

Making Sustainability Real:

How a Process-Centered Environment Supports



Sustainability

by Marie Willsey with contributions by
Brian Albright, Charlie Barone, and Kelly Mengfeld

WHEREVER YOU GO, IT SEEMS like everyone is talking about 'greenhouse gases,' 'carbon footprints,' and being 'eco-friendly.' In the collision repair industry, you'll hear 'lean' and 'green' discussed at every gathering. And in this tough economic climate, you'll also hear a lot of conversation about "just getting by."

All of these terms link together as part of an all-encompassing concept that's gathering momentum in today's world: sustainability.

Sustainability reaches far beyond the collision repair industry, as businesses of all kinds are realizing the necessity of taking care of the world we live in and finding ways to do business that is sustainable — that is, ways to continue doing business successfully while living on our planet.

The collision repair industry is being challenged from all directions to find new and sustainable ways to do business. Environmental regulatory agencies are taking a hard look at everything from volatile organic compounds (VOC) emissions to waste disposal; a decline in the number of collisions means less work, while insurance companies seem to favor declaring vehicles a total loss rather than covering repairs. Tough economic conditions make it critical for shops to watch every cent.

How can a collision repair shop survive and thrive? The key is to find ways to work smarter. AkzoNobel's Process Centered Environment offers one way to improve your business in sustainable manner.

Defining sustainability

Sustainability means that all systems, whether manmade or natural, need to be balanced and regenerative in order to survive. All types of systems are included: economic,

environmental, societal, and personal. The challenge of sustainability is to create a world where our planet thrives and where we can flourish as a society.

In the business world, sustainability is a way to define and improve processes, leading to greater efficiency, higher productivity, better use of assets — whether employees or physical space — and conservation of natural resources. All while controlling costs and generating a reasonable profit.

Collision repair shops are finding that it makes a lot of sense to embrace the idea of sustainability. Regulations are increasing; energy and material costs are growing. Public awareness of "green" ideals is also growing, and consumers are looking for environmentally friendly companies to do business with.

Many environmentally friendly initiatives also help reduce operating costs and maximize efficiency and productivity. Implementing "lean" principles that focus on using resources wisely, eliminating waste, and streamlining processes are a good way to help make ends meet.

What is a Process-Centered Environment?

AkzoNobel's PCE combines a number of proven business concepts and applies them directly to the way that business is done in the collision repair industry. This new way of working leads to sustainable businesses that have the tools to survive, even thrive, in an environment that's challenging and always changing.

Embarking on a journey to become a Process-Centered Environment can be a real culture change for some organizations — it's a very different approach from the way things have always been done in the body shop business.

In the old days, working at many body shops was like a juggling act. Cars might be brought in for repair, and then they

would sit on the shop floor while waiting for parts to come in before the basic repairs could be started. Then, if preppers worked faster than painters, cars might line up outside the paint booth for days waiting their turn.

That's where creating a work environment that's based on repeated processes can help improve efficiency. "PCE means trimming the wasted steps out of the process, creating a system of predictable outcomes," said Brad Zara, owner of Zara's Collision Center in Springfield, Illinois.

"Over the years, we worked to make our technicians more efficient following the traditional, standard approach to growing a collision repair business. But we found that our techs' efficiency could actually hurt our business by resulting in overproduction in one area and then creating a jam in another area."

In a Process-Centered Environment, every step in your business process is evaluated and scheduled. Your shop will work more efficiently, saving time, maximizing the value of your resources, and realizing improved productivity and profitability — and that's what sustainability is all about.



Brad Zara, owner of Zara's Collision Center, reviews the schedule with a group of employees.

7 Ways a Process-Centered Environment Supports Sustainability

LET'S TAKE A CLOSER LOOK at seven ways that creating a Process-Centered Environment helps support sustainability in your shop:

1. Conserves natural resources

Finding greener and more efficient ways to work helps conserve natural resources. Whether you're using less electricity by streamlining processes on the shop floor and in the spray booth, converting to a paperless scheduling system, or switching to waterborne paints, your shop can help conserve natural resources in many different ways.

