

# The ABP Club – a review of 2007

## JANUARY

The year began with Nationwide buying Aquilo Motor Services, the old ABS (Acoat Bodyshop Services).

Zurich Insurance became the owners of Endsleigh, when they bought the remaining 55% of shares they didn't own.

The ABP Club held the UK Body Repair Safety Summit which drew 70 attendees from insurers, repairers, trade bodies and manufacturers.

The aim of the summit was *“to ensure that the necessary information is readily available at a reasonable price to ALL repairers to ensure that vehicles can be repaired to the high safe standard required by the work provider and consumer”*

Coming out of this safety summit, a working group produced a discussion paper on the subject of an independent lead body for the body repair industry which was presented to the Thatcham board in June.

The boron steel debate, led by John Dwyer, continued to be in the news.

RBS issued a new repairer contract. Following lobbying and pressure primarily via the ABP Club website, clause 8 that related to business disposal was withdrawn. Speculation also began to mount about RBS adopting a paint deal.

Emma Morgan was appointed head of motor claims supply at Zurich Insurance, reporting to Pete Tart, claims supply chain director (Europe).

Steve Field, formerly of Nationwide and Glass's and latterly with Audatex, was appointed managing director of the fast-growing DWS bodyshop group.

The January ABP Club poll said that NU were the best insurer to work for in 2006 with 26% of the votes, followed by Fortis and WNS who both got 16% of the votes.

## FEBRUARY

The big launch of the Thatcham BSi Kitemark took place in London's Dockland, hosted by TV's Quintin Wilson. Chris Oliver of AJC Wilson was the star of the show with his enthusiasm for the standard, saying the immortal line “as a bodyshop you'd have to be mad or on drugs not to go for this new Kitemark standard”

A list of 12 insurers, including RBS, NU, RSA and esure were quoted as wanting their approved repairers to obtain the standard, with esure giving their

repairers an increase in the hourly labour rate in return for a commitment to obtain the Kitemark by April 2008.

The ABP Club held its first meeting of 2007 at the offices of Kindertons in Crewe on the theme of "Retail – the road to profit".

At the meeting we also launched the ABP Club 2007 UK Body Repair Industry Guides covering retail work, retail charges, credit hire and good practise.

Thatcham also used this ABP Club meeting to begin the sales launch of their PAS125 Implementation Guide.

During the month it was revealed that Carter & Carter had expressed an interest in buying all or part of Thatcham.

The shares of Accident Exchange began to free-fall from a peak of 420p at the beginning of February 2007 - they closed the year at 70p.

Shares in Nationwide also peaked this month at 187p, having come to the market at 111p in July 2006 - they closed the year at 112p

The 65 approved repairers for MMA Insurance received their termination notices as the business went to Call24/7.

At the AM awards, Tony Parish of Alton Cars won the Bodyshop of the Year award and Peter Roberts collected the Personality Award.

The ABP Club was a speaker at the Post magazine Motor Insurance Conference on the subject of SMART repairs.

The Club met with PACTS, the Parliamentary Advisory Committee on Transport Safety, to advise them on safe vehicle repairs.

The February ABP Club poll highlighted the uncertainty at the time felt by repairers towards the new PAS125 standard with 36% saying they would commit to the standard, 36% saying they were uncertain and 28% saying they wouldn't go down the PAS125 route.

## **MARCH**

This was reporting season for the insurers - who all announced increases in worldwide profits for 2006.

Axa bought the new internet-only insurer Swiftcover.

Just Car Clinics results for 2006 revealed a 34% rise in profits to £28 on every £1,000 repair.

Nationwide results for 2006 were affected by non-recurring costs associated with their July floatation. Excluding these, they had a 68% rise in profits to £39 on every £1,000 repair.

The ABP Club joined John Dwyer in a visit to see the Association of Chief Police Officers (ACPO) on the subject of vehicle welding.

The Club also took part in the first meeting of the working group that came out of the Safety Summit.

The winners of the Mirka prize draw for ABP Club Platinum members went on their trip to Finland and had a fabulous time.

Thatcham issued a press release saying they were going to produce an industry standard for crash repair methods.

This has since led to the formation in December 2007 of ReMAG – the Repair Methods Assessment Group.

