

## DAY TWO - SESSION 08.00

### Winning inter-stakeholder relationships

Josep Ferro – director, CRC Central Reparacio Carroseries

Moderator – David Lingham, IBIS conference director

**David Lingham:** Okay, last year – I mentioned that Cees Klaassen came up to me and said let's get involved. Actually before Cees did that, somebody else came up to me and said 'I would like to get involved in IBIS next year'. So this man has been waiting for 364 days to come here and talk to you. We have never had a presentation from Spain. Please welcome from this region, Spain, Catalonia, Josep Ferro.

**Josep Ferro:** Some of you have seen something like this before. Some of you have designed and built a spray gun. Some others have experimented with colours, designed, produced and sold the paint and someone else has decided that, with this quantity of colour, I should be able to paint some parts of a car, by the way match the colour perfectly and you have already decided how long I'll need and how much money some of your companies are willing to pay me for painting those parts.

I have some very good friends here today. Thank you for coming. Hopefully, some of you have heard of me. For those of you who haven't, I'm from Barcelona, I came by taxi and I am a repairer and I love the job I do. I live and I work in this beautiful city and I'm proud to have this impressive symposium in my city for the second time and I am really pleased and fascinated to be talking about my job in this incredible venue. So welcome everyone for the second time to Barcelona.

Well, I'm completely overwhelmed. I'm intimidated by so many professional, bright and successful people. I am really not used to talking to this kind of audience. I need to make my first confession. I am an engineer and I believe in facts. So before I start, I would like to know how many of you are repairing cars today, not in the past but today. Please if you could raise your hands, those of you who are in the business of repairing damaged cars today. Okay, thank you, 10-15%, I thought so. In fact, I was so sure of the result that I decided to include this video in my presentation. It's just to demonstrate that we, the repairers, are the weakest part in this business.

There is something I would like to point out before I start. We are here today speaking about relationships. Instead of preparing an elaborate presentation with figures and charts, I have decided to talk about my feelings and my experience in the relationships with other people involved in what we do and also some values in which I strongly believe.

We repair cars and we do it in the Spanish market, a very complicated market. Spain has different areas in which you can find very different realities. For instance, the average price for labour is €36 an hour. If this is the average and mine is over 58, that means you can easily find prices at around €30 an hour somewhere in Spain and even below. In big cities nearer to the manufacturer and the official service suppliers, you can expect to find higher

prices but not as high as some prices you can easily find at around €80 per hour in other countries in Central Europe.

In Spain we have 15-20,000 bodyshops, most of them very small facilities with very few people working in them, 2-5 people on average probably, highly skilled but undoubtedly with very little professional inter-management. It's estimated that we are going to repair 60 million cars this year, 35% in official services and 65% in independent bodyshops. In this scenario, again the bodyshops are the weakest part of all the business. Manufacturers, suppliers, insurance companies, fleet and automotive associations, all of them are in a much stronger position. This is perhaps the main reason that most of them need to work with very low prices to retain their job and agreements with all the other parties.

The other reality is that hundreds of bodyshops start and die every year in Spain. With a very small investment and with some help from some suppliers, anyone can start a small bodyshop, initially a little bit outside the law, dodging taxes and environment regulations, but certainly doing a good repair job and looking attractive to customers and insurance companies.

Allow me to give you only the big figures as a way to introduce myself and for you to get an idea of what we do. We have three big bodyshops here in the area of Barcelona and some others, medium and also micro bodyshops. We have been in the business for the last 70 years in different places and various branches. For the last 25 years we have had one big bodyshop of 9,000 square metres and 100 people working in there. In total, today we have 31-40 people in

our three facilities. The income for 2012 will be something around \$12 million and we expect to repair 10,000 cars, which is more than 170 cars per week, only accident repair and painting. At the end of the year we will have also repaired 200 luxury cars since we are also the official dealers of Ferrari and Maserati, Aston Martin ... but our big deal is with Mercedes Benz, also Volkswagen, Nissan and Kia. The whole company represents 30 brands and in our garages we expect to service 200,000 cars this year.

