Auto Physical Damage

Episode 2: Silver Linings: Successfully Navigating an Uncertain Future

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Paul Prochilo, CEO of Canada's Simplicity Car Care multi-shop operation and chairman of the Canadian Collision Industry Forum (CCIF), joins Ryan to discuss how COVID-19 has changed his business and the industry. Hear how the pandemic, despite its challenges, has produced silver linings and find out what they mean for the future of proper, safe vehicle repair.

Ryan Mandell: Welcome back everybody to the Mitchell Collision Podcast. I'm your host, Ryan Mandell, and I'm extremely excited for our guest this episode. We're going to be welcoming in Paul Prochilo. He's the CEO of Simplicity Car Care, based in the Toronto area, and he's also the chairman of the Canadian Collision Industry Forum, CCIF. Welcome, Paul. How are you doing, buddy?

Paul Prochilo: Hey, Ryan, I'm very well. Thank you so much. What a pleasure to be here with you so thanks for having me on. I'm really looking forward to our conversation today.

Ryan Mandell: Yeah, I really appreciate it. And, you know, I've gotten to know Paul over the past few years through CCIF and we've been working together on the steering committee for CCIF this past year where, as I said, he's chairman. I kind of want to start our conversation there. You know, just looking at this past year has been something that none of us could have seen coming. And organizations have had to really adapt and have

had to be nimble and change throughout this time. So kind of thinking, you know, putting your CCIF hat on, take us through some of the things that CCIF has been doing to really help meet the needs of the collision repair industry over the past year.

Paul Prochilo: Yeah, that's an amazing question, Ryan, thanks for asking. And I mean, from January, you know, so pre-COVID, really, we were already from a CCIF perspective, recognizing that there's been tremendous information exchange at every one of our meetings with tremendous speakers. But one area that we felt there was a little bit of a void or a delta that we had to fill was providing collision repair operators with practical and really tactical information to take back with an execution plan behind it—to have impacts in their businesses. So I'll answer by saying that, you know, through COVID, we're just going to continue to live and act towards delivering on our mission, which is to provide a national venue for all collision industry stakeholders to network, share information and collaborate—so that we can come together to provide, you know, solutions to our industry's challenges. And, specifically, in the areas of profitability, human resources and vehicle technology adaptation. That's how we will handle it from a COVID perspective.

Ryan Mandell: Do you think that with—I mean, with the needs of all of the organization having to go virtual with all of this information—do you think that there's actually an opportunity to be able to touch more businesses in the future with kind of this renewed ability to provide a lot of this kind of information and these resources in a virtual manner so that it's more accessible to people now?

Paul Prochilo: You know, you would think so, but I think the virtual connectivity is providing opportunities for us to continue to be engaged in between live, in-person meetings. I think it adds an additional touch point for the CCIF community to come together either through different speakers or follow-up discussions from a live event. But I think, an abundance of the value in CCIF is not only the information provided but that actual connectivity live and bringing stakeholders together. So I see this as potentially being an accessory component.

Ryan Mandell: Yeah, that makes a lot of sense. And I don't know, I certainly miss seeing people face to face. And, we're just on the heels of the Toronto virtual event and there's some great interactions going on with the networking lounge and the chat back and forth. But, certainly, it feels like being a year into this, I think a lot of people missed that, missed that face-to-face interaction. So I know we were talking in our steering committee about the May event likely being virtual still. Any ideas on what you think we'll be looking at for September for the Vancouver conference? Any chance we might be doing that in-person?

Paul Prochilo: Well, I can tell you, if I had that crystal ball right Ryan, I'd probably be in a completely different industry. But, you know, I'd probably be a hedge fund trader or something. But, you know, we're just going to follow protocol both at the federal and provincial level. And we're going to make the best possible decisions that, you know, take into consideration the safety of all stakeholders. I would love to be in person, but I'm not an individual who likes to gamble. If I were, I'm not sure I'd put the money there yet. I think it really depends on how this next couple of months goes on the vaccine rollout.

Ryan Mandell: Yeah, I think you're probably right. So, shifting gears a little bit to kind of looking at your business. You know, Simplicity Car Care has been growing a ton recently and the business has garnered quite a bit of success. So I'm just curious about what you guys have done over the past year and really just what kind of changes you've seen in your business overall just at a high level.