The March ABP Club poll showed that 76% didn't believe that Thatcham's escribe gave them sufficient repair method information.

## APRIL

Provident Insurance was sold to GMAC - the finance arm of General Motors. Universal Salvage was bought by the American firm Copart.

The much rumoured paint deal involving RBS and its approved repairers was confirmed as being with Akzo and ACIS.

Carter & Carter reported a 64% increase in turnover for the 6 months to 31 January.

ABP Club took part in the Audatex Industry Forum and the PAS125 steering group meeting, where BSi stated they expected 247 bodyshops to be Kitemark accredited by the end of 2007.

The OFT wrote to distributors probing more questions about the NIBS market arrangements.

Mark Boleat, head of Claims Management Regulation, set up for Government Constitutional Affairs, said claims handlers would have no choice but to alter the way they operated or leave the personal injury claims sector. This followed an investigation into accident management companies that promise to seek maximum payouts for people injured in car crashes.

Daimler Chrysler, Fiat, Toyota and General Motors were under investigation from the European Union over claims they were restricting access to technical

data to independent repairers. This led to the 4 car manufacturers giving an undertaking in September 2007.

The April ABP Club poll revealed that 63% of repairers had experienced a year-on-year decrease in work volumes in the first quarter.

## MAY

The month began with an ABP Club meeting at the Ardencote Manor supported by Mirka with 150 delegates.

During this meeting the tragic news came in that Phil Carter, founder of Carter & Carter, had been killed in a helicopter crash as he returned from seeing Chelsea lose their Champions League semi final against Liverpool.

The highlight of the meeting was the presentation from Nigel Hecks on the case for distribution to be regarded as a key part of our industry.

At the meeting we showed a copy of the Ford Focus crash staged for Channel 5's Fifth Gear programme which graphically showed the consequences of a badly repaired car.

ABP Club organised a meeting at Thatcham for the paint distributors on the subject of PAS125 – bringing them up to date on the standard and any implications arising from it.

The ABP Club chaired a series of roadshows round the country organised by Audatex for its repairer customers. This was the start of a considerable improvement by Audatex in their communications with bodyshops.

We also chaired a round-table discussion on “The future of motor claims” for AI Claims Solutions.

Tony Emms of Zurich was quoted as saying at an industry conference that “there are too many snouts in the trough making a profit out of accidents which has dramatically increased claims costs. We need transparency of costs”

The MVRA reinforced its support of the Thatcham BSI Kitemark to the industry by organising a series of events to highlight the importance of the new body repair standard.

The 100<sup>th</sup> Insurance News in Brief column, all written by Club chairman David Cresswell, appeared in Bodyshop magazine.

Hastings Insurance issued 3 month termination notices to all their 120 approved repairers as the work moved to Network Services, the accident management arm of Nationwide Accident Repair Services.

Allianz Cornhill dropped the Cornhill name and was renamed Allianz Insurance.

Accident Exchange issued its second profit warning within three months on the back of a slowdown in business over the third quarter

The May ABP Club poll showed that 88% felt that mandating of a paint manufacturer by an insurer was not beneficial to the repairer.

## **JUNE**

Our now traditional ABP Club meeting was held at Thatcham as part of their Triple Focus event.

This years Club meeting was integrated much better with the event and included lunch with the Thatcham board and members of ETS.

The Club meeting included presentations on lean thinking and duty of care, as well as Phil Gledhill on the work of ETS.

The Thatcham meeting coincided with it being 1,000 days since the ABP Club was formed on 24 September 2004.

The Club presented the 'Green Paper' discussion document that arose from January's Safety Summit to the Thatcham Board.

Its aim was to highlight the issues of a dysfunctional industry and to bring common sense values via an independent lead body that would oversee industry standards.

We had a good reception to the concept, however the departure of the Thatcham chairman, Pierre Lefevre, a few months later has meant that progress has temporarily halted.

ABP Club was in a small delegation with Thatcham, RBS and NU that flew to Brussels to meet Paolo Cesarini, "Head of Unit, mechanical and other manufacturing industries, including transportation equipment" within the EC Competition Directorate General.

Our mission was to ensure that the views of the UK body repair industry were taken into account when the new Block Exemption Regulations (BER) are being drawn up for 2010.

The Club met with Tom McGee who was the chief executive of i-car, the American industry training giant. Six months later, in December 2007, Tom resigned from his position .