Most of our clients that need to have their cars repaired go directly to the official dealers of their car's brand. These are located within the nice areas of the cities and often are a pleasant atmosphere that the clients value. What is good about this model is that clients trust the staff at the official dealers as they represent the brand. What is not so good is that people who need to have their car repaired as a result of a crash or parking damages or anything different to a level of service, they need to be listened to. They want and need time and attention and what they want most of all is professionalism. They need to feel and believe that they are in the best hands and perceive that all the knowledge, necessary tools and training are at their service. Unfortunately, the motor brands do not usually include these subjects in their staff training. If you have a million meetings talking about after-sales, you can observe how only at the end of the meetings do they remember to talk about aluminium, painting materials, central billing and small repairs.

Nowadays it is quite fashionable to speak about the quick, small, smart, whatever repair. You go to the garage for maintenance and they offer to repaint

some small scratch for very little money. Unfortunately, the reality is that we are doing very few of these small repairs. The majority of our jobs represent more than 15 hours labour and 99% of these jobs are paid at the end by the insurance companies. Very few people pay €150-100 to repaint a small scratch even if you promise them that you will do it in a couple of hours. If the car is brand new, the owner has full insurance and doesn't claim for a small scratch, generally because he's afraid of the excess he has to pay. If the car is six years old, the scratch is probably not the only damage on the car. People prefer to go out to dinner, to a nice restaurant.

In addition, we need very well-trained people and highly professional people to carry out this kind of work. Brand managers, for instance, these days are totally different of those who you may remember from the past. Today we need really talented guys with good manners, good commercial minds, who are patient but also competent in the technical aspects of the business. Lots of speakers have talked about innovation, relativity change, hard work, compromise, productivity, efficiency, persistence. People much smarter than me have written lots of terrific books and articles, so it's not necessary to talk about them now. This is a business in which, in Kelly's words last year, we should think globally but act locally.

There are lots of people working to keep this business running, again manufacturers, bank companies, other suppliers, insurance companies, automotive associations, car hire companies, but in the end somebody must attend to the client and repair the car. I would like to advise you to offer all these stakeholders this respect, respect for all of them, respect for the job they

do, for the signs behind their products, the risk they are taking on and the investments they are making to be there. In this business everything is sold. Manufacturer sells trucks or cars. Dealership sells cars to customers but also spares, accessories, tyres, oil, maintenance and repairs. Painter sells paint. Providers in general sell whatever you mentally should need to proceed with your job. But please don't forget that we too are doing things. Some guys do the cars, some others do the paint, the spares and we do the repairs.

Now I need to make my second confession with some shame – don't tell anybody. I finished my engineering studies at 25. I started work as a director in Barcelona Harbour with responsibility for a lot of people, more than 200 loading ships, 24 hours per day, seven days a week. After a year trying to do my best, one day I had to stop and think to myself I have for the first time in my professional life a strange world. It was not productivity or efficiency. This is the way it was. I was used to using it with my team and my bosses in the headquarters. I realised at that moment that they, the clients, actually existed. You can appreciate then my effort over the last 15 years to bear in mind that we are working for our clients. In those days companies had a commercial department responsible for keeping the clients happy but the operations department and the headquarters were 100% focused on maintaining and running the organisation without thinking about the customers whatsoever.

I'm really happy with the job that my team is doing. They had to make a very dramatic change in their mindset some ten years ago. They didn't used to think about the client either. Ten years ago their only concern was the profitability of

the operations and to have as many cars as possible to repair.

So now that we have discovered that clients exist, allow me to talk about some customers I know well, my parents. They have had ten cars, from their first in the early '60s to a nice big Mercedes five years ago, ten cars. If you ask them what they think after-sales is, they would probably say something like 'after-sales; after the delivery of a new car, petrol?' Sorry, I guess this is not a very professional statement but what will actually happen is that some months after the purchase of a new car, a light on the panel or a telephone call reminds them that they should go to the dealership to have their car serviced. When they go to the dealership, they do it with very little interest, very low expectations, oil and filters must be changed, something checked and adjusted. 'These people have built my car. They know what they have to do. I want my car back in a day. I don't want much explanation. I am just worried about the bill.'

