



Go Beyond Lean: Illinois Shop Discovers Answers

In a down market, how does a body shop not just survive but grow?

The key is to look for new ways to work smarter – but you need to be smart in knowing what to look for. Follow Zara's Collision Center as it embarks on this journey as a "Process Centered Environment" rookie and eventually evolves into a more efficient and profitable business.

BY CHARLIE BARONE

(Part one of a three-part series. Look for parts two and three in the September and December issues of BodyShop Business. You can also follow Zara's journey with PCE on www.paintitwithwater.com.)

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The word "lean" is so overused in the collision repair industry today and its training is offered by so many different parties that it has made most repairers feel that all lean-related practices are the same. But they are not all the same.

When Brad Zara decided he and his shop, Zara's Collision Center, needed to discover a more efficient way of doing business, he had more choices than he could dream of. But he didn't want a set of general theories that could be applied to any business. He wanted programs that were specifically created for collision repair, so he chose the Process Centered Environment (PCE) approach from AkzoNobel.

No stranger to success

Brad Zara began in this industry like many of us. He broke into the business by working for an established shop, but after weighing his options, he decided to open his own place – a 3,500-square-foot facility in Springfield, Ill. From early on, Zara showed signs of his willingness to learn.

"I wanted to know as much about all of the collision repair business I could," he said.

As Zara's shop grew, he added space to it, but eventually even outgrew the new and improved size and built a brand-new shop on a green field location. Located just off a cloverleaf that joins Interstate 55-72 and State Highway 29 in Springfield, Ill., Zara's Collision Center boosted its business to \$4.5 million in sales last year and is on track to hit \$4.8 million in 2010.

How in the world does a shop pull that off when many in the industry are happy just to be treading water? Zara gives credit to his paint supplier, AkzoNobel, a company that from its early days in the U.S. market

Zara credits his office manager, Jewel, with being the driving force behind the implementation of 5S (PCE strategy named for five steps beginning with the letter "S": sort, straighten, scrub, stabilize and sustain), which was the organiza-

plug someone who didn't necessarily have 10 years of experience into a certain role. His shop had become too people dependent, Zara saw that as a bad thing, and that's why he embraced PCE even more strongly. The shop needed

has focused its attention on helping its customers succeed. In fact, AkzoNobel has always been on the leading edge of what has become standard fare in the automotive coatings industry – value added services.

Adopting PCE

Akzo Nobel's PCE combines a number of proven business concepts for adaptation to the body shop world. It can be a real culture change for some organizations as it is far from the traditional way of doing business.

"It means trimming the wasted steps out of the process, creating a system of predictable outcomes," Zara said. "Over the years, we worked to make our technicians more efficient following the traditional, standard approach to growth of a collision repair business. But we soon discovered that our techs' efficiency could actually hurt our business by resulting in overproduction in one area and thus creating a jam in another."

tion's first major step toward PCE. She obtained the required buy-in from his technicians, and worked with individuals in the production area in order to identify needs and make adjustments and corrections to the plant itself. She also took before and after photos in order to track physical changes in the shop.

Simple things such as the location of a broom and dustpan became the focus of the reorganization of the shop floor. New color-coded locations were created in logical areas around the shop. In the past, battery packs for starting cars had been scattered throughout the production area, but under the new way, they too became color-coded and strategically located, eliminating time wasted hunting for them.

"It's stuff that simple that made an immediate difference to everybody," Zara said.

He also said his shop returned to the process of painting parts off vehicles, which eliminated considerable masking labor and duplication of tasks.

A New Mindset

Another hurdle Zara had to overcome in order to achieve PCE was the traditional mindset within his organization. A number of long-term employees, some of whom had been at his company over 20 years, had become acclimated to and entrenched in specific methods due to repetition.

"It became a challenge to communicate to the people within our organization why PCE was so important," Zara said. "They were already doing well, the business was doing well, so they wondered why we needed to change."

The answer was that the business required a system that allowed Zara to

to become more process-oriented.

One night after work, the entire staff remained at the shop to learn about 5S, a system of lean production focused on five Japanese words beginning with the letter S. Those words or principles primarily deal with reorganization of the shop and its tools, and cleanliness of the plant itself, i.e. a place for everything and everything in its place.

Zara soon began to realize that transforming to a PCE could be just the key to increasing business with both his insurance and vehicle owner customers. To insurers, the increasing fluidity of process and continuity could reduce cost and build consistency in product quality. To consumers, Zara's pursuit of sustainability, reducing waste and lessening the shop's carbon footprint could increase their loyalty.

