

Future Of Industry On Display At Marshall Collision Repair

By Kevin Murphy

Waukesha - The future of the auto body industry is on display at Marshall Collision Repair.

Even more impressive than how Marshall goes about their business is that they've been honing their cutting-edge approach to this industry since moving from Milwaukee to Waukesha in 1997.

From harnessing the internet for

to decide whom they want to work with," said Aaron Marshall, son of Scott Marshall, who founded the firm in 1978.

Marshall hasn't taken an antagonistic view toward direct-repair programs. Instead, it has joined at least 25 DRPs, and looks at them as part of the business landscape. DRPs fit into the Marshall philosophy of being a business big enough to take advantage of how insurers

saying this to be cruel to small businesses, as I spent a lot of sleepless nights wondering what was going to happen to my business and how I was going to compete with things as they change. So I made that decision to try to get rid of the bicycle. Those that didn't make that decision have to live with their (choice)," Scott said.

Scott realizes that becoming bigger doesn't guarantee permanent success and someday, "we may be eaten" by a stronger competitor but "we're doing everything we can to see that doesn't happen."

We've discovered that there is a big opportunity for an efficient, properly managed business and that opportunity is giving insurance companies and customers what they want, and that's why we're here," Scott said.

There are no secrets of success, according to Scott. He repeats the same slogans other businessmen have; providing a good service, and knowing who is the customer and how to meet their needs. Putting it into action in a demonstrably better way than his competitors will keep him ahead.

"The idea of car repair is that when the customer buys the insurance policy, they are pre-buying the repair, which they may or may not need. We look at ourselves as a part of the whole process, along with the customer and insurance company,"

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Scott, left, and Aaron Marshall's shop averages about 185 repairs a month.

marketing purposes, to implementing innovative arrangements with employees, to its relationships with insurers, Marshall has in effect thrown out the old book on collision repair and written a best seller.

The company's website (marshallservices.com) is a marketing tool loaded with information to acquaint potential customers with how Marshall repairs car. A web camera in the pickup area gives customers a look at the completed repair before they arrive for it. Plans call for installing cameras throughout production areas to give customers a look at the professionalism in the shop and build their confidence in giving them their business. The cameras also give a lot of information to insurers looking for a direct-repair facility in the area.

"It helps (insurers) to know what we can do and I think it helps them

work while protecting its own profitability.

"When they built the freeways, they put up a sign, 'No bicycles', and you had a chance to make a decision, if you're going to drive on the freeway, you're going to get a car and get rid of the bicycle...I'm not



The customer delivery area is combined with the drive-in estimating bay so potential customers can get a look at the shop's finished work.

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Scott said.

Marshall's responsibility is to provide a fast, economical and proper repair, to everyone's satisfaction, said Scott.

Although parts situations are often looked at as the biggest delays to the repair process, Aaron views the administration of repair as having the potential for the most productivity gain. Billing, negotiating, communications between the insurer, the customer and the shop is inherently inefficient. Direct-repair agreements somewhat minimize those administrative inefficiencies allowing the shop to control more of the process and use of time, Aaron said.

"The repair costs what the repair costs. I don't think there are too many insurance companies doing unscrupulous things to pay for repairs, but they're looking for economy. That's true of any industry...that's part of doing business," Aaron said.

The ability to streamline the administration of the repair is the DRPs biggest benefit to Marshall and as long it reduces administrative costs without interfering with the actual work, the relationship will be successful, Aaron said.

"The important thing to remember is that (labor rates or concessions) are details, and whatever the insurer calls their program, it's an attempt to make the process work better and minimize costs. As long as everyone is equally involved in the process there shouldn't be a lot of arguing about the details, there just should be a lot of work on everyone's part to make the whole thing work," Scott said.

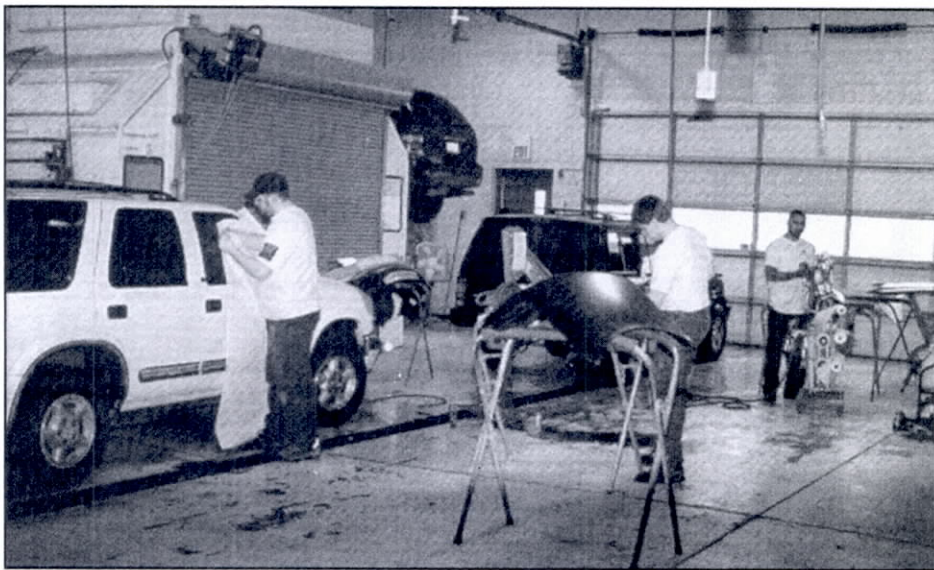
Insurers realized that the shops are in the best position to record and document what needs to be done to fix a vehicle. They also knew that many were already properly documenting the repair tasks and the DRP formalized those tasks.

