

Quality Seminar Notes
Collision Repair Shop Perspective
on
CAPA Certified Sheet Metal Parts
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We use CAPA parts because insurance companies require them:

- 1) Insurance companies tell us to order and use CAPA parts by including CAPA parts on their estimates. If the part is certified it is indicated on the estimate, if not a new or used OE part appears. Electronic estimates drive the orders for CAPA parts.
- 2) Insurance companies use CAPA parts in order to lower their “cost factor” (the ratio of the premiums they collect to their expenditures). Using CAPA parts helps keep costs down. Reducing costs is the major force in the use of alternatives to car company parts. However, if the costs associated with the use of alternatives (i.e. delayed delivery to customer, reworks and additional rental costs) are too high, there is no longer a reason to require their use. Part quality, consistency and availability must be similar to car company parts in order to open markets in top tier shops.

What we find when we use CAPA parts:

1. We can only get 60% of the CAPA parts indicated on our estimates. Of those we do receive:
 - 25% of all CAPA certified sheet metal parts cannot be used and are returned
 - 50% of CAPA parts require additional work by technicians to make them acceptable, that means spending more time and money on the job than the Insurance company authorizes. About 95% of our customers will accept CAPA parts, however, approximately 5% of our customers are not happy with the precision of the work when these parts are used to repair their cars. We often don't know which customers might find a part unacceptable. If a customer rejects the job, it will have to be redone and that will cost more time and money. Additionally, if the customer rejects the job, because of the part, even if we replace it with an OE, our reputation as a quality shop is damaged and they will likely not refer friends or family to our shop in the future. Referrals are our main source of business.
 - ONLY 25% of CAPA certified sheet metal parts fit without alteration
2. The problems with CAPA certified sheet metal parts (samples to be shown during seminar) include:
 - improper shape and contour
 - inaccurate body lines
 - grind marks in metal, runs in primer

- damage to part due to poor packaging (50% of CAPA sheet metal parts have damage by the time they reach the shop)
3. In addition to inconsistent quality; unavailability, delivery of the wrong part, and delayed delivery affect collision repair shop production and productivity in the following ways: see (title of document)
- the car cannot be delivered on date promised to customer.
 - additional administrative costs result from changes in production schedule, reordering part, and processing supplement.
 - technicians have to spend more time installing parts, (sometimes 30% more). If the shop opts to “make the part work,” because of production or other reasons, it cannot charge the insurance company for the extra labor.
 - When a job is redone, regardless of the reason, the technician has to remove and replace the part at no charge -- with the standard insurance practice being only to pay the difference between the CAPA part and OEM part. Usually, the technician and shop absorb the cost. Those that have time to debate with distributors may try to get labor reimbursements. But few distributors cover labor costs and none have written policies indicating they cover labor. Insurers tell shops to charge the distributor or manufacturer of the part for labor, since they sold and made the part. Historically, manufacturers and distributors do not provide warranties which make the collision repair shop whole.
 - employee morale suffers when the job is made more difficult and their profits are lower.
4. Additional costs related to using a CAPA part, if the part does not work:
- additional car rental at \$25 per day for repair delays
 - technician performs task twice, cutting his earnings in half
 - additional paint materials, body materials in some cases
 - additional administrative costs related to reordering parts and processing supplement
5. Customer awareness about CAPA
- Many state mandate a disclosure statement to customers (show True2Form disclosure)
 - Because of the disclosure, many customers are aware that a part other than OE is being put on their car. Car companies have spent millions of dollars to discredit aftermarket parts, CAPA included. Because of that, customers may be more critical about quality when they know CAPA parts are being used
6. Customer Service Index (CSI)

- Repair shops use a Customer Service Index (CSI) to measure their quality. A good CSI depends on a quality job delivered on time. The most critical question in a CSI survey is “would you recommend this shop to family and friends?”. 80% of the time the question is answered “No”, it is because the car was not delivered on time. Interruptions in productivity and delays because of parts issues are usually the cause of delays. Insurance companies use to evaluate the shop. If the shop has a low CSI, it could lose its direct repair status with its insurance partner. Quality repairs and service are how shops are evaluated by the public.