It's a Journey

PCE is not a "one size fits all" quick fix. If it was, it would look like all the rest. Zara admits that he has just begun to scratch the surface in terms of getting his business to the point that he would like to see it.

"You can find a lot of theories out there on how businesses can make improvements," Zara said. "However, finding something that is unique to the industry that you are in...that is a true discovery. PCE is not a destination. It's a journey, and every day is a new discovery."

"Everything we're doing is about giving our customers more value. But the world is changing, and we have to ensure that we provide that value in a profitable manner."

Follow the journey of Zara's Collision on www.paintitwithwater.com.



Advertorial

Part 2 of 3



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Go Beyond Lean: Zara's Improves Quality, Productivity and Profit

We last checked in with Zara's Collision Center as it embarked on the journey to become a "Process Centered Environment." Now, well into its journey, it has achieved employee buy-in and has radically changed the way repairs are performed – and watched its efficiency improve.

BY CHARLIE BARONE

(Part two of a three-part series. Look for part three in the December issue of BodyShop Business. You can also follow Zara's journey with PCE on www.paintitwithwater.com.)

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MOST INDIVIDUALS IN THE COLLISION REPAIR INDUSTRY ARE familiar with the stress developed in a body shop environment. And it's a well known and understood fact that stress is at the root of many ailments and diseases which afflict human beings. Everyone reading this is familiar with the stress that develops when things go wrong at their businesses. Eliminating the variables in processes which cause stress is what the Process Centered Environment (PCE) is all about.

Brad Zara credits his business's success to embracing PCE, a business concept distinguished by the belief that various processes drive production, as opposed to personalities and people. While that may be an oversimplification of the concept, it's a fact – at least in Zara's Collision Center.

PCE is a business's adoption of three principles which drive excellence: Lean, Theory of Constraints and (Six Sigma). The elements involved are continuous flow, in-process quality, standardization, waste reduction, continuous improvement, pull production, a systematic approach to maintaining a clean work area (5S), visual management, real-time administration, and productive maintenance of tools and equipment. In the process of utilizing these concepts, Zara's increased its levels of throughput, quality and, more significantly, profit.

Improvements All Around

EMPLOYEE TURNOVER, WHICH HAS TRADITIONALLY BEEN A problem for body shops in the U.S., has ceased since Zara's implemented PCE.

"It's the result of a long-standing trust between myself and our whole team in that they know I'm going to do things which are only good for all of the stakeholders, both internal and external," Zara said.

Implementing new practices in the traditional areas of management has streamlined Zara's operation as well.

"Mirror matching of parts showed us an immediate improvement in the area of eliminating the typical parts hang-ups," Zara said, referring to problems such as discovering the wrong part at the reassembly stage of a job, which is typically close to or on the day of delivery. Now, on large jobs, parts aren't ordered until the car is physically in the shop and has been strategically disassembled so the parts manager can order all the parts needed and lay his hands on the replacements to confirm they're correct, check for damage, etc.

Zara says touch time has been on the increase since implementing PCE. They were at 4.5 hours per RO per day doing things the old way, and they're currently working to get back to that level now. But now,

touch time includes estimating, repair planning and parts procurement processes, so when they do get back to 4.5 hours per RO per day, it will mean they're being way more efficient.

Cycle time is now calculated from

also shows the value inherent in PCE.

Zara's oldest technician, who is also their longest standing employee, has had the toughest time with the conversion. Because Zara didn't want to purge his staff entirely and rehire new, more trainable and younger technicians, he felt it was necessary to blend the PCE processes into

his existing workforce.

"We're taking the harder road from the standpoint of not changing their world, so it has become a longer process," Zara said.

Yet every single employee in the shop appreciates having everything they need at their fingertips.

"Having many long-term technicians, we may have produced high quality in the past, although we may have gotten from point A to point B in a different way," said Zara. "We're working hard to get everybody doing specific processes the same way. The techs are realizing the importance of standardization since they no longer own a job from start to finish."

Another positive development is that employees now don't feel punished when they return from time off as no one owns a particular job. And given the fact that Zara's staff has been with him for a long time, most have built up three weeks of vacation time – and they take it. Now, anyone at Zara's can enter a job at any point in its progression.

"We do a lot of training. In fact, my production manager and I went through the PCE boot camp in May 2009," Zara said. "The great part of that was it opened our eyes to the fact that [these] concepts would fit into any system."

