



Negotiation preparation to ensure fair pay for services

Shops must cater to two customers — the insurer and the consumer

I have been developing a negotiation skills workshop for my clients, and it occurred to me that there are significant differences between the quality measurements used by the insurance companies and those used by repairers. These differences are driven by many things, with the key difference being price. What is sacrificed to accommodate pricing? How many times have you heard, “We don’t pay for that.”

Insurers often focus heavily on time and money, leaving the issue of quality to be determined by the repairer, who alone determines whether the vehicle is repaired properly. What can be challenging is that same repair professional often cannot make an independent determination about what is right for the car, and have it paid for, without input from the insurer. After all, the customer drives away in a repaired vehicle for which the repairer assumes all the liability for the repairs.

Insurers set up service menus with their direct repair (DRP) shops. So what happens within this discounted repair experience when repairing a collision-damaged car? Repairers may be pushing vehicles through their production processes, and cutting corners along the way, to meet insurance company mandated Key performance Indicators (KPIs). At the end of the day, the insurance company is a customer and one who may be paying the bill. But repairers also have a customer in the consumer, and an ultimate responsibility to this consumer, to the car and to the public in general to ensure proper repairs are completed, regardless of KPIs.

The industry mandates that a customer have the right to choose their repairer and the way in which their vehicle is fixed. But, depending on the insurer and how much you push, everything can be “negotiable” to the insurer. It is vital to support your repair work with documentation so there is no question about its necessity for a quality repair.

I speak to repairers all over the country, and it isn’t a secret that they now perform 80 percent of the administrative functions for the insurer. In addition to taking on the administrative



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functions, DRP agreements also often set standard pricing and process requirements. The deck is often stacked against the repair shop. So how do you stay motivated? Preparation. Repairers control their own destiny within this process through proper identification and use of information.

The repairer must be prepared when negotiating with an insurance company. Gather information from as many sources as you can to justify, prove, validate and get paid for what you are doing. If an agreement cannot be reached, bring the customer into the discussion. Make copies and share the supporting documentation with the customer. Explain to them that if they (the customer) want their vehicle fixed correctly, that these are the steps required to make it happen.

Never forget that they are your customer, and you have an obligation to fix the car to the industry standards of repair. This sets a precedent that the repairer is prepared to justify the work necessary to return a vehicle to pre-loss condition in every way.

Now let’s look at parts. There are “standards of fit,” and each person’s interpretation of what that means could be miles apart. Once again, quality, but most of all performance, should be considered as the “need” in the repair, not just cost.

Finally, estimating. Estimates are guesses, and some are better than others. Repair plans are the complete blueprint for repairing the vehicle. These require a complete and thorough disassembly process and damage analysis, which takes time. Repairers who don’t complete a thorough and comprehensive damage analysis and blueprinting procedure are lowering the bar, impacting expectations across the entire industry.

Knowledge and preparation will get you through. Help insurers understand what estimating, part and procedural processes are vital to the repair process to ensure a quality product is returned to the consumer. ■

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