



# Parts Committee

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Akzo-Nobel

Vice Chair: Kevin Mehok

CARCARE Collision Centers



# Third Party Procurement of Parts: An Update

Presentation by the  
2006 Parts Committee  
Portland, Oregon  
April 6<sup>th</sup>



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Akzo Nobel Coatings

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SCRS Missouri/Kansas

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CARSTAR Mundelein

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**Jim Watson**

ABC Auto Parts & Sales

**Sharon Galan**

Untied Recyclers Group

**John Riekeberg**

American Honda Motor Co.



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LKQ Corporation

**Steve Nantau**

Ford Customer Service

**Karl Krug**

Toyota Customer Service

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ADP

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GEICO



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GW & Son Auto Body

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AIG

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State Farm

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AIG

**Janice Schroder**

Car-Part.com



# Upcoming Topics

April

Update: Third Party Procurement of Parts

August

Third Party Procurement of Parts

November

Parts Suppliers' CSI - Database





# Third Party Procurement of Parts

What is it?



# Third Party Procurement of Parts

It seems to be the direct buying of parts by an insurance company or the specification by an insurance company of what type of part to purchase and from which supplier it should be bought.



MPER BRACKET	-F	Existing		
MPER BRACKET	-F	Existing		
		88968934	GM PART	475.89
IPS				
ASSEMBLY		** QUAL REPL PART		130.00
ASSEMBLY		** QUAL REPL PART		130.00
SUPPORT		** QUAL REPL PART		16.00
COMBINATION LAMP ASSEMBLY		** QUAL REPL PART		19.00
MP ASSEMBLY		** QUAL REPL PART		69.00
PS				
MP ASSEMBLY		** QUAL REPL PART		69.00
NEL		12477524	GM PART	299.37
OUTSIDE				
INSIDE				
TCH		15756432	GM PART	45.98
RADIATOR SUPPORT		15223702	GM PART	417.55
SHIELD		15049190	GM PART	36.69
R PANEL		12476220	GM PART	233.80
R OUTSIDE				
R EDGE & INSIDE				
R PANEL		Existing		



d - Discontinued by the Manufacturer  
 \*\* QUAL REPL PART - Quality Replacement Parts  
 C - Included in Clear Coat Calc

1001 HEADLIGHTS  
 7050 15TH STREET EAST  
 SUITE 3  
 SARASOTA  
 FL 34243

KEYSTONE AUTOMOTIVE  
 231 SILVER ST.  
 NEW ALBANY  
 IN 47150  
 (800) 662-2955 (812) 948-2329

ACTION CRASH FPPD  
 LOUISVILLE  
 4625 ILLINOIS AVE.  
 LOUISVILLE  
 KY 40291  
 (800) 821-0525

(866) 567-3500 (941) 756-4600

16	** GM2503187	130.00	20	** GM2593113	69.00
17	** GM2503187	130.00	22	** GM2592113	69.00
19	** GM2521173	49.00	35	** GM1269101	160.00

11	** 1059 223
18	** 1059 212

Labor Subtotals	Units	Rate	Add'l Labor Amount	Sublet Amount	Totals
Body	17.0	42.00	0.00	20.00	734.00
Refinish	14.5	42.00	0.00	0.00	609.00
Frame	7.5	55.00	0.00	0.00	412.50
Non-Taxable Labor					1,755.50