Many collision repair shops have implemented extensive recycling programs, finding constructive uses from paper to steel. Park Place BodyWerks in Dallas, Texas, involved the entire shop in finding ways to go green. The shop has recycled more than 130,000 pounds of metal in the last two years and 35 tons of cardboard, paper, and plastic.

"We're looking for ways to reduce, reuse, and recycle," says Eric McKenzie, director of body shop operations. "Park Place has a responsibility to be a good corporate citizen, and we realize that even the smallest actions add up to have a big impact."

Switching to waterborne paints is another important way that collision repair shops can help conserve natural resources and protect the environment.

AkzoNobel's Autowave features low VOC emissions, so it has less of a negative effect on air quality than traditional solvent-based paints. With practically no odor, it's safer for employees and the environment.

Most OEMs are using waterborne paints today, and collision repair shops across North America are also discovering its many advantages. It offers excellent color

match, easy application, simple clean-up, and minimal waste. Autowave works seamlessly into a Process-Centered Environment because it's such an efficient product.

2. Reduces costs

It makes sense: operating your business more efficiently helps reduce costs in many areas, from materials costs to electricity, facility requirements, even employee overhead.

One way to help reduce costs is to move paper-based accounting and scheduling systems online. You'll reduce the costs associated with paper, printing, delivery and distribution, as well as storage costs.

A related concept sweeping the business world these days is "Use Less." When the economy began its recent downturn, companies and individuals alike found the best way to save money and reduce costs was simply to use less, whether electricity, fuel, materials, or paper.

There's no denying that using less has a real and immediate benefit to the company that decides to conserve: payback can be seen right away through a reduction in expenses.

The real benefit, however, is in paying it forward: by turning off the lights, less fossil fuel is required to generate electricity; by using less paper,



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fewer trees need to be taken down, fewer emissions are released by the paper mill, and less energy is used to transport goods. It's a winning combination for the environment and your shop's bottom line.

3. Improves efficiency

In today's economic environment, one of the best ways to survive is by working more efficiently and being "lean."

Duplicating work and inefficient processes can be expensive and use resources inefficiently.

5S

The 5S concept is an important building block of process-centered environments, and it's a good starting point for companies who want to embark on a lean journey. 5S is a system of steps and procedures that can be used to arrange work areas in an efficient manner to optimize performance, comfort, safety, and cleanliness.

At Kelowna Performance Collision in Kelowna, British Columbia, the shop adapted the use of a repair planner to make sure the parts for a repair are on site before work begins on the car, instead of having to stop and start throughout the process.

"You'd be amazed at how fast you can fix a car when you have 100 percent of the parts," said Peter Facinek, owner. "Creating a Process-Centered Environment has completely changed the way we fix cars."

By improving efficiency through 5S, a collision repair shop can reduce cycle times and improve working conditions.

4. Builds employee loyalty and improves recruitment

Employees benefit from implementing a Process-Centered Environment as well, because they are given the tools to do their jobs more efficiently. It's also helpful to involve employees in the process so that they feel a sense of ownership in a new way of working — that actually works better for everyone involved.

Facinek of Kelowna Performance Collision says that his staff has been instrumental in the success of its transition to a Process-Centered Environment. "As an owner, you can't be the driving force; you need help from your staff."

When the shop first set out on its lean journey, he sent a few key team members to observe a lean operation in practice. Ever since then, changes they made to processes have been inspired and embraced by the team. "We spent \$600 on plane fare,"



Go Green

Facinek said. "It was the best \$600 I ever spent."

A cleaner working environment can also help pay off when it comes to recruiting and retaining your best employees, as well. And by defining responsibilities at every step of the repair process, employees know exactly what's expected of them and understand how to be successful.

5. Increases customer loyalty

Reducing your environmental footprint, especially when you involve suppliers and customers, can help increase customer satisfaction. These days, companies in every industry — from Coca-Cola and Apple to Exxon and Smart USA — are developing green strategies and offering products that are environmentally friendly. Many are also involving their supply chain, like Hershey's. The chocolate company is working to promote environmentally sustainable cocoa-growing communities.