Then the day arrives when something unexpected happens. Nobody has an appointment with the bodyshop expecting to crash their car on a particular evening. So when the day comes that they really need our after-sales service, we should be well-prepared and helpful. We can't ask them if they have an appointment. We must listen to the client, allow them to explain how the tree or the column damaged the car or how some blind, confused, crazy driver crashed into them. We need to be attentive and professional and do our best to meet the client's needs.

I believe in all those concepts I mentioned before: innovation, creativity and change, and we needn't be afraid of

them. Rather these are ways of working that should be ingrained in us, an integral part of our professional make-up, but I am a defender of another concept that's not on the schedule of most conferences or the subject of articles in the after-sales business. Do you know what it is? Belief ... faith – the way to success is to be involved in a network of people all doing their job well and believing that what they are doing is going to help everybody achieve their different goals. I am talking about our team but also about our suppliers, the official dealers, insurance companies, estimators, our colleagues, our bosses in the case you have, because when people believe in what they are doing, when they have faith, the rest of the concepts come easily: productivity, quality, interesting little tales, effort, change, everything is accepted in the right frame of mind.

So what I'm trying to explain today is how we are making all the stakeholders believe in what we and they are doing, how I try to have some kind of magic atmosphere where all the parts fit comfortably, working in this extremely demanding environment. I shall start with the official dealers. They are the ones who deal directly with most of the car owners. They are the ones who phone and give them explanations. Therefore they need, firstly, to be formally trained to give as much information as possible to all clients and, secondly, to be kept informed on a daily basis on the progress of the repairs. We send information everyday but they can also check the status of all the cars being repaired online. Clients can also check through an ad whether the estimator has seen the car, if the spares have arrived or if the estimated time of the delivery is still the same. We also

have a new application for iPhone and Blackberry which I am very proud of.

They do work under a lot of pressure and have lots of things to do, standards to keep up, audits, customers' queries. Even so, if we fail and the final client complains, for them it's like the end of the world. Then the dealers may start thinking 'perhaps we should try another bodyshop, maybe it's not good to work only with one provider'. Even though we paint 500-1,000 cars a year for some of these dealers, they don't want to hear about one single problem. You may know that every business accepts some percentage of failure. Telephone companies and garages are in the top in Spain's list of complaints but, once we are working business to business, they don't accept even one complaint lightly. So all the cars we repair must be delivered in perfect condition. Mind you, some clients like to complain the colour doesn't match, 'you changed the chair, you took too long to repair the car'. What do we have to do? Provide them with 100% quality. Inform them each and every day with accurate and clear information and deliver the cars at the time scheduled and, last of all, give the interior a really good clean.

To conclude, we need to be close to the official dealers and treat them as our own end client. We have to help them by giving them all the information and training they may need. We talk with them. We talk a lot, talk, talk, talk, talk. It's the formal one. Only talking, everything ends up on the table to be discussed and mentally to be improved. It's very common to think I have been in this business for a long time. I already know everything. Whatever you say it's an excuse. I want to know, I want it cheap, if anybody else can do it cheaper and sooner. Times have changed. I

used to fly frequently to Dubai around the tragedy of the 9/11. I absolutely think that the world started changing that day. Lots of things that were true ten years ago are totally different today.

Many of the dealerships have admitted that after-sales is a really important part of their incomes. We have to be there to help them, not only repairing cars but also helping all through the process, the most important part the way they attend to the clients, the compromises they took in our name. A bad beginning rarely ends in a good result. Everybody assumes that we are going to do a perfect job. We have to solve all the problems, fix the damage and bring the car back as good as new but what our clients want is to have it done in an unrealistic time. Our compromise is to do it in a fair time and to convince each person in the chain that paint needs time to dry, spares are not available immediately, paperwork is not instantly completed, and these are not excuses.

As long as we deliver a good service to our clients and we facilitate our dealers' jobs, we are more likely to be offered more work and more clients. We exist in business to obtain and retain satisfied customers. I believe also in satisfaction. I am also a tough client and I like to be treated properly as a customer but, if we only believe in procedures, in efficiency and productivity, we wouldn't be the company I'm proud to be a part of. I like to think that an important part of our success is this magic atmosphere that my whole team tries to involve in our relationship with our dealerships.

