Auto Physical Damage

Episode 8: Building Customer Loyalty Through OEM-Certified Repairs

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Art Crawford, vice president of collision centres at AutoCanada, discusses the role that OEM certification plays in proper repair, customer loyalty and shop profitability. He and Ryan also examine how facilities like AutoCanada are collaborating with the OEMs to support and service the next generation of automobiles, including electric vehicles.

Ryan Mandell: Welcome back to the Mitchell Collision Podcast. I'm your host, Ryan Mandell. With me today is Art Crawford. He's the vice president of collision centres for AutoCanada. And, I got to say, Art was generous enough to invite me to speak at their annual conference back in June in Montreal. And, I got to say, I was blown away by the overall attitude of all of the attendees, all of the folks from AutoCanada. I really have never seen a group of folks in the collision industry so excited about what they're doing, so exciting time to be in this business. Art, how are you doing today?

Art Crawford: Yeah, I'm doing very good. Thanks for having me, Ryan.

Ryan Mandell: Oh, it's absolutely a pleasure. I appreciate you taking the time with us. You know what do you think it is about AutoCanada that is driving this kind of attitude that makes people so excited about what they're doing in their collision centres?

Art Crawford: That's a good question. I think honestly, it comes down to people. I know we have a lot of great leaders on our team. Everybody, you know, from our chair of the board down through our presidents or our VPs really allow our team members to have the autonomy to run their business. And we're there to support the managers and provide them guidance. But, at the end of the day, it's all about what they do in their environments, how they execute on their plans. And they have the autonomy to make decisions in their business, which I really think gives them ownership. The opportunity to be proud of what they do and that really creates that engagement and motivation and they see the opportunities that they have in their business and their career to take it to the next level.

Ryan Mandell: That's pretty interesting. That's kind of almost like it's a corporate-owned store if I'm correct.

Art Crawford: Correct.

Ryan Mandell: But it's almost like you're giving them the opportunity to kind of be that entrepreneur and make it their own in a way. Would you say that's accurate?

Art Crawford: Yeah, absolutely. You know, my background, I started my career with Enterprise Rent-A-Car and I spent 10 years with them. And, you know, I termed them the green machine. Right? I think it's an amazing company to start a career at. The people are amazing. And the one thing that I learned from Enterprise and that I'll never forget, you know, was the mission statement. The mission statement was you take care of your people first, then your customers and profits will follow. And the Enterprise model was always giving individuals their own business and that entrepreneurial spirit and the autonomy to run their own business. And so working with them for 10 years, I've really just continued that throughout my career. And that's one thing that attracted me to AutoCanada too was the ability to drive our own business and drive the collision segment of our business. Yeah. And so that just cascades throughout the company and I think really provides that engagement and excitement in the manager group.

Ryan Mandell: Well definitely. It definitely shows in speaking to some of those managers. Now thinking about AutoCanada's business, I know one of the things that struck me about getting to learn more about your business and being around some of the folks is the big focus on OEM certification and the focus on quality. What do you think the value is in OEM certification for the collision centre as a whole?

Art Crawford: Well, I think, maybe for speaking on the value for the collision centre. I think the one thing that is important to mention is what's the belief of the company overall? And, you know, we are backed by the OEM, right? We are the franchise dealer group; the only publicly franchised dealer group in Canada. And, you know, what differentiates us, I believe, from the competition is that AutoCanada believes in servicing the customer from cradle to grave. And in order to service the customer from cradle to grave, we need to operate in multiple business segments, right? So that's new and used, that's parts and service, that's collision repair, F&I and special finance. In order to create customer loyalty and to retain a customer over an extended period of time, we need to provide that customer with excellent service throughout the lifecycle of the vehicle. And so when it comes to collision repair, the entire company believes that a certified repair is the right way because it will allow us to provide quality and allow us to gain customer loyalty. And so when you look at that from the collision centre perspective, that cascades down. And that message is always delivered that we need to provide safe and quality repair. Hence we need to invest in certifications because we need access to the proper repair procedures. We need to understand what's the new equipment required to fix those cars properly. And the long term is that will provide great service, great quality of repair, which will equal customer loyalty and long-term profitability.