At the community level, customers appreciate businesses that are taking a lead in improving the environment and working toward sustainability. Studies show that individuals want to do business with companies that are doing their part to take care of the environment, and consumers are looking to businesses to lead the way in finding sustainable solutions.

Taking steps to become an environmentally friendly collision repair shop helps set you apart from the competition, as Michael Grant at Collex Collision Experts in Shrewsbury, New Jersey found. "Going green is important to everyone, and we're committed to doing our part. Customers appreciate local businesses who are good neighbors."

Another welcome side effect of a Process-Centered Environment: it's easier to meet a promised delivery date when you know exactly how long every step will take and how the repair will flow through the shop. Delivering a perfect repair, on time, every time, is an unbeatable way to improve customer satisfaction and build loyalty.

6. Enables compliance with regulations

The collision repair industry falls under the protection of regulatory agencies at the local, state and national levels. Low VOC requirements and

hazardous wastes are two areas that are closely scrutinized.

The best practices of a Process-Centered Environment mean that your shop is compliant or nearly compliant, simply because of the way you work. Switching to the Autowave water-based system helps to significantly reduce emissions and hazardous waste.

John Arnold, owner of Arnold's Body Shop in Davenport, Iowa, says that his shop was able to reduce solid waste and atmospheric emissions by using technologically advanced paints. Because of these reductions, Arnold's applied for and received exemption to the U.S. EPA NESHAP law 40 CFR Part 63. "The processes that we have developed for using paint and cleaning up our materials are so efficient that we've been able to meet and exceed compliance regulations."

7. Supports economic growth

One of the most important tenets of

sustainability is the idea that a business must be profitable in order to survive. Many collision repair shops have found that becoming a Process-Centered Environment is a smart strategy for thriving as a business.

Elmer's Auto Body in West Collingwood, New Jersey, has seen a drop in business over the past few years. Don Cox, one of the owners, says that the shop has become more profitable on smaller sales, thanks in part to AkzoNobel's PCE program.

Blueprinting, or creating repair plans, has helped, by reducing supplements and improving workflow. The company operates a 32,000 square foot shop in West Collingwood and a 7,500 square foot shop in Sewell, averaging as many as 250 vehicles per month between the two. Cox says the company has also moved material closer to the techs to save time and made an effort to keep the work areas clean and organized.



Don Cox of Elmer's Auto Body

Cycle time has been cut in half and profitability has improved.

"We've taken out a lot of waste, and it's changed the whole shop. We're one team," said Cox. After making the switch to waterborne, Elmer's has been able to reduce cycle time by painting most vehicles one time. "We've been able to increase our sales through production,"

AkzoNobel and Toyota link to create The Toyota Production System for Collision (TPS-C)

AKZONOBEL CAR REFINISHES AMERICAS AND TOYOTA MOTOR SALES, USA are collaborating to enhance the current world class service levels enjoyed by Toyota and Lexus customers. The two companies will combine experience and resources surrounding process improvement methods for collision repair operations. The newly created program will be known as Toyota Production System for Collision (TPS-C).

The endeavor weaves the Process Centered Environment™ methodology and the experiences of Toyota's Production System into a cohesive design. The program was recently introduced to Toyota Collision Center personnel. Led by AkzoNobel, fifteen pilot locations will go through a series of classes and onsite process improvement activities beginning in November, 2010. At full implementation, the TPS-C initiative will deliver training and consulting services to all Toyota and Lexus Certified Collision Centers to ensure uniform practices.

"It is difficult to pickup any publication today without seeing an article as to how Lean, Six Sigma or Theory of Constraints is being employed in collision repair," noted Roger Foss, National Field Support Manager, for Toyota Motor Sales USA. "Each of these concepts has their merits; but, they are just that, concepts. The TPS-C program is unique in that we have transformed concepts into real world actions and tools resulting in a clearly defined methodology specifically for collision repair. We have decided that as a long-standing business partner, AkzoNobel had the resources to help us implement our shared vision of process improvement."