The giant Capita Group announced they had bought MVRA for "£1.3m plus £1.6m"; MVRA was 65% owned by Mike Monaghan and 35% by Broker Assistance.

Allianz announced that they had signed a 3-year deal with Akzo Nobel for them to be their “preferred paint supplier” to their approved repairer network.

Audatex UK profits more than doubled to £1.9m for the year to June 2006 on a turnover up 13% to £21m

The annual IBIS event took place, this year in Cannes. Over 310 delegates from 30 countries, with 90 of these from the UK – unfortunately including only 6 bodyshops.

Discussion in the Club Forum suggested that NU and RSA were continuing to consolidate work volume into the Nationwide group with contract terminations and postcode area alterations taking place

Rumours also began in the Club Forum about what was or wasn’t happening with Zurich and their approved repairer network. The final outcome remained unclear at the end of 2007.

The June ABP Club poll showed that bodyshops at least recognised where many of their problems lay when 58% said that estimating accuracy was the most significant area to gaining increased bodyshop profitability, with 26% saying it was retail work.

## **JULY**

ABP Club took part in the first Kitemark Working Group meeting, which is to ensure that the Kitemark is delivering what the industry wants and to assist BSi with any areas that require clarification.

The Club attended the launch of NARSN (National Accident Repair Skills Network) from Carter & Carter, which seems to have since stalled, perhaps as a result of their financial issues.

This month also saw an amazing collapse in the share price of Carter & Carter. At the time of Phil’s tragic death in May, their shares stood at around £12; they fell slowly to around the £8 mark, and then following a profits warning, they fell overnight to £2.25.

A second profits warning just 2 weeks later saw the shares crash to just 52p.

At the Motor Trader awards, DWS Group received the Bodyshop of the Year award, with Thatcham winning the Industry Excellence award.

The IMI announced that they were taking over Automotive Skills.

AI Claims Solutions also told their approved repairers that Kitemark accreditation was to be made mandatory.

Audatex announced that their new AudaEnterprise Gold system would have a direct link into Thatcham's ecribe.

Two separate welding groups were announced within days of each other:  
AWAG (Automotive Welding Advisory Group)– a group of welding equipment suppliers

RIWAG (Repair Industry Welding Action Group) – under the auspices of Thatcham.

Shares in Just Car Clinics reached their peak this month at 115p, having started the year at 50p. They closed the year at 76p.

The July ABP Club poll showed that repairers parts margins were under attack, with 66% saying they had experienced a year on year reduction in margins.

## AUGUST

The ABP Club website received a fairly major facelift, to offer easier and quicker navigation around the site together with a number of new areas including PAS125 information.

NU wrote to all their approved repairers telling them they had to achieve the Thatcham BSi Kitemark by August 2008.

The first Kitemark newsletter was issued.

A storm blew up around Audatex's announcement of a £20 per month increase in their support fee – which would allocated to the bodyshop's "own training fund".

ADR Group bought Macclesfield Motor Bodies, taking them up to 9 sites and an annualised turnover of £22m.

The ABP website revealed the details of the RMI's accounts for the unusual 18 week period ending Tuesday 9 May 2006 which was as a result of the sale of ReMIT to Carter & Carter for £25.5 million on Thursday 11 May 2006. The RMI directors report stated that "the trade association had another challenging period. The decision to streamline services had a negative impact on membership numbers...which declined for the first time in a number of years" In that 18 week period, the RMIF trade association section lost £865,000 – equal to £9,830 per working day.

Thatcham's results for 2006 were revealed which showed a 7% increase in turnover to £10.9m, of which 64% came from the insurers levy.

Autodex bought 3 sites from the White's group, taking them up to 11 sites.

The ABP Club poll for August / September revealed that 56% of bodyshops were seeing a year-on-year reduction in the size of their courtesy car fleets, with a further 26% seeing no change in size.

## **SEPTEMBER**

The ABP Club held its second annual Golf Social Day

The Club chairman David Cresswell took part in a series of roadshows for Allianz Insurance and their approved repairers.

The creditors of ARMS, the accident management company that collapsed in March 2005, received their first payout of 13p in the £.