Adjustments on the Fly

HAVING THE ABILITY TO MAKE ADJUSTMENTS in real time has smoothed Zara's production out considerably. Twice a day, at 8:00 a.m. and 2:00 p.m., they have a meeting with all the production staff, estimators, repair planners, parts managers and detailers to identify bottlenecks and shift resources around to streamline the work.

Zara's has standardized all of its jobs, too. "We have many cases in which one person disassembles a job, a different person may do the body

work...and a third person will reassemble [the car]," said Zara.

Zara admits there's a learning curve working as a team on jobs but added, "Technicians have been so used to working on their own and working off of memory that that's where you encounter problems when something happens to that technician. Our adoption of this system has caused them to communicate with one another in ways they never have before."

Zara said that procedures weren't carved in stone but that he worked with the techs on variations of standardized repair plans, such as retaining an old door shell with its innards intact to aid a person tasked with the reassembly. "We let them know, 'Hey, you have a voice in this,' and there are problems we address as they come along."

Plenty of Resources

TO AID IN ZARA'S CONVERSION TO PCE, AkzoNobel has provided the shop with resources such as John Beckworth, a former shop owner who implemented PCE in his shop before selling it and has deep hands-on experience.

In addition to the PCE gurus personally visiting Zara's, the shop has had unlimited access to AkzoNobel's PCE experts beyond those reps who have serviced their business for years. For instance, there's the PCE User Group among the ACoat Select shops which consists of individuals who visit each other's shops to share information and help them with the PCE conversion process. Zara says he'll follow suit and meet with other shop owners involved in the PCE processes to discuss critical ideas such as pay plans. One can imagine the headaches a person responsible for paying workers would encounter when allocating hours to flat-rate techs when there are four or six sharing tasks on one job.

Zara said in some cases they're now over-allocating hours in an effort to promote the ACoat Select program in his business, but he envisions a team concept which includes everyone in the organization and equitably divides the rewards of their efforts. The promise of PCE will enrich the entire organization, which is why we put the key in the door every morning.

Follow the journey of Zara's Collision on www.paintitwithwater.com.



Advertorial

Part 3 of 3



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Go Beyond Lean: PCE Sparks Zara's to New Possibilities

We've been following the journey of Zara's Collision Center as they explore a new way of being more complete. The shop's employees were having growing pains adjusting to the new "Process Centered Environment" – a dynamic common to any shop transitioning to a 'new way.' But they're now beginning to see incremental improvements and are no longer looking back.

BY CHARLIE BARONE

(Part three of a three-part series. You can follow Zara's journey with PCE on www.paintitwithwater.com.)

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WHEN BRAD ZARA, OWNER OF ZARA'S COLLISION CENTER IN Springfield, Ill., implemented a Process Centered Environment (PCE) at his shop, it was as unconventional as it was unfamiliar to his technicians. So it's no surprise that employee buy-in was not immediate.

"I would say some are still adjusting, but one thing is for sure: They know it's here to stay," said Zara. "We've gotten over a big hump in terms of making the operation process-driven and not people-driven. And until we can take people out of the process, I don't care what anyone says, there will always be the need for people to communicate and hold each other accountable."

Zara added that his difficulty with achieving employee buy-in is not unique among other shops that have embarked on the PCE journey.

"I haven't heard from one shop that didn't have problems with getting their techs onboard with the PCE system," he said.

Communication Is Key

ZARA HAS FOUND THAT IT HAS BEEN HARD FOR SOME EMPLOYEES to communicate and hold people accountable, especially those who didn't choose to be "managers" but were enlisted as part of the PCE process. These employees struggle with calling out an individual when he or she isn't holding up his or her end of the bargain. As a result, some of Zara's long-term employees told him that, at one point during the PCE transition, morale was very low.

"In the past, those employees had been able to shelter themselves and live in their own little worlds and not take responsibility for the performance of the organization," he said.

One tech had the mistaken notion that his job was to get the crew fine-tuned so that the shop would grow more attractive to a potential buyer, which dismayed Zara.

"My goal was to make the place better and keep operating, which was a different answer than he expected," Zara said. "Why would we not want to make these changes, if only for the purpose of making our current lives better?"

Bye Bye Backlog

IT USED TO BE THAT A BACKLOG OF WORK WAS CONSIDERED A healthy sign. But Zara's now has almost no backlog, in part due to the economy but more because of the master plan it has with PCE.

"Years ago, we ran a month-long backlog," he said. "While that may have sounded good, it was horrible for customers to have to wait that long. Over the years, collision repair industry conditions have changed to the point where customers now won't wait 30 days to have their cars repaired."

