

July 23, 1997

MEMO TO: Tom L'Hote  
Bill Hardt

FROM: John R. Kent

RE: CAPA's Inter-Industry Communication Forum  
Pittsburgh, PA-July 10, 1997

The following represents what took place at the CAPA Inter-Industry Communication Forum on July 10, 1997.

The meeting was chaired by Jack Gillis and co-chaired by Gary Mellini (All State Insurance Company).

### Jack Gillis

Jack opened the meeting with a discussion of CAPA's major reduction in certified parts as a result of CAPA implementing an enhanced certification requirement. Presently there are 1,832 certified parts. With the new certification requirements, the number of certified parts will be reduced approximately 40%.

Jack reviewed that there are approximately 35 manufacturers of non-OEM parts. According to Jack, the non-OEM outlook is as follows:

- The market is willing to accept substandard parts.
- The manufacture of older parts is profitable but the newer parts prove to be costly to the manufacturer. The manufacturer is not willing to make the investment in the newer parts.
- The manufacturers are willing to make a commitment to make all new parts produced CAPA certified.

Jack reports that in September 1997 CAPA will be exposing the manufacturers to:

- The part fit problems.
- The availability of parts.
- The poor non-OEM delivery system.

Jack stated the quality of the parts can be controlled at the distributor and the repair facility levels. The repair facility contribution would be not to accept parts that are not CAPA certified.

## Gary Mellini (All State)

- Gary stated All State is committed to improving the CAPA process.

"Quality shops say they don't use parts that are not certified and distributors state they do not sell parts that are not certified-but manufacturers can't make parts fast enough."

## Joe Sanders (ASA)

Joe stated, "We need to determine the number of parts that fail which are CAPA versus other parts. Something the industry needs to get a handle on is the number of CAPA parts that are ordered and returned." Joe further expressed, the "CAPA seal really needs to mean something".

## Don Vestal (Eagle Automotive, Inc.)

Don pointed out that the distributors have a recall program for when a part is decertified but it is not properly used. A part could be decertified but all the warehouse employee sees is the CAPA seal and the employee makes no correlation between the seal and the part being decertified. Result part is delivered as a quality replacement part to the repairer.

## Miscellaneous

An interesting point was made during the meeting regarding OEM parts. An availability (actually lack of availability) comparison was made regarding CAPA parts and OEM parts. While CAPA parts are difficult to obtain...OEM parts that receive no competition are also difficult to obtain.

Two additional comments made by Jack Gillis:

- "All aftermarket parts are not created equal."
- "Insurance adjusters are not well educated as to CAPA."

Don Vestal of Eagle Automotive, Inc. added, "In order for a distributor to maintain a CAPA only position, they must pay the manufacturer more for the parts in order to maintain a supply of quality parts." Jack Gillis said to Don, "That should not happen." Don then explained the "facts of life to Jack".

JRK:cl