II. Part Replacement Summary

Taxable Parts  
 Sales Tax

Non-Taxable Parts

Total Replacement Parts Amount



\* - Judgement Item

# - Labor Note Applies

d - Discontinued by the Manufacturer

\*\* QUAL REPL PART - Quality Replacement Parts

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24	Overlap Minor Panel	1	48.37	0.4	0.0
25	Repl Under cover				
26	HOOD				
27**	Repl Qual Repl Parts CAPA Hood #60	1	305.00	1.3	2.8
28	Overlap Major Adj. Panel	0	0.00	0.0	-0.4
29	Add for Clear Coat	0	0.00	0.0	0.5
30	Add for Underside(Complete)	0	0.00	0.0	1.4
31	Repl Lock assy EX, SE	1	65.48	0.4	0.0
32	Repl RT Hinge	1	10.87	0.3	0.3
33	Deduct for Overlap	0	0.00	-0.2	0.0
34	Repl LT Hinge	1	10.87	0.3	0.3
35	Deduct for Overlap	0	0.00	-0.2	0.0
36	FENDER				
37**	Repl Qual Repl Parts RT Fender #35	1	153.85	2.2	2.0
38	Overlap Major Adj. Panel	0	0.00	0.0	-0.4
39	Add for Clear Coat	0	0.00	0.0	0.3
40	Add for Edging	0	0.00	0.0	0.5
41	Deduct for Overlap	0	0.00	-0.5	0.0
42	Repl RT Fender bracket.	1	7.22	0.2	0.0
43	Repl RT Fender liner	1	33.75	Incl.	0.0
44	Repl RT Upper rail	1	62.55	s 3.0	0.7



01/19/2006 at AM  
033

2001 HOND AC

01/19/2006 at AM  
033

ESTIMATE OF RECORD  
2001 HOND ACCORD EX 4D SED W

ALTERNATE PARTS SUPPLIERS

27 Qual Repl Parts CAPA Hood

Bodymaster Auto Parts,  
1005 SHERMAN AVE  
PENNSAUKEN, NJ 08110

37 Qual Repl Parts RT Fender


Fit-Rite Body Parts  
55 SHEPHARDS LANE  
TOTOWA, NJ 07512

27 Qual Repl Parts CAPA Hood Part No. 2914 285

Bodymaster Auto Parts, Inc. (800)223-  
1005 SHERMAN AVE (856)661-  
PENNSAUKEN, NJ 08110

37 Qual Repl Parts RT Fender Part No. HD1032R

Fit-Rite Body Parts (800)648-  
55 SHEPHARDS LANE (201)450-  
TOTOWA, NJ 07512



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GEICO DIRECT  
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\*\*\* IN ADDITION TO ANY SUCH WARRANTIES, GEICO PROVIDES THE FOLLOWING:

\*\*\*\* OWNER LIMITED WARRANTY \*\*\*\*

WE WARRANT THAT ALL QUALITY REPLACEMENT BODY PARTS (PARTS NOT MANUFACTURED BY THE MANUFACTURER) IDENTIFIED ON YOUR ESTIMATE, ARE FREE OF DEFECTS IN MATERIAL AND WORKMANSHIP AND MEET GENERALLY ACCEPTED INDUSTRY STANDARDS. THIS PARTS AND LABOR WARRANTY WILL BE IN EFFECT FOR AS LONG AS YOU OWN THE VEHICLE DESCRIBED IN THE ESTIMATE. THIS WARRANTY COVERS THE COST OF THE PART, LABOR TO INSTALL, AND INCIDENTALS SUCH AS PAINT AND MATERIALS AND IS SPECIFICALLY LIMITED TO THOSE ITEMS. THIS WARRANTY DOES NOT COVER LOSS OR DAMAGE THAT IS UNRELATED TO DEFECTS IN THE QUALITY REPLACEMENT PARTS. THIS IS NOT TRANSFERABLE. IF ANY QUALITY REPLACEMENT PARTS ARE DEFECTIVE IN EITHER MATERIAL OR WORKMANSHIP, CONTACT YOUR LOCAL GEICO REPRESENTATIVE.





# Third Party Procurement of Parts

What is it really?



# Third Party Procurement of Parts

What is it really?

**It's a Conundrum!**



# Third Party Procurement of Parts

What is it really?

**It's a Conundrum!**

Many viewpoints, a lack of facts, and  
lots of emotion!



# Third Party Procurement of Parts

Some believe this issue is simply  
centralization vs. decentralization  
and

Some have described it as a “dog topic”.