The insurance companies are not our enemies any more as they used to be. Modern ways of working have changed the way we think. Whether we like it or not, we need to work together with them

but, most importantly, we want to work with them tomorrow, next week, next year. So please treat them as partners. They are not the final clients but at the end of the day they are the ones paying the bill. Their consent should be to check the quality of the repair work, the spares, the timeous and technical customer satisfaction but face the facts, their role is to reduce their costs.

The formula 'be fair and gentle with them', build a strong and clear relationship with them and assume that you may lose some money in a single operation but you will finally be building your business for the future and will have fewer problems in the long run. Every year I meet with important managers of the big companies as I am responsible for some of the biggest bills. In the last ten years we have reached an agreement year after year and, once we have an agreement, we have the whole year free to work without having to go back and discuss it all again and again. Unfortunately, as usual, bosses reach a happy agreement and then somebody in the chain breaks all that. They argue and they respond with something like it's always impossible with you.

A bad or an inferior relationship with insurance companies can be radically dangerous for our customers and for us. Today customers expect 100% quality and the difference between us and other competitors is the quality of the service in general. This is facilitated with paperwork, reliable advice, meeting deadlines and efficiency. If you are at war with those who give the estimates, the first reaction you will find is your efficiency reduces. Make everything easy. On the other hand, if everything is clear, fast, efficient with very few problems, do you think that the insurance company will quibble about 3

or €5 extra cost in the labour rate? What I think is that in the actual market customers want everything resolved in a professional way and our duty is to have these agreements with insurance companies and to find a pleasant way in the day-to-day dealings with the estimators to succeed in that efficiency I mentioned before. So again my goal is to make them believe that, even being a little bit more expensive, we are the best option to repair their insured customer's car.

Before I start talking about suppliers or providers, I should say I am also a provider. 99% of my responsibilities are to ensure that my organisation provides good rival services at any time whatever the difficulty but I am the client in the order of 100% of my job and they say I'm a good one. Some big companies would like to provide services and products to my company. Some are here today. I'm sorry I can't buy from you all and, as a good customer, I like to be treated honestly, transparently, to feel it's a fine relationship, to feel some compromise.

I cannot accept the old model of changing the suppliers every two years. I am not comfortable at all with that old theory so typical in the past. You said you are not going to do some job that you have to do because you don't know how to, you can or you don't want to. So you look for somebody else to do this job for you. Both of you reach an agreement and, if you are in a strong position, from the very first moment you start treating your partner with very little respect, like a servant. I don't accept this model. I like to see my providers as long term partners, take my decision but allow them to do their job. There are moments in our business when I think I need more from them. We are very

demanding and probably what we are asking from them is quite different to what their other clients are asking for but has been expected from them for years.

This is what happens to all of us. We have different clients asking different compromises and priorities and paying different prices and we have to adapt our company to provide different solutions to each one of them and try to be profitable in all our operations with all kinds of clients. If you want this to happen in your company, then you will probably have to teach them how to do it, to be very clear in what you want and what you need. The old Spanish way was not very professional. Fortunately, everything's changing. It is necessary to work hard and to talk a lot.

You always have alternatives to choose from. Products and prices are very similar. I want seriousness of meetings, clear files and reports. The added value they say they provide to their products are not important, compromise. So once you have chosen, you have to be serious with yourself. Fulfil your commitments. Allow them to do what they have said they are going to do. Check regularly; no threats; no excessive pressure. In a fair win-win relationship, the success of your provider is also a part of your success. Treat them as a partner, as if you are obliged to work with them. Let them see you are professional, organised and honest.

In my experience, there are very different types of relationships with providers. Some of them are pushing all the time. They deliver an invoice and materials thinking of fulfilling their budgets. Allow me to suggest that it is possible to change the rules. It is also remarkable how dangerous it can be

when the personal relationship is not good. All the company's efforts are useless. I believe it is really important to be very alert to that deterioration before it becomes an insurmountable problem.

Every day in our automotive world what is important is the commercial, the selling, everything is being sold. There are sales meetings, sales conventions. It is really important to sell cars and spares, labour hours, accessories and the suppliers sell us all kinds of products: abrasives, paint, tools. In a time of crisis, I do like to think that it is us who purchase all these products. We decide what paint we need, whatever. We send our order and we don't want to have material delivered and invoiced that we haven't ordered.