Just Car Clinics announced half year turnover up 34% to £18m, with profits up 43% to £31 on each £1,000 repair job. They also announced their 20<sup>th</sup> site in Nottingham which they bought from Auto Insight.

Nationwide announced a small reduction in half year turnover, however profitability shot up to £45 on each £1,000 repair job.

The annual independent bodyshop of the year award went to East Bilney Coachworks, whilst Stuart Cook from Platinum ARC in Bath won the bodyshop manager of the year award. Jason Moseley got the Outstanding Achievement award, with Phil Gledhill getting a lifetime achievement award.

Sewards opened their ninth bodyshop in Havant on the south coast.

Solus, owned by NU, closed its site in Kentish Town.

It was announced that the Link Insurance name would disappear as it became absorbed into Zenith Insurance.

## **OCTOBER**

The first ABP Club Annual Convention took place at Heythrop Park, followed by the Night of Knights event.

Thanks to sponsorship from Audatex we were able to allow all our Gold and Platinum members to attend free of charge, with over 300 attending.

Both events were a great success with an excellent range of speakers for the conference.

Dave Shepherd made an excellent presentation revealing a pass rate of just 21% on the ATA Estimator accreditation and showing us the reasons for such a high failure rate.

Mike Brewer did a splendid job of hosting our evening event, the Night of Knights, where Chris Oliver of AJC Wilson, Dagenham, received our first Industry Knight award for his outstanding contribution to our industry.

We published a Night of Knights directory listing 12 league tables covering different aspects of our industry including largest bodyshop groups, single site bodyshops, motor insurers, accident management companies, credit hire companies etc.

The ABP Club took part in a series of Audatex Consultative Forums with its repairer customers, helping to shape the new Audatex Global Claims Centre.

ABP Club participated in the Kitemark Working Group meeting.

Research for the ABP Club Night of Knights revealed that the 15 RBS owned bodyshops (UKAARC) had a turnover of £103m in 2006, resulting in a £5.6m profit.

It also revealed that the NU owned Solus shops had a turnover in the 9 months to December 2005 of £27m, on which they made just £113,000 profit.

The ABP website Forum featured a big debate on the insurers apparent movement towards bodyshop groups and away from single site independents. Nationwide announced a 3-year deal with NU worth £20m a year and a few weeks later announced a 2-year deal to provide accident management for Zenith Insurance worth £5m a year.

In December they also announced a contract with Axa worth £6m a year.

The RMI launched their revised QC standard for bodyshops as “many bodyshops have been reluctant to commit themselves to a scheme that has yet to prove itself.” It became known as “PAS-lite”

Allianz announced that their approved bodyshops needed to have one of three standards – manufacturers, PAS125 or the revised RMI QC standard.

Motorcare launched their new contract via a webcast which included ABP’s Mark Bull moderating the Q & A session. The contract includes a requirement to have the Kitemark by the end of Q1 2009.

A few days later, Innovation Motorcare announced that they were buying Nobilas from Akzo Nobel.

Carter & Carter shares were suspended at 82p pending clarification of their financial position. The shares had been as high as £12 less than 6 months previously, in April 2007. In November it was revealed that they had £131m of debt, which was an “unsupportable level”.

Three former directors of Independent Insurance, which went into liquidation in June 2001, were found guilty of various charges of fraud following a five month trial. They were sentenced to between three and five years in jail.

Nationwide bought their 68<sup>th</sup> bodyshop in Matlock.  
DWS added a seventh bodyshop to their group in Harlow.

The ABP Club poll for October showed that 95% felt that vehicle manufacturers had an absolute legal responsibility to supply comprehensive accident repair methods to the aftermarket.

## **NOVEMBER**

A meeting for ABP Club Platinum bodyshop members only was held in Coventry, followed by the unveiling of the AM50 list of top 50 independent bodyshop.

ABP Club chairman, David Cresswell, moderated at the AM50 event where Phil Brailey of Allianz said that they had “cribbed bits of PAS125” to make the new RMI QC standard (PAS-lite)

ABP Club took part in the Audatex Industry Forum.  
ABP Club presented at a series of roadshows held by BMW for their approved bodyshops.

The Club Forum revealed that Glass’s Information Services, which include Glassmatix and Bodymaster, made a 51% pre-tax profit margin, making £12.7m profit on a turnover of £25.1m.

