

# ABAT PANELISTS STEAL THE SHOW AT NORTHEAST 2022

ABAT's devotion to improving the collision repair industry reaches shops across the Lone Star State, but on March 18-20, that reach expanded to the east coast with ABAT President Burl Richards and Board member Robert McDorman participating in two vital panels during the Alliance of Automotive Service Providers of New Jersey's (AASP/NJ) 45th Annual NORTHEAST® Automotive Services Show, which took place at the Meadowlands Exposition Center in Secaucus, NJ.

As always, the event featured world-class exhibitors, experience and education, but two of the most highly anticipated panel discussions focused on topics near and dear to Texas collision professionals' hearts: the Appraisal Clause and Labor Rates.

Consumer under-indemnification pervades the industry due to insurer pressures, but Right to Appraisal (RTA) offers one tactic that collision repair facilities can employ to protect consumers. McDorman (Auto Claims Specialists) was a featured panelist on the "Mastering the Appraisal Clause" panel discussion that also included Charles Bryant (AASP/NJ), Barrett Smith (Auto Damage Experts, Inc.) and John Walczuk (ZB Negotiations) and which was moderated by veteran industry journalist Joel Gausten.

"The Appraisal Clause protects consumers who are being under-indemnified by their insurers," McDorman explained, calling under-indemnification "the biggest virus in the collision industry which hurts consumers the most."

In a RTA situation, each party selects a competent, unbiased appraiser, and if they cannot come to an agreement, an umpire will be selected, according to Smith who acknowledged, "The Appraisal Clause sucks when they don't play fair, but it's a great option if everyone involved does it honestly and ethically."

"We advocate for the customers by taking them out of the equation and dealing directly with the carriers to solve their claims," Walczuk outlined. "But shops must become more involved and knowledgeable to educate customers."

McDorman agreed that consumer education is imperative:

"Transparency is vital as is empathy. The more we educate clients, the better their experience will be and the better referral they will become. RTA isn't the answer for everything; we have to pick and choose our fights... We need to know which tools are in the toolbox and when to use them.

"If you listen to these hearings, you'll hear how comical these insurance losses are," McDorman continued. "They're like clowns. I've never seen anything like it - it's a mismanaged cult of stupidity. We need to remember 'no' is just for today because people change their opinions when they get new information. Being told 'no' doesn't stop me from doing the right thing. Be resilient and do what's right to protect your customers."

"We need to take control of our own industry by understanding the relationships between body shops, customers and insurers," Smith encouraged. "Get involved with local associations to support their customer education and lobbying efforts."

Of course, consumer education isn't the only thing collision professionals should be concerned about. Shops constantly need to invest in tools, equipment and training - not to mention standard overhead and employee costs - but many facilities struggle financially due to artificially suppressed Labor Rates. The panel discussion "Labor Rate 2022 & Beyond: How to Get What You're Worth" featured Richards along with Jerry McNee (AASP/NJ), Lucky Papageorg (AASP/MA), Smith (Auto Damage Experts, Inc.) and Sam Valenzuela (National AutoBody Research). The panelists delved into the reasons for Labor Rate suppression and how shops can circumvent insurer interference in this respect.

"All shops are not created equally, yet we're treated that way," McNee pointed out. "The 'prevailing rate' isn't what the insurers claim it is, yet we accept it. Nothing will ever change until we stop crying and do something about it - and it's what you do in your own facility that will make the biggest impact. Do you even know your break-even point? We're trading time for money, and I'm not here to make a deal; I'm here to run a business, so I'm going to charge my posted rates based on my costs."

"Collision shops can't continue playing insurers' games by their rules. We have to start thinking in terms of market-based Labor Rates which is why it's so important to have a posted rate based on business costs and what the customer will pay," Valenzuela agreed, referencing the value of shops participating in NABR's **LaborRateHero.com** surveys as a way of creating "transparency which allows other shops to make better decisions. Shops need to use data to make those decisions; without data, you're just guessing."

Unfortunately, many shops don't truly know how to properly establish their Labor Rates.

"Everything starts with education, but then you have to actually go out there and apply what you learn or nothing changes," Richards emphasized, urging, "If you took time to come here and learn something from your industry peers, you need to do something about it when you get home. If you don't ask for it, you won't get it."

Smith took an alternate stance: "Don't ask for it; just bill for it!"

One NORTHEAST attendee made an astute observation:

"Humans don't change their behavior until the pain exceeds the pleasure... Do you feel the pain yet?"

Smith recommended following OEM procedures and showing customers how their vehicle manufacturers intend their cars to be repaired.

"It's a perfect opportunity to demonstrate your professionalism, earn trust and build that relationship. Shop owners often started their career as body men, but they need to become better businessmen. You're the problem, but you're also the solution."

AASP/NJ is already working diligently on the plans for NORTHEAST 2023, scheduled to take place March 17-19, 2023 at the Meadowlands Exposition Center. Visit [aaspnjnortheast.com](http://aaspnjnortheast.com) for updates on next year's event as they become available. **TXA**