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The **AUTO BODY** Monthly

from

**D&R** AUTO PAINT AND SUPPLY

1607 Avenue I  
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Volume 3, Issue 5

May 2008

**No Agitation  
No Mix Machine  
Unbelievable Color Match  
The Best Training In The Industry  
Base Coat Production Beyond Belief**

**ENVIROBASE®**  
HIGH PERFORMANCE



**Want To Learn More About Water?**

**Contact Your Supplying D&R Location!**

**3M Company & D&R Auto Paint and Supply are helping to make compliance simple!**

## **10<sup>th</sup> Annual Fit Test!**

Have your painters and body men had their yearly respiratory fit test done recently? Have they ever had a fit test done? Do you realize the liability of not having your employees fit tested? Did you know that every employee who is required to wear a respirator must have a Medical Clearance Form on file at your place of business? These are all questions that most all collision repair facilities have. To add to this, new regulations have been passed recently that put more burden on the shop. Together, 3M Company and D&R Auto Paint and Supply now have a program to help eliminate these burdens.

If your employees need their yearly fit test done, now is the time to let D&R Auto Paint and Supply help you with both the Medical Clearance and Fit Testing. On Wednesday, May 7th, beginning at 5:30 P.M., there will be a fit test clinic that will include information on the required medical evaluation form, respirator training, and a fit test. Please be clean shaven. Remember that if you have any facial hair in the seal area of the respirator, you will be unable to be fit tested.

This program is designed to get all your fit test compliance issues out of the way at one time, and in one place. If you have any questions, please feel free to call your supplying D&R Auto Paint and Supply location.

### **FIT TEST CLINIC:**

**Where:** D&R Auto Paint and Supply  
8710 "J" Street, Omaha

**When:** Wednesday, May 7th 2008

**Time:** 5:30 P.M.

**Cost:** A new respirator will be provided at the fit test. This will be billed to the individual or shop. There is no charge for the fit test service.

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## How Will Petroleum Costs Affect Future Automotive Paint Prices?

This is a more in depth question than one would think. Yes, automotive paint products are petroleum based. Yes, paint manufacturers have seen huge increases in their cost of raw material. But this is just the beginning.

The raw material has to be brought to the manufacturing plant by truck or rail. Both use fuel. Many products require "cooking" to produce. This uses natural gas. The finished product has to be delivered to the points of distribution. More fuel. The distributors have to deliver it to the body shops. Again, more fuel.

Who's to blame for high fuel prices is a debate that will go on for years. What cannot be debated is that the high cost of petroleum products directly affects the manufacturing and distribution costs of millions of products including automotive finishes.

Most automotive paint manufactures have had 2 price increases per year for the last 2 to 3 years. PPG has maintained one of the lowest rates of ongoing price increase of all automotive refinish brands over the last 5 years. In many cases, there is now a 20% + difference in the "Ready To Spray" cost of paint brands.

The simple answer is paint will continue to go up. How much depends on the ever increasing cost of crude oil.

What can the shops do? Using your sandpaper until it is beyond dull or handing out rolls of tape to your techs won't do it. It's all about the estimate. What you pay for anything in life is irrelevant. The difference between what you pay, and what you sell it for is the only thing that matters.

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### 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, simple 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](http://www.drautopaint.com/newsletter)

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

## The Effects of High Fuel Prices On The Collision Market

By Ron Stazzoni

As fuel prices continue to escalate, many industries are negatively affected. The collision market is one of them. Below is my personal opinion on what impact we will see and what we can do about it. I encourage readers to email their thoughts, be it similar or different than mine to [ron@drautopaint.com](mailto:ron@drautopaint.com). Next month I will print comments that are received.

First and most obvious is that there will be fewer miles driven resulting in fewer accidents. While everyone will still have to get to work and back, sports, school, and event traveling will include more thought out car pooling. Family summer vacations will be kept closer to home. Unnecessary driving will be minimized or eliminated altogether. An April 22nd USA Today report stated that fuel "gallons sold" has declined over 11%. When fuel hits \$4.00 per gallon, it's estimated that gallons sold will drop an additional 25%. An almost 40% decline in purchases equates to nearly that in reduced mileage driven. Mad Money's Jim Cramer is estimating fuel to be at \$5.00 per gallon a year from now.