Ryan Mandell: And so for the OEM, it makes perfect sense here. This is all about brand retention, right?

Art Crawford: Exactly.

Ryan Mandell: I think we've talked about that study, you know, for some time ago where 60 percent of customers who have to come back to a collision centre for any sort of rework, they end up switching brands of vehicles within a year. And I think that's something that got a lot of OEMs thinking when that study came out. Is that the kind of focus that you see from your brand dealership groups?

Art Crawford: Yeah, absolutely. And, you're always having to deliver that message, right? Because it's very difficult for a dealership to focus on so many different things in their business. They're literally having to operate—if you include collusion, right—it's five or six business segments. So the one thing that we've done differently is separated the collision business and focused on the collision business as a standalone operation with its own P&L statement. And what it allows our general managers to do is focus on the things that they're good at. Right? Which is selling cars, new and used, parts and service—they usually have a great understanding of it. But the collision segments are very different. What they do understand and what they absolutely support is if we are providing a certified OEM repair, we're going to be following OEM repair procedures, we're going to be using OEM parts and we're going to provide excellent service and quality to the customer, which is going to allow them to retain them long term for car sales.

Ryan Mandell: I'm thinking about putting my insurance carrier hat on and that strikes me as sounding really expensive. So I know there were a bunch of insurance partners that were present at your conference and, you know, it seems like there's a great relationship there. So what does that conversation look like in terms of providing that value for the insurer of that vehicle that's going to want a collision centre where maybe they're not going to have the opportunity to use aftermarket or recycled parts. Or again, it sounds like there's a lot of expense involved in that. How do you have that conversation? What does that look like?

Art Crawford: Yeah. I think, you know, the one thing that I believe everybody has in common—whether it's the repairer, the collision centre, the OEM, the insurance partner—we're all trying to retain the customer. And so from my perspective, it's short-sighted to just immediately look at cost and say: well, it's going to be more expensive that way. You know, everybody associates OE parts with more expensive repair, which I don't think is always correct. You know, there's different cost support mechanisms for the OE, there's a lot of different tools out there that allow us to keep severity in control. And so going back to the most important thing and the common thread through all of us is we want to retain the customer. We want to provide safe, proper repairs to customers that meet OEM standards. And, we see it day in and day out where cars go to facilities that maybe don't have a full understanding of how to repair that specific model properly. And they end up having to be re-routed to a certified facility at some point. And that's just creating extended cycle times. It's creating a very poor experience for the customer. It's potentially damaging the car further, creating safety issues down the road. So, I talked to a lot of insurance partners. And, when you have those one-on-one discussions with them, you could see that common thread in all our conversations is that, hey, we're all trying to do the same thing. It's just how do we work openly together and honestly together to get to the same goal, which is retaining the customer and providing them with great service and quality repair.

Ryan Mandell: Sure. And I would imagine that as you're looking at making sure that all those safeguards are in place to make sure that the final repair is done properly—done to the correct standards—that's got to be a reduction in liability for future liability, right? When that vehicle is going on down the road and if there's a guarantee that those repairs were done properly, that's going to provide some value too—knowing that they're not going to have a problem with any of the results from those later on.

Art Crawford: Yeah. One hundred percent. And I always kind of go to one of my favorite quotes, right? It's, you know, Henry Ford doing it right when nobody is looking. And I think we sometimes maybe don't look at collision repair, probably because we're in it every day, in the same way that maybe, you know, aerospace manufacturing looks at it or the medical industry and the stringent requirements that some of those industries have in place. And I find it absolutely amazing that we really don't have those in collision repair today. And, you

know, it takes a five-star safety rating for a car to be manufactured and be put on the road. But it can go through, a $30,000, $40,000 hit. And, you know, who's checking to see if it's fixed right. And so you hit it on the head. There's a huge liability risk. And God forbid that somebody is hurt and something drastic happens and a loss of life with an improper repair. And I think we just all need to think about that and the seriousness of what we do day in and day out, and that we have to do it right even when no one is looking. And we got to do the repair properly, because that customer needs to be put back on the road safely and that car needs to be able to save them the next time they're in an accident. So yeah.