Paul Prochilo: So, it's without doubt that there has been definite changes. But, I've got to tell you, one thing that we looked at in reviewing is from our organization, and from a culture perspective, we almost felt like we were built to be able to maneuver through a pandemic like this. Being a startup, you're very nimble. We have an intentional perspective of, you know, reducing bureaucracy and empowering teams and being nimble and agile. So, from a complete change, there wasn't much. What really happened was we just continued to double down on our agility and our ability to be agile as a core component. And what we had to do was really get creative and

determine, you know, we can't go out and meet prospective franchisees the way we once upon a time did. So how are we going to do it now? And our team did just a phenomenal job in putting out different tactics to engage with the customers and the prospects by adding value, complimentary business evaluations, looking for opportunities to help enhance their processes and potentially their enterprise value. So we just led with an attitude of servitude in the marketplace, and it led very well for us.

Ryan Mandell: Does anything really surprise you in terms of the way that your teams adjusted or, you know, just the way that different business partners responded during this? Does anything stand out as either positive or negative as just being, you know, something you really didn't expect?

Paul Prochilo: A couple of the positives, you know, in really just thinking because while April to current dates and I remember those first three or four months. Wow, everything felt like we were in hyperdrive. I felt like we were in warp speed at any point. That's the only speed we could move at. And it could be overwhelming at some points. But I'd say that, you know, between our staff, our strategic franchise partners and even our customers, the end user and our B2B partners are just exceptional individuals—like seeing people really come together. The highest levels of empathy, I think, that we've ever seen anywhere. Everybody just being very flexible to accommodate one another. I think that was a real definite positive. I think also I spoke already about identifying the ability to be nimble and agile. And I think one thing we took away from this is our corporate culture. We're almost in our fourth year or so. Pretty soon we're not going to meet the definition of a startup anymore. But we can't lose that characteristic. So we're working to embed that even as we continue to grow. And then again, just as I said, leading with an attitude of servitude. I think that's always going to put you in a tremendous space no matter what is happening on the outside. Right? And if there were any negatives, I mean, you got to have a long leash on this one because I don't think any of us ever expected this. But, I recognize that we're really good, but we can always be better. So there's always things or areas for our company to work on.

Ryan Mandell: Yeah. And you know, one of the things that I've heard from others in the industry is with obviously the reduction in volume of repair orders coming through. But a lot of shops have said that even though that was really difficult financially and still continues to be in many cases, that there was almost a silver lining—where they were able to kind of ramp up the training for some of their technicians and do a lot of projects that normally would kind of be put on the back burner. Do you see any of your shops that have had the opportunity to kind of ramp up their training, to increase the level of training, for their teams—or kind of do some of these things that maybe as you're in the daily business of, you know, just trying to get the work done? Have you seen if there has been an opportunity to kind of take advantage of some of that?

Paul Prochilo: One hundred percent. And as a matter of fact, I mean, that was an initiative that we deployed at Simplicity. And one of the benefits, and what we did, was we really had the ability to now focus on getting all of our locations on a path and a journey to upskill for the I-CAR Gold Class status. So, you know, when there was a suppression of sales, obviously you had more capacity in your stores and maybe your technicians weren't all busy. We would use that as opportunities to conduct virtual training and online courses. With the wage subsidy, I mean, that really helped operators be able to say, hey listen. It took away that whole worry of the ROI because we're getting a lot of it subsidized. So let's focus on upskilling versus sending people home. There's no need to do it, right? So we thought that was a great opportunity for us to really work on upskilling. So absolutely. We took advantage of that.

Ryan Mandell: Yeah, and I think it's such an interesting time and just the development of the automotive industry as a whole that I think that training is going to become even more important. We've obviously seen this growth of complexity in the automotive space. But I think that it's really going to start to increase exponentially in the coming years. And, you know, especially as I've written and talked about this a lot. But especially as we see more and more electrification. I think that's going to really add a another level. And so I think having that training is going to be pretty critical to being able to, as you said, have the agility to meet the needs of the

changing industry.