There has been and will continue to be a decline in SUV, truck and large vehicle sales. Smaller, more fuel efficient vehicles decline in value faster and will result in an additional increased total loss rate. Recently, total loss rates have leveled and some reports show a slight decline. In reviewing what constitutes the most common total loss vehicles are small, lower priced vehicles with low resale values. Large and medium sized SUV's, SUV crossovers, and higher priced luxury vehicle rarely total within 7 or 8 years of new.

Increased fuel and energy costs also impact everyday consumer items. Increased corn and transportation costs have caused a spike in food items. Many products with sky rocketing prices are necessities in daily life. While purchasing habits may change, families will still have to spend money on essentials. Before the fuel increase, interest rate increases stressed home owners and people with credit card debt. Fuel prices are an additional layer of pressure on an already strapped economy.

**Words to Live By: Dr. James G. Bilkey**

*"You will never be the person you can be if Pressure, Tension, and Discipline are taken out of your life."*

## The Effects of High Fuel Prices on The Collision Market

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When it comes to collision repair and what affects it, increased deductible on insurance premiums will be one way for households to manage costs. In some cases, making the choice of eating, or dropping insurance altogether won't be a choice. Repairing a drivable vehicle may have to be put on the back burner. Even people that had some "disposable" income in the past will feel the pressure of increased food, fuel, and consumer items costs. In short, you will see even more damaged vehicles driving past every day.

There is great opportunity in collision repair for smart business owners, unfortunately at the expense of shops managing their business like they did 10 years ago.

If your shop is a well oiled machine, has the best cycle times, controlled cost, great CSI, have the ability to measure performance (management system), and can not just satisfy the customer, but actually "WOW" them, you are and will continue to be a winner. If your strategy is same ol - same ol, waiting for the phone to ring and praying for hail, GOOD LUCK. While fewer in number, people will still drive cars and there will still be accidents. The question is, "Will you be the chosen shop"?

Many shops are well down the road of being that well oiled machine that "WOW's" the customer. If you haven't started down that path, DON'T WAIT. Your competitors already are and will continue to pass you by. There are numerous industry resources to help you. Do your research, and partner with companies that can help you achieve this transformation. The most important thing of all is to not be afraid of change.

### New Hybrid Vehicle Registrations Jump 38%

Nationwide registrations for new hybrid vehicles rose to 350,289 registrations in 2007 - a 38 percent increase from 2006, according to R. L. Polk & Co. The Toyota Prius continued to lead the segment with 179,178 total new registrations - 51.2 percent of hybrid market share.

"Auto buyers are benefiting from new hybrid launches, and fleecing of old models that didn't work. There is a lot of excitement being generated within the industry as manufacturers adjust plans to adapt to consumer demand," said Lonnie Miller, director of Industry Analysis at Polk. "While the Toyota Prius has a stronghold on the midsize car hybrid segment, the Toyota Highlander and Ford Escape share leadership positions in the SUV hybrid segment.

Continued in right column...

## How Will Petroleum Costs Affect Future Automotive Paint Prices?

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Be sure you charge for every paint hour you can. It directly affects the material sale. You say you can't get paid for something? How do you know? Is the guy down the street getting paid for it? How do you know? You would be amazed at the variance we find in who gets paid for what.

If you're not making 25%+ on materials, you're losing thousands every year. Call your supplying D&R Auto Paint and Supply location to review your material costs and how to get paid for the "extras".

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### New Hybrid Vehicle Registrations Jump 38%

As hybrid buyers migrate within a brand, manufacturers have to be prepared to meet their expectations for offerings if they want consumers to remain loyal."

While most of the market continues to see hybrid models enabled by various forms of gas-electric powertrains, the entire hybrid segment will evolve as other technologies are developed and tested. With the end-goal of providing more fuel-efficient vehicles, future offerings will expand beyond the current generation of hybrid models, according to R. L. Polk & Co.

"Hybrids are a great foray into the world of fuel-efficiency for many buyers," said Miller. "Unfortunately, we still have an uphill battle for diesel and ethanol adoption given the need for more consumer education and improvements with filling station infrastructure. It will be interesting to see how more advanced technologies progress this whole category, but they can't come soon enough."

Geographic trends for the segment remain largely unchanged in 2007, with California continuing to hold 26 percent of hybrid market share followed by Florida, New York, Texas and Washington. For the second year in a row, Oklahoma had the greatest increase, up nearly 148 percent. Similarly, Los Angeles and San Francisco led cities nationwide combined with more than 19 percent of the segment's market share.

"The coasts continue to dominate the hybrid segment, though we continue to see gains in the Midwest as fuel prices hit home for the 'manufacturing belt' states," said Miller.