

8710 J Street
Omaha, NE 68127
(402) 537-9009



The **AUTO BODY** Monthly

from

D&R AUTO PAINT AND SUPPLY

1607 Avenue I
Council Bluffs, IA 51501
(712) 322-7217

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MERRY CHRISTMAS
AND A
HAPPY NEW YEAR!!



In these "politically correct" times, Merry Christmas is getting lost. Well, not with me. I wish you all a **VERY** Merry, safe, joyful, reflecting, family filled Christmas.

Ron Stazzoni

Owner
D&R Auto Paint and Supply

Revving Up For 2008

Are You Going To Step Up or Get Stepped On?

The collision industry is certainly not getting any easier. The number of repaired vehicles continues to decline. Everyday, jobbers across the country are asked "is anyone out there busy?" The industry politically correct answer is "not really". The true answer is YES.

It's amazing when a shop owner mentions that their business has slowly declined over the last few years, but fails to do anything about it. Can you imagine an NFL team continuously losing more games each year and not changing anything!

When presented with new ideas, many shops owners immediately say it won't work because they've never done it. Others are reluctant because it will take extra effort on their part. (Everyone wants the easy answer) Still others balk at spending even small amounts of money.

There are shops that are busy and growing, even in a declining market. If you're not one of them, they are growing with your past or potential customers. The busy shops are coming up with innovative ways to help boost business. They are thinking outside the box. Attending training seminars, networking with other shops, and using new technology are helping shops improve their business.

In looking into 2008 remember two things:

- 1) There's no free lunch. Everything costs money. The trick is reaching the right audience with the dollars you spend.
- 2) If you put no effort into helping yourself, you'll get no results at the end of the day. It's not easy. If it were, everyone would be doing it.

As you look ahead, we at D&R Auto Paint and Supply are committed to helping our customers improve their businesses. We have tons of tools available. Let us show you what other shops already know.

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Summit Software to Release KPINet at NACE

Summit Software will launch KPINet(TM), a new data mining, analysis, and reporting system for collision repair businesses at this year's NACE trade show. According to Summit, this portable solution will allow single shops, regional or national consolidators, and collision repair networks of any size to select, consolidate, create, view, export, print, manage, and share literally millions of data combinations with a simple "drag and drop" interface.

Frank Terlep, Summit's president and co-founder, said, "The KPINet System could be the most powerful and important data mining, analysis, and management tool ever offered to the collision repairers. While I know this is a bold statement, I have never seen anything like this in my 20+ years in this business. Think of KPINet as Excel on steroids. It offers the power of a data warehouse and the custom reporting capabilities of high priced custom reporting software without the expense or programming expertise. Users simply select data elements from a list that includes hundreds of estimate, repair order, parts, insurance, production, financial, and other pertinent management data, drag and drop the specific data points they want to measure, align and select the columns, and then select the data range and/or number of locations they want to report on, and the users have the management information they need in the format they want, when they need it. The combinations of data, information, and reporting is virtually unlimited."

Summit Software also claims that KPINet is extremely portable and can be used, customized, and accessed from anywhere in the world. By purchasing the Portable KPINet System, owners, managers, and repair network operators simply insert a simple and inexpensive portable memory stick into a USB port on any computer and they have access to individual as well as entire network performance data that can be customized and shared in any fashion they choose.

Do You Print and Distribute This Newsletter to Your Techs? Sign Them Up!

Many customers have told us that they distribute the D&R Auto Paint and Supply newsletter to their techs. Thank You! We hope it is a valuable service to your shop. If you would like your techs, managers, office staff, dealer owners, fixed op. managers, or other shop owners to receive the newsletter, simply click on the management site below and fill in the blanks. It's fast, easy, and will be appreciated by your co-workers.

www.drautopaint.com/newsletter

Sign up Dealer Owners, Managers, Techs, Office Staff, and Other Shop Owners!

Where do Premium Dollars Go?

In the past, insurance companies used investments to offset premium to pay out losses. In recent years while investment returns have dropped, our premiums have gone up. Profit is actually made directly from your premium. Ever wonder where it all goes? Below is 2006 data of premium expenses. Notice lawyer fees. Also notice the 9% net profit. Not bad when you consider the large dollar amount.

One thing's for sure. In the insurance industry model, it's their best interest to minimize claim cost. In our industry, we must get paid for what we do. The clash that this creates will never go away. In fact, it will get worse before it gets better.

What to do? Shops must know their numbers, benchmark their financial and performance statistics to the industry and always strive to improve. The world is littered with huge companies that have sat back and let their competitors pass them up. Don't join that crowd. If you would like see what D&R Auto Paint and Supply can do to help, contact your supplying location. By starting today, you'll have time to make necessary changes without breaking the bank.

This article is continued on page 3. See below...

Words to Live By:

"One can pay back the loan of gold, but one who dies forever in debt to those who are kind."

- Malay Proverb

WHERE THE PREMIUM DOLLAR GOES, PRIVATE PASSENGER AUTO INSURANCE, 2006

PREMIUMS EARNED:				\$100
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CLAIMS:

Payments to injured persons:				
Medical	\$9			
Wage loss and other economic payments	2			
Pain and suffering and other noneconomic awards	5			
Lawyers' fees	11			
Costs of settling claims	1			
Subtotal		\$28		

Payments for damage to cars (1):				
Property damage liability	\$15			
Collision claims	16			
Comprehensive claims	7			
Costs of settling claims	1			
Subtotal		\$39		
Total claims		\$67		

EXPENSES:

Commissions and other selling expenses	\$17			
General expenses (costs of company operations)	6			
State premium taxes, licenses and fees	2			
Dividends to policyholders	1			
Total expenses		\$26		

Claims and expense total

\$93

BOTTOM LINE:

Investment gain (2)				\$7
Pretax income (\$100 - \$93 + \$7)				14
Tax				-5
Income after taxes				\$9

- (1) Includes theft and damage to other property, e.g., road signs.
 (2) Includes interest, dividends, and realized capital gains.

Source: Insurance Information Institute estimate based on data from ISO; National Association of Insurance Commissioners (NAIC) Annual Statement Database, via Highline Data, LLC. Copyrighted information. No portion of this work may be copied or redistributed without the express written permission of Highline Data, LLC.; Insurance Research Council; A.M. Best Company, Inc.

- In 2006 claims accounted for \$67 of every \$100 earned in private passenger auto insurance premiums in the United States.
- Lawyers' fees accounted for \$11 out of every \$100 in premiums. Half of the fees went to plaintiffs' attorneys and the remainder to defendants' attorneys.
- Theft accounted for about 25 percent of the dollars that go to pay comprehensive claims, or 2 percent of premiums earned for private passenger auto insurance.

WHERE REVENUE DOLLAR GOES, 2006 (Premiums and investments)