Ryan Mandell: When you're thinking about that customer, how much of the vehicle technology has changed? I mean, we can probably spend all day talking about what you and I have seen in terms of the shift in vehicle technology. And we'll get to that here in just a minute. But how are customers kind of reacting to all this? I remember when I was running a collision repair facility, there wasn't a lot of this technology that we had to talk to customers about. We didn't need to go over so much of what their vehicles are capable of. But that's all changed. Are you seeing that really present an educational opportunity for the folks in your collision centres?

Art Crawford: Yeah. What surprises me every day and I don't know if surprise is the right word. I mean, maybe what makes me so proud every day is to see the knowledge that our team members have—whether it's a manager, whether it's, you know, a CSR, especially the repair planners—and seeing them walk the customer through the vehicle, walk them through the accident, giving them the understanding of if you repair the vehicle this way, why it might not be right. Why you got to repair it this way. So that's one thing. I just have to kind of step back and say how proud I am of the team day in and day out. But secondly is, a lot of it's motivated through convenience and, you know, different options that customers want. Right? You got your phone connected to your car all the time. You have your car set up, your seating arrangement, all your different views of your vehicle, right? Your heads-up display, your rearview mirror, your backup camera. It's all set up the way you want it, right? The way you're comfortable. And we all want more convenience, we all want more efficiency. And it's our job to deliver that. Right?. You know, you see it on the OEM side. You know, all the brands are stepping up in regards to technology and what they offer in a vehicle. And it's all about what the customer is demanding. And we owe it to the customer to satisfy those demands in order to keep them and retain them and attract more. And it's no different on the collision side. We have to walk that customer through, we have to re-setup their personal devices to the car after repair and explain to them everything that we're doing. Yeah. So I think the teams do an amazing job and it's definitely a part of repair today.

Ryan Mandell: So it's all about attention to detail then, right?

Art Crawford: Yeah. One hundred percent.

Ryan Mandell: And that's an interesting approach because, to be honest, I don't hear a lot of folks talking about that and really focusing on making sure that that vehicle—obviously the repairs are done right but that everything's brought back to the way that the customer is used to it. Or for the vehicle owner, when they get back in it's a seamless experience. And so, I mean, that's got to be core to your strategy in terms of how you adapt to this technology. We hear lots of shops talking about investments they're making in equipment and tools and training, of course, for technicians, which I'm sure AutoCanada is doing as well. But it really seems like there's a strategy in place about how do we actually manage these systems when the vehicle is here and before that vehicle goes back to the vehicle owner?

Art Crawford: Yeah, absolutely. And the ones that do it right, you see in their businesses that consistent customer base, always busy, always have customers coming to the door and they want their repairs completed there. And to me, it's just because they're so professional in what they do. They know the vehicles so well. And, you know, really our industry is moving further and further into a specialized industry, right, where we're all subject matter experts. And, you know, again, that comes back to certification. If you're certified in that brand,

you have the proper tooling, you've gone through OEM training, you've worked on those cars consistently where you know them intimately and you know their customers. There's certain customer behaviors for certain brands people drive. And, you know, when you're a certified collision centre in a certain brand, you know that customer and you know what they're looking for. So you're in in a better position to satisfy them.

Ryan Mandell: Definitely. Switching gears a little bit, but kind of along the same vein, we looked at one of the things that we see when we look at our data at Mitchell: the continued growth of electrification and the presence of electric vehicles throughout the market. We actually see greater EV penetration in Canada than we do in the US when we look at the overall percentage of the repairable claims. So I think it's unique for us to be able to have exposure to both markets and see how those trends are moving. You know, when you're looking at an electric vehicle, how does that process differ when you're bringing one of those vehicles into the shop versus the traditional internal combustion engine vehicle—both in terms of the actual repair process and how you work with that customer.