Paul Prochilo: One hundred percent. And I think to that point, you know, with electrification as vehicles continue to reach higher levels of autonomy or autonomous capabilities, I think the question and the challenge for all organizations in the collision repair segment is, okay, so we took advantage of some opportunities for training, but we can't depend on these one off, you know, situations. How do we now build training and development and upskilling as a part of the culture, as a part of the operational processes that are reoccurring in our organizations? I think that's the next step. And that's a big question that whether you're a jobber or distributor or collision repairer or even insurers. Those are areas that we're all going to have to continue to focus on if we haven't been already.

Ryan Mandell: Yeah, I think it's building that, you know, how do you create that as a key pillar of the organization to make sure that it is ongoing and not, like you said, not just a one-off event? Because we all know that the training needs are going to continue to evolve over time.

Paul Prochilo: Yeah. You want to be a learning organization and you want learning and development to be a core competency of either your business unit or your organization as a whole. Undoubtably, that's something that's post-COVID and pre-COVID. I mean that's a characteristic you want your organization to embody because there's just so many qualitative and quantitative measures that speak to higher profitability, better client experience, and a higher enterprise value on organizations that are investing in their people and consistently upskilling them as a part of operational processes.

Ryan Mandell: Yeah. And do you think that's maybe one way that shops and, really, I mean any stakeholder in the industry that they can kind of insulate themselves a bit from any kind of future uncertainty by having that and that learning and development be such a critical part of, you know, their core organization?

Paul Prochilo: Yeah. No doubt. But I also think that when you're talking about kind of like whether it's an organization or a business unit looking to insulate itself from uncertainty, I think leaders in different organizations, they've got to take some time to reflect on their business or their business unit and say, where are we vulnerable? Where are their dependencies on the external that can impact our business? And, you know, we've seen it in the supply chain of OE parts. You know, with COVID, there were some factory shutdowns. Most recently, there was an auto manufacturer that just put out a notice that there was going to be some parts delays. And it happens with all different manufacturers. So, things like repair versus replace. So how can I elevate our technicians' capabilities either through technology and/or training and development or both? I mean, that's the real impact you're going to have is how do you enhance the technology and the training to remove dependency from the external supply chain? Sure, you're going to need it, but you want to try and minimize your dependency. That's the key term. And I think that's just one example of how we can look at our business models and say, listen. And I think COVID created that level of capability in organizations, including like, you know, there are smaller independent operators. Right? Because now they've been shaken. The tree has been shaken. And we've had to consider and we now have that capacity to say, oh, things can get really crazy. So we need to be very creative when we look at where our blind spots are and try to recognize them in our businesses.

Ryan Mandell: Yeah. And I think partially looking at, you know, not only how does this set us up for dealing with future uncertainty, but can this also be just more efficient and more profitable in our daily business when there is no disruption taking place, when there are no interruptions on the external resources. But can this actually be a way that we can make the business better and can be more profitable, be more successful?

Paul Prochilo: Absolutely. Absolutely. Change usually comes from either one level of inspiration or desperation. Right? And, you know, when you're in that phase of desperation, I mean, that's your fight or flight kicking in. And what really, I think, is important is for all of us to take away from COVID, how are we going to double down on that capacity for change now? Because we've all had to go through some really rampant

overhaul of processes. I think what we've got to do is kind of celebrate those as a part of the silver lining and really double down on it in our business models.

Ryan Mandell: I agree with you 100 percent. This is obviously such a unique time, but do you think that there's some great opportunities for folks in the industry that may have this opportunity for success now, more so than what they would have had pre-COVID, because of all the things that we've talked about, because of the unique circumstances we're in.

Paul Prochilo: I think that with COVID and, I mean, definitely there are, you know, inspirations you can pull from the journey that was coming out of COVID. Right? But I think a couple of the key opportunities are going to be for MSOs or organizations that want to grow. You're going to find, I wouldn't call it a mass exodus, but I can tell you that there's a lot more activity out there between operators who want to prospectively exit the business. Right? So that's going to elevate the prospect pool of acquisition targets. And then again, I always think about from a succession planning, you know, understanding where were some of your shortfalls? If you're an organization and especially if you're an independent operator today or even a smaller MSO, where were some of your shortfalls and how can you address those for long-term stability in your business? And how can you become more attractive either to be acquired or how can you have more stability in your business model so that you can consolidate further? Right? So I think if that's the lens in which we look at because there were a ton of opportunities to come out of COVID with. And I think it's just really in the eyes of the beholder.