"Insurers know that passing this administrative burden along ultimately costs some money, however, they recognize our innate abilities to streamline processes and create solutions ultimately yields to satisfying these needs much cheaper

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Marshall's investment in automation allows it to have 3-1/2 technicians per administrative staffer.



There's no need for a shop foreman as work is organized around teams of technicians.



Elaine developed and maintains the firm's website and produces Marshall's wide variety of printed materials.

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than if they try to micro manage each claim's repair cost themselves," Scott said.

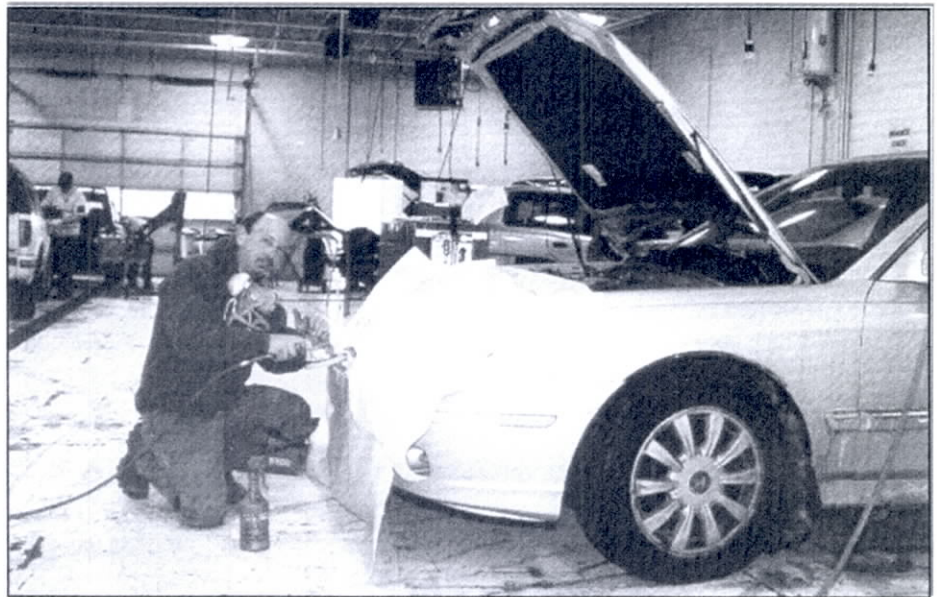
Aaron adds that the shop would rather be given the insurers expectations, blend those with customer needs and its own principles, and take charge of the entire repair process.

"Starting and stopping, waiting for someone else to give us the answer we already know is a waste of time and ultimately more expensive for all three parties involved," he said.

Scott admits that better capitalized shops are going to be more successful in their DRP relationships. They will be able to negotiate better agreements with insurers, than shops with fewer resources. However, it's generally true that better capitalized businesses are going to have better chances of success no matter what issue is involved.

Marshall doesn't view American Family's recent switch from ADP to Mitchell estimating software as an issue worthy of concern. Mitchell is one of three software-estimating programs Marshall uses, and doesn't consider it to be superior or inferior to other programs.

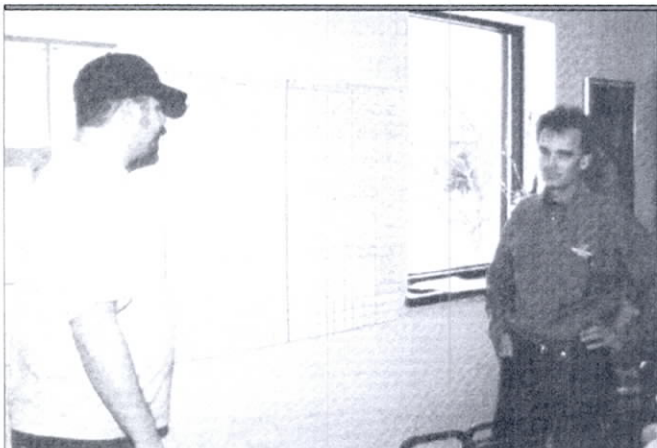
"It's a huge expense to have all three, but the true expense is the poor quality of the estimating service; the breakdowns; the incompatibility; the clumsiness of how those programs are designed. We don't see the insurance company that selects the program as the problem; we see the poor product that nei-



With 18 years of experience, Jim is one of Marshall's senior techs.