Art Crawford: So, I think the first thing is safety, right? So when you're bringing one of those vehicles into the facility, you need to understand immediately what's wrong with the vehicle. You need to hear from the customer on what happened. You need to hear from the insurance partner on what the current situation is of that car. And, you know, even the tow truck partner as well can provide some good guidance. So, first and foremost, is the car in a safe position to touch and to repair? Right? So I think that's one immediate approach. That's a little bit different from, you know, your typical ICE. I guess maybe more simply put is in order to repair the EV, you absolutely have to be passionate about research and you have to read a lot and you have to have access to scanning. You know, these vehicles are like repairing a mobile computer. And if you don't have access to the proper repair procedures of that brand and if you don't have access to the scanning technology for that brand, the reality is that you are taking on a risk that you may not be repairing it properly. And so I think those are the different approaches that would be immediate when you see an EV vehicle.

Ryan Mandell: Sure. And are you putting into place—I mean, just part of your strategy moving forward as you see more electric vehicles coming into your collision centres—are you strategizing how do we evolve to meet that need? Or do you see that you'll be able to do that within the context of the framework of the existing strategy that you already have in place?

Art Crawford: No. So the one thing that we do consistently is each year, call it around October, is we start our strategic planning sessions. And what that helps us to do is, we bring all of our managers in, all of our entire collision centre support team, and we have a third-party facilitator go through two full days of strategic planning. And it really provides engagement from the entire team. We're mapping our next year. We're starting the vision of what does the next three to five years look like and then kind of saying, okay, what are we going to do next year to move us in the right direction? And that's where we tackle, you know, a lot of the industry challenges that come up or changes in the industry that we need to talk about and brainstorm around. And, one of the beauties and I think the magic that we have at AutoCanada is that we've really, you know, our existing collision centres and then also some of the new collision centres that we've brought on to the platform, the amount of knowledge that each of these operators has and the amount of knowledge that is within the team of those operations really brings so many creative ideas and ideas that are going to help us evolve to move forward and compete. And so going through those two days of strategic planning, we address things like: what do we need to do in order to make CapEx investments to be able to manage the amount of EVs that are going to be on the road, not only today but tomorrow. And I think one thing that is interesting about that and what a lot of people don't think about sometimes is, there's one thing about fixing those cars in the facility, but it's also like, how do you service the customer better, too, right? Like, do you have EV charging stations out front and have you planned for that investment and have you planned for that CapEx? And without those strategic planning sessions to do it all, I think we would definitely be at a disadvantage if we didn't do it. So I find it super helpful for us to stay at the forefront and have those pioneers of the industry, all of our managers, guiding us in the right direction.

Ryan Mandell: And that level of creativity has to be super beneficial when you're looking at growth, I would imagine, when you're looking at new markets to enter. Because I know AutoCanada is very aggressive in growth and in the coming years for sure. So, I mean, I would imagine that having that strong management team, having that creativity, a willingness to go outside of the status quo has got to be beneficial when you're looking at exploring new markets and growing the business.

Art Crawford: Yeah, absolutely. I think two things that come to my mind when focusing on growth is one is where are the OEs going? And so consistently meeting with the OEs, you know, even in some OEs right now we're meeting with on a weekly basis—like it's very active. And, you know, when you look at just on the EV side of it, well, all the OEs are going in the direction, right? All collision repair in a very short period of time is going to be required to have EV capability. And so we're working with those OEMs consistently to understand where they want to be next, where do they need a collision centre facility, where do they lack certification? And so that we can work with them and also complement our dealership platform on expanding our collision business to be able to service our customers overall. The other thing is that we're also looking at the collision centres that are out there today and we absolutely want to acquire and want to partner with the top operators in our industry. There's one thing it's about, you know, being a top operator and knowing how to run your business and knowing how to effectively fix cars and do it profitably. But the other piece is also, have they invested in OEM certification? Because if they've invested in OEM certification, it shows that they're like minded. It shows that they've, you know, invested in the right tooling and the training for their team. It shows that they're passionate about fixing cars properly. And that's really who we want to work with and how we want to build out the collision platform even further across Canada. And then we'll see where it goes from there.

Ryan Mandell: Yeah, it's an exciting time it sounds like for sure.

Art Crawford: Yeah, it's very busy.

Ryan Mandell: I bet. I bet. Well, Art, I can't thank you enough for spending some time with us today, sharing your insights with our listeners. Thank you so much. And congratulations on all the success that you're having in AutoCanada.

Art Crawford: Perfect. Thanks, Ryan. I really appreciate the time.

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