You may think that this way of single relationship is normal and that there is no difference. You really don't know the Spanish way. From the moment you take control of your purchases, immediately everything changes. If we are not going to become rich selling our services, we can at least try not to be comfortable purchasing things that we don't need. Do you think that's really necessary to do it permanently with commercial guides about prices, offers, discounts and gifts, to purchase the same products week after week? Check, discuss, calculate and then establish volumes, models and brands. Then the guys in the warehouse can dedicate their time and effort to looking for spares, references and checking that everything is correct.

In the paint section, we choose one person to be responsible for all the ordering, orders guy. He is the guy that has to decide the quantity of products once a week and who also calculates and prepares the paint to use during the

day for all the other 20 painters. This way our paint box, paint warehouse, quantities of paint prepared and the rest are under control all the time and, believe me, cleaner than some of our kitchens. The best investment we have made in our bodyshop is a working model like this. And then the relationship with our providers becomes really transparent, much easier.

Think for a moment what happens when you have to paint a car twice for any reason and you have to repeat it. You are not paid twice, are you? But your provider will invoice you anyway and it's certainly not his fault. We don't argue with our providers whose fault it is. It's ours. So we always keep our spray booths in extraordinarily good conditions. We do the regular maintenance and we don't try to save money not doing it. We try to have our team trained. Here our provider must do the job. We try to be sure that the work that has to be done before the painting is adequate. Then we have 99% chance of having done a good job.

So about arguments about who is responsible for the bad jobs or mistakes, when our provider is making money out of our repeats, it is very difficult for me to trust them and to do business with them but it's not always their fault. Again, talk to them regularly. Be sure that they understand this way of doing business and that they believe in it and in your sincerity.

I can't do all this alone. All the people that work around me are the ones doing the job. I treat them with respect and I help them grow professionally but also personally. If my staff is capable of working independently with very little supervision, with goodwill and faith, they can achieve much more. I don't expect

everybody to be happy in the company but what I certainly need is the maximum number of people happy in their job. Again, I try to make them believe in what they are doing. I believe that in today's way of business, training and talent, this is as important as experience.

The outer structures with lots of people watching what others do, supervising, everything, are a real waste of time and the wrong way to success. I need a highly motivated team doing all the things I want them to do but not only when somebody has ordered them to do it. Instead, they may want to do a little bit more and actually I need them to want it. The worst possible situation is to have a very dutiful team doing only what they have been ordered to do. If we want our teams to be happy and effective, then it's vital that we treat them properly on a daily basis. They need to understand their roles, their limits, the procedures and the philosophy of the company very clearly and they have to be allowed to do their job in a nice atmosphere.

My formula is to have a happy team. You and your clients will notice the difference. I talk with my people. They need to listen to me. I can delegate these responsibilities to many people in the company. Most of us, when we are asked about what we do in our jobs, our first thought is I talk. I talk to everybody all day long and I arrive home exhausted from talking. I also talk with the people that are doing the job, panel-beaters and painters, because most of them need to hear from me. We talk about quality to our customers, about our painters, our thinking and productivity, time and materials all the time. We cannot expect them to read my mind. They deserve some of our time and attention.



When I started in this company ten years ago clients were those people that came to the bodyshop to bother us, to interrupt our super-organised day. This was the way we saw clients in the past. One of the most important things I have achieved in the last ten years is to have a team that believes in this new way to see our business, to have some magic that all the people around us perceive.

I also like to send flowers every time we have a member of our team in a situation that deserves it: births, hospitalisations, weddings and funerals. I try to be there with them. Their family will perceive that the company is serious and humane and that it treats its employees with care and respect. The return is a thousand times bigger than the cost of my time and the flowers.

In some meetings we have with the President of our company who reminds us who is paying our salary, he says something like 'the clients pay our salaries, do not forget', and I don't forget. Clients are all those people that choose to come to our facility and that at the end pay the bills but try to think how you could do it without your team. I like to think that my team pays my salary.