"Over the years, we've worked towards becoming more pro-

ductive, and as a result, we trimmed down that backlog to the shortest time possible. Our ultimate goal is to do this and still have enough work to maintain a comfortable margin."

tasks will be assigned to the various techs," said Zara. "It's not fancy, but it works."

While there is currently a "final" quality control system in place, the shop is working on implementing a reliable "in-process" quality control system to monitor the various hand-off points in production, such as body-to-prep.

Touch Time

IN PART TWO OF THIS SERIES, ZARA said that, since implementing PCE, touch time had actually increased to as high as 5.4 hours per repair order in one month. But it didn't take long to figure out why.

"Since we're [often] scheduling cars in the shop without an estimate, we guesstimate what the job hours will be, and our goal hours per day (which we've since bumped up) were 160 hours per day," Zara explained. "But then we started measuring and figured out that scheduling in 160 hours was producing 200 hours after repair planning was done."

So the accuracy of the shop's guesstimate was off 25 percent. After that discovery, they created a simple spreadsheet that they now monitor daily. If any measurement moves enough to have any impact, the scheduled-in hours are adjusted based on the 5:4 ratio (five hours of repair planning for every four job hours guesstimated).

"This has helped us to put in the proper number of hours every day and not to create the problem on our own," said Zara.

Paint and Parts

ANOTHER ISSUE THAT PCE BROUGHT to light was a bottleneck in the paint department. The normal procedure was to give this department a list of jobs for the day, but if they weren't done that day, the cars were moved to the following morning. So staff started meeting with the department at 4 p.m. every afternoon to establish booth cycles for the next day. That way, they knew immediately if they had more jobs than could fit into four cycles for each booth (two booths). If that was the case, then they knew they would have to arrange for someone to paint that evening.

Buy-In and Flexibility

WHEN HE FIRST IMPLEMENTED PCE, Zara had to over-allocate hours paid to his technicians in order to get them onboard with the program, but as PCE has taken hold, that practice has gone away.

The technicians also feel like their input is valued, now, after holding a meeting on their own time and coming up with a list of things they wanted to change.

"We've worked with them to see those changes, one of which was to eliminate the practice of having different technicians disassembling and reassembling the same car," said Zara.

Based on the nature of the market, where customers brought in a wide range of vehicle makes and models, Zara's techs lacked familiarity with models that, say, a new car dealer might have. So Zara was able to customize the PCE process and make sure the tech who disassembled a certain vehicle was also reassembling the same vehicle. Listening to this input was another way Zara was able to achieve buy-in.

"We were fine with the suggestion, as long as they could meet our expectations and maintain their ownership of jobs," he said. "PCE tries to achieve an expected outcome, so if my employees are able to deliver on that, we don't care about pressing the issue just to stick to the letter of the process."

Read the Board

ZARA USES A MANUAL SYSTEM FOR daily monitoring of work-in-process. It consists of a large laminated board that's visible to the entire shop so everyone can see such things as who's going to be working on assembly.

"Every day at 4:30 p.m., the staff has a meeting where they plan the following day's workflow and figure out which

"This is a more proactive approach, plus it creates better communication with the prep department and better coordination between the body and paint department," said Zara.

Zara says the new parts ordering process has also improved efficiency.

"It really makes sense as we're now ordering what's proven to be needed, down to the innermost piece," he said. "And when the parts arrive, they determine whether the part is right or not."

This parts procurement system makes even more sense given that replacement parts distribution is somewhat slower today since most dealers have reduced their inventory to cut costs. As a result, Zara has found it critical to deal with the parts departments that have the largest inventories, a prerequisite that could cause delays due to the fact the vehicles are disabled prior to the parts order.

Valuable Resources

NOT ONLY HAS FOLLOWING AKZO-Nobel's PCE uncovered inefficiencies and created solutions to correct those inefficiencies, it has allowed Zara's access to resources such as Bob Gilbert, a PCE expert who has lots of real-world experience.

"The great thing about him is that most of his experience is from the shop floor," said Zara. "Gilbert has better communicated with our techs what the value of the PCE system is for both them and the organization."

Defect-Free

ALTHOUGH ZARA'S PCE JOURNEY IS far from over, the shop is well on its way. It has experienced many of the trials and tribulations associated with doing things a different way and learned a great deal. But one of the things Zara knew from the beginning was that he wasn't looking for an instant jump in profits.

"My main goal wasn't to make more money," he said. "We want to consistently deliver a defect-free repair at a faster rate and at a lower stress level – which is more important than money. We want to get the game on a stress-free level."

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