3D Collision Centers Put PCE into Practice

HARD WORK, AN AGGRESSIVE SALES STRATEGY AND A BUSINESS MODEL that eliminates roadblocks have allowed 3D Collision Centers, a five-shop operation in Pennsylvania, to boast a nearly 10 percent increase in sales from 2008 to 2009, and double net profits over the same period.

3D operates 40,000 square feet among its five locations, and has nearly 60 employees. The company has traditionally set very ambitious sales goals, and although business has been off, the company has still experienced growth over the past two years, going from \$9 million in sales in 2008 to just over \$10 million in 2009.

According to general manager Tom Bemiller, the company began actively searching for ways to shave costs more than a year ago. "We wanted to create a cost-conscious culture across the company," says Bemiller. "That goes from the top down, if we're making capital purchases or just encouraging the technicians to be conscious of the material they are using."

3D has embraced a process-centered business model that helps to eliminate roadblocks within the business. The 3D staff blueprints each job and takes a team approach to vehicle repair that has allowed them to reduce cycle times by more than 30 percent. The company also uses scheduling software that has helped 3D schedule work based on actual capacity rather than estimates.

"We're outperforming the market in terms of throughput and efficiency, and that has brought in new business," Bemiller says.

The team approach to repair has been infused at all levels of the company, from technicians to managers. "We are all paid on a team basis, so we are all working together," Bemiller says. "Location leaders, or shop managers, operate as a team and are paid based on company profits. Everyone is focused on global company goals with an understanding of how their role contributes to the bigger picture."

3D is able to shift vehicles from one shop to another in order to facilitate the workload and keep cycle times low. The company has also improved "touch time" with each vehicle from an average of under two hours per day per vehicle, to just over three hours per day. "We want that to be up to five hours per day."

The company is also actively engaged in finding new customers and accounts, and was able to forge a relationship with a major rental car company this year that provides them four vehicles per day at just one location. The company also continues to invest in training for both management and technicians, including AkzoNobel's technical education programs.

"At the end of the day, everyone here just works really hard," Bemiller says. "We all make a commitment to do our part, and we hold each other accountable for results."



General Manager Tom Bemiller

Brian Albright, News Correspondent



Cox says. "We turn the vehicle over quicker, so there's not a big backlog."

Cox says that by trimming operational costs, they've been able to withstand the drop in sales, and he believes they are in a better position to benefit now that business is picking up again.

Summing it all up

Sustainability, by definition, is an on-going process; shops like to say that PCE is a journey. A process-centered environment complements your shop's commitment to sustainability, by helping to continuously improve processes and preparing your shop to rise to the challenges that lie right around the corner.

Once Brad Zara began the journey, he realized that transforming to a PCE could be a way to increase business with

insurance and car owner customers. To insurers, the increasing fluidity of process and continuity reduce costs and build consistency in product quality. To customers, Zara's pursuit of sustainability, reducing waste and lessening the shop's carbon footprint could increase their loyalty.

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



Brad Zara of Zara's Collision Center

To learn more about creating a sustainable business environment in your shop, please contact us at 1-800-2SIKKENS.

Managing and reducing your carbon footprint

WHETHER YOUR COLLISION REPAIR BUSINESS IS LARGE OR SMALL, you can find ways to reduce your carbon footprint. As you can see from the chart below, it's a process of continuous improvement.

Where are we now?	Baseline footprint: Energy costs, water consumption, waste, VOC emissions
Where do we need to be?	Set business goals: Reduce costs associated with electricity and water usage, lower VOC emissions, generate less waste, etc.
What actions will make the most difference for the least effort?	Identify big hitters, quick wins, and improvement options
What are we going to do?	Create an action plan: Recycle paper and other materials, lower electricity usage, switch to waterborne paints, install solar panels
How are we doing?	Re-measure and evaluate next steps

Source: Goodall, Chris. *The Green Guide for Business*.