

Get Paid For The Work You Do

*Initial Results and Insights from NABR's
VRS Procedures & Practices Survey*

May 2015

In early April 2015, National AutoBody Research (NABR) launched the nationwide VRS Procedures & Practices Survey to understand more about shops' practices and insurers' payment behavior around a set of common procedures.

The overall intent of the research is to help level the playing field for procedures in the collision repair industry among shops and insurers alike, so that shops consistently bill for the procedures they perform to bring a vehicle back to pre-accident condition, and so that insurers pay all shops consistently for the same work.

First, we were interested in understanding shops' practices. How often do shops perform these procedures? Do they write those operations on their estimates? Do they get paid for their work?

Next, we sought to understand how insurers behave regarding payments. Do insurers pay shops for the procedures they perform? Do insurers pay shops consistently across the country for the same procedures?

Lastly, we were curious to see what useful insights might be revealed in the survey data. When it comes to performing and paying for procedures, how could the survey help both shops and insurers to improve?

In this first phase of the research, NABR selected ten top insurers and twelve common procedures that shops told us were important to them. In the future, NABR will survey shops on additional insurers and more procedures.

The insurers named in this survey were:

Allstate	Nationwide
American Family	Progressive
Farmers	State Farm
GEICO	Travelers
Liberty Mutual	USAA

The procedures or operations included in this survey were:

Access time	Mask interior openings / jambs
Address weld burn damage	Pre-fit non-OEM / used parts
Color tint	Refinish prep time for used parts
Corrosion protection	Reset electronics
Feather, prime and block	Test drive
Finish sand and buff	Wash / detail vehicle for delivery

Not intended as an exhaustive analysis, this report shares initial summary results and insights from approximately 150 surveys completed in April.

It is our sincere hope that both insurers and shops can use these findings to improve their understanding, their practices, and their relationships, to help build a stronger industry, ultimately for the care and safety of their mutual customer, the consumer.

To begin the survey, we asked shops:

*When necessary, which of these procedures do you perform and charge for?
Are you paid by any insurer?*

The results are shown in Figure 1 below and on the following pages. (Some of the procedures are abbreviated for space. See the Introduction for the full list).

Perform the work?	Always / Usually	Sometimes	Never
Access time	87%	11%	2%
Weld burn damage	90%	7%	3%
Color tint	81%	17%	2%
Corrosion protection	99%	1%	0%
Feather, prime, block	89%	6%	5%
Finish sand, buff	78%	18%	4%
Mask interior	88%	9%	3%
Pre-fit non-OEM parts	70%	15%	15%
Refinish prep time	81%	10%	9%
Reset electronics	78%	21%	1%
Test drive	76%	17%	7%
Wash / detail	89%	4%	7%

Figure 1. Percent of shops that perform the procedure.

Key points for this section include:

- At 99%, the procedure performed most often was including corrosion protection during or after the repair.
- At 15%, the least often procedure performed was pre-fitting non-OEM or used parts.
- On average, 84% of shops said they always or usually perform these procedures.

Although the vast majority of shops perform these procedures when they deem necessary, they don't write them on their estimates or get paid as often as they do the work.

Figure 2 below shows how often shops write these procedures on their estimates.

Put on estimate?	Always / Usually	Sometimes	Never
Access time	46%	37%	17%
Weld burn damage	65%	17%	18%
Color tint	66%	31%	3%
Corrosion protection	93%	7%	0%
Feather, prime, block	46%	38%	17%
Finish sand, buff	54%	32%	13%
Mask interior	55%	31%	14%
Pre-fit non-OEM parts	24%	32%	44%
Refinish prep time	45%	25%	30%
Reset electronics	64%	25%	12%
Test drive	19%	25%	56%
Wash / detail	32%	25%	43%

Figure 2. Percent of shops that write these procedures on their estimate.

Key points include:

- At 93%, corrosion protection most often gets written on the shops' estimates, more than any other procedure.
- At 19%, test drives are written on the estimate the least often amount of time and are never put on the estimate 56% of the time.
- The largest gap between performing the work and putting it on the estimate happens for test drives (gap of 58%) and cleaning the vehicle for delivery (gap of 57%). For example, 76% of shops reported test driving the vehicle Always or Usually but only 19% of shops reported Always or Usually writing it on the estimate. Thus, 76% minus 19% = 58% gap.
- Overall, on average for all procedures combined, there is a 33% gap between doing the work and writing it on the estimate.

Shops also indicated whether they were paid by at least one insurer for these procedures.

