

The Auto Dealer's Original Fixed Operations Resource

Vol.7, No.5 May/June 2010

Fixed ps

GREEN



GREEN

Energy Saving Alternatives

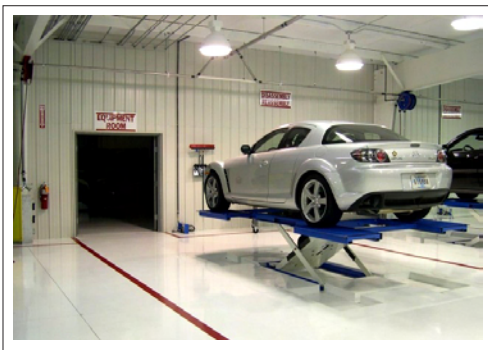
Giving Your Dealership a Lift!

Collision Shop Lean Processes

Collision Shop Lean Process + Green Practices + Healthy Business = Growing Profits

By Steve Feltovich

It's vital that all aspects of a dealership's Fixed Operations embrace the challenge of re-defining their operational processes in order to find more customers and profitable sales. In today's extremely competitive business environment, it's paramount that dealers deliver the highest quality product at the lowest possible cost and in the least amount of time; all with outstanding customer service. Customers expect faster service and not only equate repair speed with higher value of the repair but can be dissatisfied with anything less. The shops that cannot respond will eventually fail to meet customers' and insurance companies' requirements altogether.



Collision repair shops today are struggling with low or no growth. Overcapacity in collision repair facilities is uncontrolled and virtually all service offerings have become commodities. So, what can a collision repair center do in order to gain a real edge in the marketplace and begin to thrive?

Lean is a concept that can be implemented at every level of the business. It's a process of relentless improvement that can significantly impact the organization's health, wealth and competitiveness. If applied appropriately and as an indefinite sustaining force behind the business, lean is the most powerful management movement that can revitalize the business model for optimal efficiency. In the world of lean, a collision repair center is classified as a job shop environment -- meaning it produces low volume with high variability, which impacts the operations with frequent and radical unevenness. With this said, is lean applicable to the collision repair industry? Absolutely.

Lean On Me

Lean is applicable to any department within the dealership because it constantly seeks out the ideal state. Although this will never be attained, the idea is that continuous improvement will become embedded in the minds of employees and managers. The business reaps countless benefits from decreasing operational variation. The job shop that pursues lean must keep in mind the differences between their type of business and a manufacturer; therefore, they must be extremely flexible due to the amount of inherent variation in the job shop environment. For most collision repair operations,

only a small fraction of the total time and effort that employees spend at work actually adds value for the customer. Research indicates that 95% of a job shop's activities do not add value for the customer; 35% of these are necessary non-value added activities. The remaining 60% are unnecessary, non-value added activities -- waste. A walk through the typical collision repair center reveals a plethora of waste -- dead vehicles everywhere, waiting for parts and technicians; time consumed waiting for approvals and pertinent information.

In addition to these wastes, there are a host of environmental wastes that can, and should, be eliminated. Once we establish a level of awareness about waste in our shop's operations, we will very quickly understand that our processes must be redesigned. When we view this through the eyes of the customer, they readily observe business inefficiencies, sloppiness and waste in our processes. And they are not willing to do business with organizations that remain complacent in their current wasteful practices.

"Once we establish a level of awareness about waste in our shop's operations, we will very quickly understand that our processes must be redesigned."



What a Waste

Waste in a collision repair center can be identified in many areas once you are learned in lean and green principles. The following short list (the long list would fill the entire article) identifies a few critical areas of waste.

- Writing visible damage estimates
- Processing supplements
- Placing multiple parts orders
- Finding hidden damage while vehicles are in the repair process
- Waiting for information
- Locating missing parts
- Repairing broken equipment
- Finding tools
- Checking inventory levels
- Waiting for job assignments
- Reevaluating situations due to lack of communication
- Excess inventory of parts and supplies
- Excessive use of energy

You can see there are plenty of activities driving waste in a shop environment. Developing lean and green thought patterns is essential before you attempt to implement change. Lean thinking progresses as you learn about (and see) waste in every aspect of the business. Waste can be found in several major forms such as redundancies, space, time, costs and excess.

The “lean revolution” is well on its way with many companies in varied industries embracing lean principles as a means to improve performance and, ultimately, profits. Veterans of lean have learned that these management philosophies, which provide collaborative problem solving and continuous improvement through lean work environments, also enable them to effectively address environmental concerns.

When a company adopts lean, processes are studied in depth, problems are solved by teams, and waste is eliminated. Employees begin to accept new responsibilities within established boundaries in order to improve their organization’s value to their customers. There is growing evidence showing that by combining lean and green practices, companies can save thousands of dollars by reducing production waste and energy costs.

What’s the Next Step?

Some collision repair centers are experimenting with the production methodologies of lean, while others are dabbling with the marketing and advertising aspects of green initiatives. What will give a shop an overall competitive advantage in terms of sustainability now and in the future? We believe it will be the shop that is practicing both lean and green measures --

a truly dedicated lean workshop that focuses on the environmental concerns as a part of the business’s improvement processes.

The payback of implementing lean and green initiatives comes through financial savings to your company over the long-term. There are many ways to achieve this: regularly maintaining spray booths, frequently replacing filters, installing new energy efficient fluorescent lighting and keeping spray booth fan blades free of excessive paint buildup are just a few examples. Spray booths must always be kept clean in order to eliminate the high costs associated with rework, which consumes energy and materials.



If your company’s lean journey has already begun, then you are naturally becoming greener every day. The lean and green companies expand their definition of waste to include not only product and process waste, but also waste of material resources, waste due to emissions and energy waste. This type of lean / green thinking provides a new shade of green only found in the color of money you have saved.



Steve Feltovich is the Manager of Business Consulting Services for Sherwin-Williams Automotive Finishes.