The 13,000-square-foot shop is well lit and features overhead mounted air and electrical hookups.



Employee productivity and company financial data is prominently displayed in the employee breakroom.

ther the insurance company or us is that excited about as the problem," Scott said.

Technological change is a constant at Marshall. Keeping informational systems current is considered a monthly expense just like the utility bills.

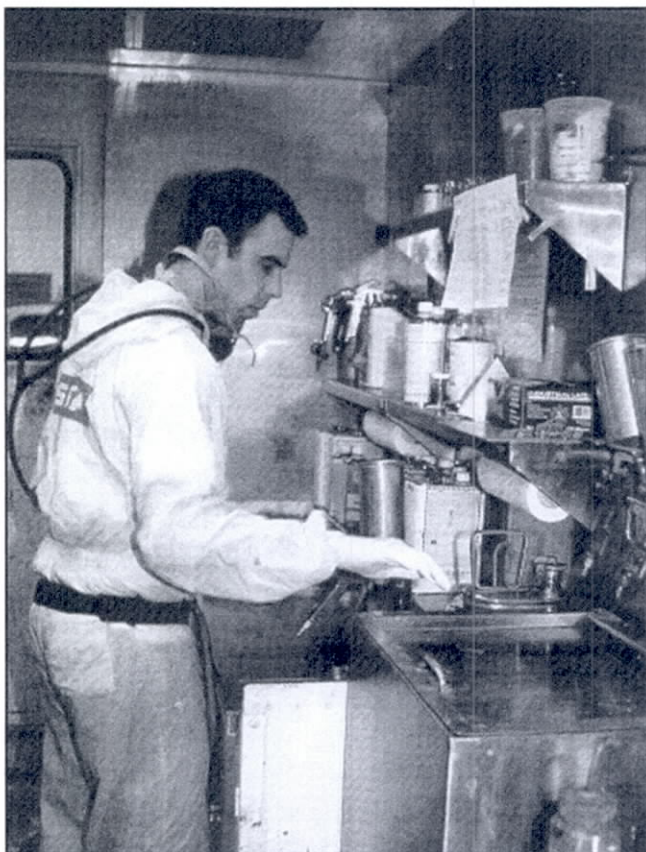
"All that information technology

has a shelf life just like products at the grocery store. You put a website up. You have to keep changing it to keep people wanting to come back to it," Scott said.

A lot of claims handling, shop management functions will become web-based, too, Scott said.

Working with so many insurers means recording and managing a tremendous amount of information every month, whether it's digital images or notes, to document the functions that support the repair and speeds up and smoothes over the

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After an extensive study Marshall chose BASF paints, which Jim applies.

billing process.

"Painters photograph everything that goes into the spray booths, which documents blends and if that documentation is ever needed we have it," Aaron said.

Making the process transparent also eliminates the questions an adjuster or customer may have. It's the best way to show the value of the repair, and no one leaves without knowing what they paid for and what happened, Scott said.

It may be natural for insurance companies to feel suspicious about collision repair shops because they have been burned in some instances, Scott said. Insurers favor having standards in repair operations, which makes consolidators and their pitch of providing standards for the industry so attractive now, Scott said. However, just setting standards won't be enough to keep the consolidators in business, Scott said, they have to continually meet those standards.

Although they believe they have the management processes in place to open a second shop, the Marshalls have a variety of business interests, so their business may not be a body shop, but something entirely different, said Aaron.

"We have an outstanding staff that works very hard to make our vision a reality, which is where success is really measured. Ideas are great, but without a highly capable production and administrative staff that believes in the core of values of your business, even the best concepts will not materialize. One of the most enjoyable parts of this business or any is giving people challenges and the tools, core principles and education, to solve them and then watch them

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Marshall's own design for this back room parts bin uses construction fence and rigid conduit makes for a low-cost, but effective way to keep parts orders separate.



Although a human, not a machine, answers every phone call, Marshall doesn't employ a receptionist either. Like others in the front office, Tanya, a file handler/estimator is trained in more than one task.

succeed, Aaron said.

"People in the auto body industry should realize that they're really jacks of all trades, and that's why there is so much opportunity for ingenuity and there are so many clever people in the industry because it attracts people who can figure out how to fix a variety of things, Scott said.

"That's why we're in it," he added.