Paid by at least 1 insurer?	Yes	No
Access time	73%	27%
Weld burn damage	73%	27%
Color tint	95%	5%
Corrosion protection	99%	1%
Feather, prime, block	65%	35%
Finish sand, buff	75%	25%
Mask interior	72%	28%
Pre-fit non-OEM parts	31%	69%
Refinish prep time	54%	46%
Reset electronics	79%	21%
Test drive	20%	80%
Wash / detail	36%	64%

Figure 3. Percent of shops that were paid by at least one insurer.

Key findings include:

- At 99%, almost all shops surveyed said they were paid for corrosion protection.
- At 20%, 31%, and 36%, shops reported that test drives, pre-fitting non-OEM parts, and washing vehicles for delivery, respectively, were the procedures least often paid by any insurer.
- Overall, on average these procedures were paid 64% of the time by at least 1 insurer.

To better understand overall insurer payment behavior paying shops for these procedures, we devised a simple scoring system where Always paid is 10 points, Usually paid is 8, Sometimes paid is 4, and Never paid is 0. For each insurer, this was applied to all twelve procedures and weighted by the number of responses to that survey question, then averaged for all twelve procedures to produce a single score for each insurer.

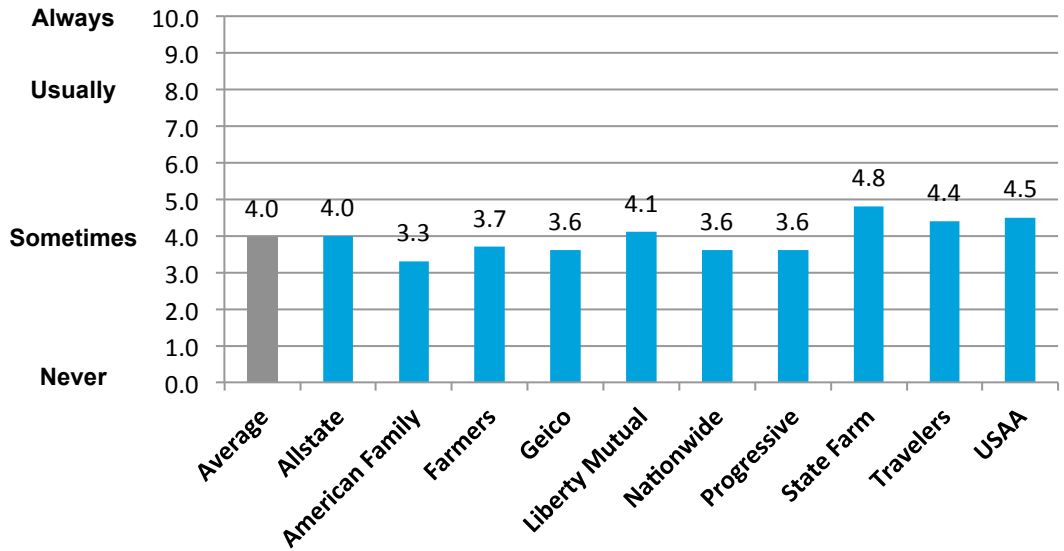


Figure 4. Average payment score for insurers.

With scores ranging from 3.3 to 4.8, insurers frequency of paying for the twelve procedures surveyed can best be described as only “sometimes.”

Lastly, we examined the relationship between performing the procedure, putting it on the estimate, and getting paid. The results were stunning. Figure 5 below shows that on average, 71% of shops said they always perform these procedures, yet only 34% of them always write it on the estimate, and only 19% always get paid.

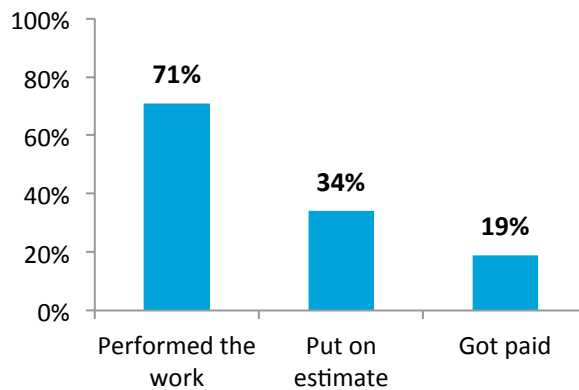


Figure 5. Percent of shops who answered Always to work, estimates, and payments

Some interesting and financially valuable insights were revealed in the survey results and data analysis.

1) Many shops need to open their minds to the possibilities of getting paid for procedures.

Too many shops simply believe that they cannot write a particular procedure on their estimate because the insurer doesn't accept it, and they won't get paid for it anyway. We read these comments in the optional comment section of the survey, and often hear this kind of thinking as we talk with shops around the country, as well.

As the survey data proved, there are already shops getting paid for the same procedures that another shop believes they cannot get paid for. Therefore, the belief that my shop cannot get paid is false. Yet this false belief drives shops' behavior, as we saw in Figure 5, where over 70% of shops always perform the work but only 34% of shops always put the procedures on their estimate (often because they don't believe they will get paid).

