the bugs worked out and to be able to tell the rest of us how "it's working in ___, so you need to sign up". Initially, they don't charge recyclers to be a part of this program; until they can get enough of us to sign on, then we will have to pay for the privilege of selling our parts of less.

The following is supposition based on what has taken place in other countries. Once they get enough recyclers hooked, they can raise the fees to bid and require that more and more services be provided by the recyclers, at no cost to the IC. Basically, they can do to recyclers the same thing they have done to the body shops, dictate what you will and will not do.

Example: About five years ago, the largest insurance company in Canada hired a company to reduce the cost of used parts. The system NOW works like this. They lob off the top and bottom one fourth (1/4) of the recyclers prices for each part and then average what is left and then require an additional 13.5% discount from that price and expect the recycler to sell their parts for this price. An actual example was an insurance quality front bumper for a 2005 Cadillac DeVille, which was priced by a recycler at \$900. The calculation listed above came up with a price of \$503 and the recycler was expected to sell their perfect bumper for that amount. (The new price for this complete bumper is \$1,750.) When they refused to sell it for that price, they get a call letting them know that failure to comply could result in them being removed from the system. Oh, I almost forgot, the Canadian recyclers also have to pay \$250 a month to be a part of this program.

How can the IC get away with this? It's simple, recyclers make many of their most important decisions based on FEAR, fear that if they don't sign up, they will lose sales. So they sign up, pay the money each month and sell their best body parts for less and less. Then they want to know what I can do to help them because they are losing money and can't afford to buy vehicles.

Solution, **don't sign up** for programs which are designed to reduce what you sell your parts for at the same time we are paying more and more for salvage. Also, I suggest that all recyclers start pricing their body parts as if they were perfect. When you discount your screen price for damage, you don't reduce the amount of credit the shop wants. So price it as perfect and then make an adjustment with the shop to keep the part sold. This way you only take one discount, not two.

More and more of the smarter recyclers are gradually moving toward older vehicles because the late model body part business is getting less and less profitable. They have done the math and found that they have a 30-35% return and credit rate on body panels and only a 15-20% rate on mechanical parts. This combined with the increasing discounting and restrictive buying practices of the IC is pushing many recyclers toward processing more vehicles with fast selling mechanical parts.

Folks, the ball is in our court. These programs will fail if each of you refuse to be sucked in based on fear. Now is the time to take a stand, not after they have you over a barrel.

After owning three successful automotive recycling businesses, we have become the preferred consultant for hundreds of auto and truck recyclers from San Juan to Anchorage and Newfoundland to Australia. Jim has been a featured speaker at ARA, APRAA, IT conference, Parts Plus in Australia, Parts World in New Zealand, SGI Salvage, Ontario Auto Recyclers of Canada and most US state conventions. As author of the automated pricing and management assistant algorithms used in the Powerlink 2, Pinnacle, Inventory Buddy and Bid Buddy XL systems, Jim has an integrate understanding of how the industry works. Jim is best known for simple solutions to what often appears to be complex problems and was voted Motivator of The Year by *The Locator* magazine in 2005.

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NMVTIS Enforcement Ongoing, More Businesses Fined

By Jay Svendsen

In May, the Department of Justice reported that in addition to the \$59,540 NMVTIS reporting penalty assessed to CBH Trucking and Salvage in New Mexico, two additional companies have received final determination penalties with a combined total of over \$110,000. It was also stated that there are eight ongoing non-compliance cases with potential penalties ranging from \$127,000 to 3.3 million dollars.

With NMVTIS enforcement underway, it is important for business owners to be able to audit their reporting history to ensure that the salvage vehicles they buy are being submitted appropriately. There are many different ways NMVTIS reporting can slip through the cracks – employee turnover, the mistaken belief that reporting is being done automatically by a management system, technical glitches or simply confusion over state and federal responsibilities. Whatever the reason, it's not uncommon for a business to unknowingly fall out of compliance.

All junk, salvage and total loss vehicles should be reported within 30 days of the date they are obtained. There are several different ways to make sure that your business is up-to-date with its federal requirements.

- To make sure your business has reported in the

last 30 days, the Department of Justice NMVTIS website (www.vehiclehistory.gov) has a tool that allows you to look up the last date a business reported by either their name or NMVTIS ID with the Confirm the Last Date a NMVTIS Reporting Entity Reported tool.

- For more detailed information, all ADD users can log into their account and access a printable month-by-month compliance report that lists the number of VINs reported each month.
- ADD users with Full Service accounts have the ability to export individual reporting receipts and detailed customizable reports directly from their Record Manifest.

New legislation in several states has added state non-compliance fines onto the federal \$1,000-per-violation penalties, therefore, it's better to know that your business is compliant than to be surprised by enforcement officers.

If you're behind in your federal reporting, or have yet to begin reporting, ADD can help you to get caught up and stay compliant. ADD does not aggregate, re-use or re-sell ANY of the salvage data collected from reporting entities, and ADD is the only authorized agent for scrap metal processors, secondary metal recyclers and used motor vehicle parts dealers in Georgia to fulfill their state and federal salvage reporting requirements.

For more information about NMVTIS reporting, compliance checks or ADD's services, email ADD at info@add123.com or give us a call at 866-923-3123.

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MATR Dates of Interest

October 2013

17-19 **NACE Expo**
Las Vegas, NV

25-27 **MATR Annual Meeting**
Hannibal, MO

November 2013

6-9 **ARA Annual Convention & Expo**
Phoenix, AZ



Missouri Auto & Truck Recyclers Annual Meeting



Make Plans Now
to Attend the 2013
MATR Annual
Meeting!

Friday, October 25
Starting at 4:00 p.m.

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can be found on the MATR
website at

www.matronline.com/convention.html

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- The MATR retains the services of legislative counsel in Jefferson City to monitor proposed new laws, changes in laws and proposed rule changes.
- The MATR publishes a newsletter 6 times a year at no charge with the latest information on business tips on subjects ranging from insurance, to updates on new products and services and more.
- The MATR maintains a worldwide web site at www.matronline.com featuring information about the industry for consumers, a membership and associate member on-line roster with direct links to their web sites.
- The MATR produces an annual convention & trade show featuring exhibitors showing off their latest
- The MATR maintains an office reachable 24 hours a day, 7 days a week by phone or fax
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Active/Regular Membership: 1) Applicant must be any individual, corporation, firm, partnership, incorporated or unincorporated association or any other legal or commercial entity with ownership interest in an automobile and truck recycling business operated within the State of Missouri, 2) holds a valid Missouri salvage dealers license, and 3) derives a substantial portion of the income from the dismantling, sale and/or exchange of used automobile and truck parts provided, however, that a person, who does not possess an ownership interest in an automobile and truck recycling business operated within the State of Missouri but who is engaged as the full-time manager of such a business and would otherwise qualify for membership, with the written consent of the owner thereof not be denied membership.

Associate Membership: Any entity or person not meeting the eligibility requirements for active membership as herein above provided shall upon the approval of the Membership Committee be eligible to become an Associate Member of the Association.

Please check one:

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