# Third Party Procurement of Parts

Why is the Parts Committee looking at this topic?

- Palm Springs planning meeting
- Air bag proposal in Minnesota
- SCRS Aftermarket Parts Study
- Concern by collision repairers



# Third Party Procurement of Parts

- Concern by collision repairers
  - ◆ Business interference
  - ◆ Longstanding vendor relationships
  - ◆ Will parts go the way of glass?
  - ◆ If parts profitability is lost, then labor profitability needs to double



# Third Party Procurement of Parts

- ◆ False economies
  - ◆ 3<sup>rd</sup> party delays process
  - ◆ Cycle time concerns
  - ◆ What are the hidden expenses?
- ◆ No formal feedback or complaint system



# Third Party Procurement of Parts

- Insurance Companies' Perspectives
  - ◆ Always looking at cycle time and cost savings initiatives
  - ◆ Efficiencies are being sought
  - ◆ Very sensitive issue, especially direct parts purchasing
  - ◆ There will be future parts procurement programs





# Third Party Procurement of Parts

- Parts suppliers are selected locally
- Credible suppliers are sought
- Always seeking a balance between cost and cycle time
  - ◆ Right part
  - ◆ Right price
  - ◆ Right time
- A real desire to get this balance right



# Third Party Procurement of Parts

## ■ Parts Suppliers' Viewpoints

- ◆ Insurance companies are “over involved”
- ◆ A need for measurable and verifiable data
- ◆ Database criteria: suppliers have qualities that go beyond parts data and price
- ◆ Compliancy reinspections should be done to ensure that the shops actually use the specified parts



# Third Party Procurement of Parts

- The Role of the Database Providers:
  - ◆ Instant access to timely and accurate parts supplier & part choices
  - ◆ Provide all the available parts sources the market or customers wish to access
  - ◆ Fully customized database:
    - ◆ For each collision repair scenario
    - ◆ To reach specific alternative part utilization goals



# Third Party Procurement of Parts

- Mitchell Alternative Parts Program™
  - ◆ MAPP
  - ◆ Supports
    - ◆ OEM discounted parts
    - ◆ Aftermarket new parts
    - ◆ CAPA & MQVP
- Mitchell Quality Recycled Parts™ (QRP)
  - ◆ Supports recycled parts



# Third Party Procurement of Parts

- MAPP/QRP are open systems
- No cost to suppliers or data sources if defined format and standards are met
- MAPP requirements:
  - ◆ Specific data formats
  - ◆ Quality levels must be met
  - ◆ Timely updates



# Third Party Procurement of Parts

- MAPP requirements continued
  - ◆ Accurate (and honored) parts pricing
  - ◆ Inclusive of delivery
  - ◆ Warranties
  - ◆ Parts availability/sufficient inventory



# Third Party Procurement of Parts

- QRP requirements
  - ◆ Recyclers adhere to industry standards of performance
  - ◆ Automotive Recyclers Association Recycled Parts Guide Standards
  - ◆ As adopted by the ARA & URG



# Third Party Procurement of Parts

- Mitchell also supports special supplier programs for specific estimating clients
  - ◆ May include special service level agreements specific to:
    - ◆ A parts supplier
    - ◆ An estimating solution client
  - ◆ Client-specific performance agreements may be included
  - ◆ Supplier participation fees may be included





# Third Party Procurement of Parts

Where does the Parts Committee go from here on this topic?



# Third Party Procurement of Parts

- Should there be supplier certification?
- Perhaps, a dynamic database collecting facts about supplier performance?
- An E-Bay rating system?
- A questionnaire filled out by shops?
- Would parts suppliers be willing to fund the ratings system?



# Third Party Procurement of Parts

- A CSI study?
- Best practices developed?
- A joint task force?
- Class “A” definition for parts suppliers?



# Third Party Procurement of Parts

**It's a Conundrum!**