For starters, we encourage shops to write all the work they do on their estimate, as much as possible. Worst case, if they cannot win the argument to get paid for the work, then they are no worse off than they are today. But if they can successfully insist on getting paid for all or some of the work, that could represent tens of thousands of dollars in profit over the year.

Remember, if other shops are getting paid for performing the same procedures as your shop (and they already *are*), then your shop should get paid too.

2) Insurers can act more consistently in paying for procedures.

It seems reasonable to us that if one shop gets paid for a particular procedure—say, color sand and buff, for example—then all shops who perform that work should be paid for it too.

Yet when we examine the data at a more detailed level, we find that insurers do not pay shops consistently across the country or even within the same market.

This finding is also supported by the documentation we receive from shops all over the country, showing the same insurer paying for something to one shop in one market but not paying it to a different shop somewhere else.

3) Remember that the survey does not consider whether the amount a shop is paid for a procedure is fair compensation or not. The survey simply asked how often a shop got paid and by what insurer, but it asked nothing about labor rates nor the time allotted for the work.

Just because a shop got paid for a procedure does not mean that the shop was compensated fairly. NABR believes it is important for shops to get paid for the work they do, and it is equally important to get paid at the right rate.

This is where the Variable Rate System comes in.

This report is entitled, “Get Paid For The Work You Do.”

And that’s exactly what the Variable Rate System (VRS) can do for your shop.

First, the results and insights from the VRS Procedures & Practices Survey published here provide shops a view into other shops’ billing practices and the knowledge that there do in fact exist shops that are getting paid for the work they do. You can too.

Second, while shops often hear that they are “the only one” who charges for a particular procedure, the new VRS Procedures product will enable shops to pull back the curtain and see the truth about what other shops are billing for, whether they get paid, and which insurers are paying for what procedures.

In the VRS, the procedures survey data is searchable, enabling you to search your state or the entire USA for a particular insurer or procedure, so you can get the critical information you need to know, right when you need it.

In the near future, this VRS Procedures tool will also contain the industry’s first online, searchable document library comprised of documents from shops around the country showing that they got paid for various procedures, as well as the insurer claim numbers themselves.

These documents will help you get paid for the work you do, by demonstrating to an insurer that they have already paid other shops for the same procedure you’re seeking payment on.

Lastly, the VRS enables you to search for the true, market-based labor rates in your market, by ZIP code, mileage range, training, certifications, equipment, and vehicle make.

Labor rates and procedures go hand in hand. It is important not only that shops get paid for the work they do to fully repair a car back to its pre-accident condition, but also that they get paid for that work at the proper rate.

And we’ll help you find the right rate for your business, using the VRS Cost of Doing Business Calculator and the VRS Labor Rate Calculator.

But the Variable Rate System will only work for you if you subscribe and actively use the system. Subscribers who actively use the system in their day-to-day business have successfully increased their labor rates and profits. You can too.

Learn more about the innovative, game-changing Variable Rate System at our website www.NationalAutoBodyResearch.com. Select *Contact Us* to request a free online demo of the VRS, or click *Subscribe* to sign up now and use the system to get paid what you’re worth and get paid for the work you do.

About NABR and the VRS

National AutoBody Research (NABR) is an independent research and technology company committed to restoring the free market for labor rate pricing and leveling the playing field for payments of procedures, in the automobile collision repair industry.

Through its innovative Variable Rate System (VRS) technology, NABR provides collision repair shops the tools they need to get paid what they are worth and get paid for the work they do.

Active use of the VRS leads directly to improved shop revenue and profitability, enabling shops to invest in training, certifications, equipment and technology, as well as their people, to repair cars properly and completely, ultimately helping to ensure consumer care and safety.

With thousands of rates from shops nationwide, NABR built the industry's first and only independent, third party source of real-time, market-based labor rate data. With its new Procedures product, NABR is building the industry's premier searchable, online library of procedures payment data and documentation, making the VRS the new industry standard for nationwide market-based labor rates and procedures payment information.

To get a free demo of the VRS system, initiate a survey for your state, or sponsor a VRS Workshop in your market, please contact us at nationalautobodyresearch.com or via the contact information below.

*Richard Valenzuela
Chief Executive Officer
Richard@VariableRateSystem.com
520.971.6110*

*Sam Valenzuela
President
Sam@VariableRateSystem.com
913.226.6550*

Take the free VRS Labor Rate Survey at: www.nationalautobodyresearch.com/labor-rate-surveys.html

Take the free VRS Procedures Survey at: www.nationalautobodyresearch.com/procedures-survey.html