Results for the MVRA for the 9 month period to 31 December 2006 revealed a turnover of £7.7m and a loss of £255,000. MVRA was bought by Capita in June 2007 for “£1.3m plus £1.6m”.

In the 4 years from January 2003 to December 2006, MVRA lost the equivalent of £21,000 a month.

Bristol & London announced they would be withdrawing from the Stock Exchange at Xmas in the light of disappointing results.

Howard Basford bought their ninth site, taking their annual turnover to £24m

The Club website revealed that John Driscoll's BMS (Bodyshop Management Systems) business had called in the administrators due to "cashflow problems" and the next day was bought by BMS (Bodyshop Management Solutions, formed a few weeks earlier) whose director was a shareholder of the old BMS and who lived at the same address as John Driscoll.

The website carried breaking news from the RBS Tier A repairer meeting in Scotland that RBS had announced all Tier A repairers will be required to achieve the Thatcham BSi Kitemark (PAS125) standard by the end of 2008.

The Club forum reports that AXA continues with its phased approach to reduce and consolidate its network, terminating repairer contracts.

The 2 British competitors in the World Skills competition in Shizuoka, Japan each won bronze medals.

Simon Noble, from Simon Bailes got Bronze in the Autobody Repair category  
Jonathan Lloyd of Bavarian Agnew got Bronze in the Car Painting category.

The accident management company, Call 24-7 announced the appointment of Morelli Group as their preferred paint supplier, to work with their national approved repairer network of 100 bodyshops.

Pendragon, who have the UK's largest group of franchised bodyshops (47 bodyshops) slumped to a market value of less than £250m after disclosing for the fourth time in a little over a year that it would miss the stock market's profit targets. Their shares started the year at 104p and reached a peak of 125p, before closing the year at 37p.

The ABP Club poll for November showed that opinion was still divided on the long term success of the Kitemark. We asked how they viewed the situation with PAS125 in 3 years time.

Some 32% felt that the insurers will have forgotten about it by then, yet 24% thought it will be THE standard for all insurer-approved bodyshops and a further 18% saying it will be THE standard for ALL bodyshops.

## **DECEMBER**

ABP Club announced the results of its survey of the top 30 work providers from the insurance and accident management markets regarding their support for the Thatcham BSi kitemark.

It showed that insurers representing 64% of the market (by premium) had announced dates when they required their approved bodyshops to achieve the Kitemark. A number of other insurers supported the standard but had not made it a requirement for their network.

ABP Club took part in the Kitemark Working Group meeting.

ABP Club announced the website forum had enjoyed a 7% increase in the number of message, with 7,676 posted in 2007 compared to 7,200 in 2006.

The ABP Club Forum published details of the RMI results for the year to 10 May 2007, showing they had an operating loss of £1.64m – equivalent to a loss of £6,300 a day. Subscription income fell and their debtors revealed that £9m was still owed to them from the sale of ReMIT. The RMI later confirmed to Motor Trader that our figures were correct.

ABP Club Platinum member, Exway Coachworks, announced that all seven of their bodyshops had achieved the Thatcham BSi Kitemark – the first group to do so.

Unipart Automotive filed accounts showing a major slump in its financial performance from a £14m profit in 2005 to a £28m loss in 2006. Shortly after this, it was announced that PPG had bought the paint distribution business, Brown Brothers from Unipart.

Zurich Insurance announced a “long term relationship” with PPG for the recommendation of their PPG and Nexa Autocolor brands.

Ai Claims Solutions announced “a strategic relationship” with DuPont Performance Coatings.

Audatex confirmed that their new product, the Global Claims Centre (GCC) would be introduced in January 2008 and would include AudaVIV as standard together with a number of improvements. They also announced an increase of £1.20 per assessment.

DWS Group announced the purchase of their eighth bodyshop to take their turnover up to £28m.

The ABP Club poll for December asked, with the exception of profitability, what do you see as the most important issuer for our industry in 2008?

It is clear from respondents that insurer dominance (26%) and work consolidation (22%) continues to be the over-riding issue facing bodyshops with. Not surprisingly Staff and skill shortages register as a high concern with 23.5% of respondents stating this as the most important issue for 2008. PAS 125 Kitemark is recorded as the next important issue with 17% casting their vote in this way.