I am how I am and I have tried to show you this way to work, trying to have some kind of magic atmosphere where people work differently. I absolutely love the job I do. I believe in my team and that it is fundamental to have your team on your side. I believe in doing a good job and that when you do it right, you get the right results. I believe in human values even in business, in good manners, respect and long term working relationships. I believe in giving the opportunity to others to win the short races. Our goal is to win the long one and never lose this perspective. I believe

in giving importance only to the important things and not to stress over the small things and, when you work in this way, your clients can feel it, insurance companies can feel it, your providers, suppliers, manufacturers, your friends, competitors and even your family can feel it. Everything we do is for a reason and has consequences, even here this couple of days, believe it.

Thank you very much.

**David Lingham:** It is never easy doing a presentation not in your language and I know you were nervous, so well-done. Now I just want to pick up on one thing. You talked about supplier relationships, which is really quite important, and you were saying that basically you felt that your demands might be different from a supplier's other clients. Who would be a key supplier for you?

**Josep Ferro:** Mainly for paint materials?

**David Lingham:** Yes.

**Josep Ferro:** Maintenance and infrastructural, spraybooths, things like that.

**David Lingham:** Paint, for example, who is your paint supplier?

**Josep Ferro:** Stadox.

**David Lingham:** Stadox. Is a lady called Lourdes Garcia? Right, now you don't know what I'm going to ask you, do you?

**Lourdes Garcia:** Yes, you're right.

**David Lingham:** No, you're right, yes, okay. What do you do at Stadox?

**Lourdes Garcia:** I am the Country Business Manager for Standex for Spain.

**David Lingham:** For Spain?

**Lourdes Garcia:** Yes.

**David Lingham:** Okay. What's he like to deal with as a customer?

**Lourdes Garcia:** No, it's really a challenge to work...

**David Lingham:** Challenge?

**Lourdes Garcia:** Yes, yes, it's a challenge to work...

**David Lingham:** We have a saying in the UK when politicians say 'it's a challenge', it actually means it's very, very difficult.

**Lourdes Garcia:** It's true.

**David Lingham:** It's true, okay. What makes him very difficult because he sounds like a very nice man? You know he's sending flowers to his team and all that sort of thing and now you're giving us a slightly different picture about this. Explain that a bit further.

**Lourdes Garcia:** No, in fact, our relationship started ten years ago and, frankly speaking, nowadays I have to recognise that we can start with a complete divorce, to finish their model of the level, so it's really a continuous improvement process daily. Really it's like that win-win relation is based on really good daily work with all their team because it's true that he's always talking about their team because for him it's the most important thing, that's true. So if I have to talk about our relationship in these last ten years, after this emotional

presentation, four things that come to my mind now and it's that, in fact, we don't sell paint. We sell...

**David Lingham:** You give it away?

**Lourdes Garcia:** Really, we give away the paint, and we sell time or better to say we sell how to save money, losing less time in the bodyshop. So at the end, I think that there are four things that we try to work every day with them and it's don't lose our time and their time and the minutes. We work talking with them. He says that he's talking everyday but it's true, we try to talk by phone or face to face because it's really important, avoid emails. Another important key factor is don't lose your time avoiding the problems. Tell them the truth. It's really important because DuPont is an international company and sometimes it's not so easy to be so flexible as demanding customers like them, client, so it's better to say the truth than trying to say whatever. And another important thing is listening to the voice of the customer, so don't do our plans. It's losing time trying to sell them something that they don't need. So listening is another important thing and, last but not least, is team.

**David Lingham:** Team?

**Lourdes Garcia:** Work as a team. Work as a team is the key in that relation, yes.

**David Lingham:** So you may sometimes in your daily dealings with him want a divorce because he is challenging in your description, but those four things are the key ways to avoid divorce. Is that what you are saying?

**Lourdes Garcia:** Yes.

**David Lingham:** Okay, thank you very much.

**Lourdes Garcia:** Thanks.

**David Lingham:** Josep, I also like the fact of your team. There's this passion in there which I could see from you which you want to get to your team and you

talked about magic and flowers and everything else. We talk a lot about technology and deals and everything else but I think we shouldn't underestimate the power of the people that work with you to make the difference. Please thank Josep for coming up here, thank you.