Ryan Mandell: Yeah, I kind of think it's a time when people inside of organizations, when business leaders need to be really self-critical and kind of take a look in the quote, unquote mirror to see what did we do really well? What happened that worked really well? And where did we stumble? What failings did we have? And be honest to yourself about that and start to say how do we do better moving forward? And, like you said, increase the enterprise value of your business or, again, just provide that additional layer of stability.

Paul Prochilo: One hundred percent. I mean, that's something that we look at even from just a strategic review when we're looking at the year that is. And you don't even need a pandemic for that. It's just really, that's a part of that informing the learning organization. And, you know, a learning organization is one that takes information, is able to compute it and then change behaviors to address the scenario with this new information. So I think that's something that every business wants to do, despite even if there was a pandemic or not. But you're definitely going to find yourself on the better side of that equation if you are asking those questions and having that self-reflection. Right? And just being vulnerable. Vulnerable, like, for example, from a leadership perspective, was I the best CEO I could be? Where do I need to improve? I mean, you know, when we launched our business continuity plan, did I have the best level of leadership and did myself and my leadership team best prepare the organization? Did we or did we not? And let's reflect back and build up on it, that's all.

Ryan Mandell: Yeah. And I think that's, that's a tough, tough conversation to have with yourself sometimes.

Paul Prochilo: You know what I always say: listen to the mirror because it will always give you its reflections.

Ryan Mandell: No, I agree. But I think it's, you know, challenging yourself to answer those questions honestly, too. And, you know, it's tough to ask those questions. But I think it's even tougher for people to answer them honestly and really have that level of self-criticism and constructiveness to be able to make themselves and their organizations better moving forward.

Paul Prochilo: Absolutely.

Ryan Mandell: So, you know, just kind of to wrap things up. If you were to give maybe just one piece of advice to folks in the collision repair industry that may be kind of struggling during this time and are really just hoping to see some sort of light at the end of this tunnel, what would you say to those folks? What would be one just

kind of pearl of wisdom that you could shed and give to those people in that situation?

Paul Prochilo: Yeah. I mean, you know what? I know typically people would expect some kind of a maybe quantifiable, review your process and really empower your people. But you know what, given everything that has been and was, I'll say this because I see it. I echo this to my entire organization all the time. It's, you know, I know there's a cloud hanging over many of us right now, and especially if you're an independent operator and you've seen some real suppression of sales to your top line. Just remember to always recall and be grateful. Have gratitude. Right? And I mean, the reason being we need to be grateful that, you know, we have a business in which we need to be concerned about. We need to be grateful that we have health in which we're concerned about. That we have customers and families that we need to look after. And the reason being is when you always look at the bounty which you have in your life, you start to operate at a higher level, at a higher level of consciousness as well. And that's why I always say, you know, people think it's a real hug-it-out story to always be grateful. But I think it really elevates your thought process and really elevates your level that you are physically vibrating on. And, I think, when you have that abundant mindset of gratitude, you're able to tackle much bigger concerns or constraints with a greater capability. So I'd say just always remember be grateful and remember that the clouds always pass.

Ryan Mandell: Yeah. Well, Paul, I could not agree more. And I think, you know, just adding that level of gratitude into our day is just so critical, not only from our career and business prospects, but just for our own personal lives, too.

Paul Prochilo: Absolutely, absolutely. For our own personal well-being as well.

Ryan Mandell: Absolutely. So I really appreciate that message. And I think that's a great, great way to send everybody off today. And Paul, I just can't thank you enough for taking some time out of your busy schedule, spending it with us and really just providing some insights into what your company has been through and really providing some advice for everyone out there. So thank you so much, Paul. It has been a real pleasure talking to you.

Paul Prochilo: Hey, Ryan, I just want to thank you again also for the opportunity and thank you and Mitchell for the amazing work you're doing, even with this podcast and all other levels of support to the collision repair industry. So thank you guys very much.

Ryan Mandell: Alright, it has been a real pleasure, Paul. Thank you so much, everybody. Hope you enjoyed this episode and we'll be talking to you again very soon.

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