

Organization Chart Narrative

The accompanying organization charts depict several organizational structures for a collision center. One or more of them may be applicable for your collision center depending on size, personnel, and your choice of organizational model. None of these will necessarily be an exact fit, so you will need to modify it to meet your business objectives and budget.

There are hundreds of variations that have been successfully used somewhere in the collision industry.

The stages imply a transition of growth and evolution from one to another. While it may make sense from a historical perspective, it doesn't matter what stage you are in, it is only relevant to identifying the most appropriate structure.

The most important issues when determining an organizational structure for a particular collision center are:

- ❑ Sales volume
- ❑ Selling and Customer service
- ❑ Profitability
- ❑ Effectiveness
- ❑ Simplicity
- ❑ Avoidance of cross transacting (anyone taking direction from more than one individual)
- ❑ Management presence on the production floor

Organization Structure options will vary by size of collision center.

Small Collision Center

Up to about \$1.5 million in total Sales

Stage 1 - Strong CCM

Stage 2 - CCM with CSR

Medium Collision Center

\$1.5 – 2.5 Million in Sales

Stage 2 - CCM with CSR

Stage 3 - Multiple CSR's

Large Collision Center

Over \$2.5 million in Sales

Stage 3 - Multiple CSR's

Stage 4 - Production Coordinator

Stage 5 - Simple Support Groups

Stage 6 - Lateral Support Groups

Stage 7 - Teams

Stages 1 – 4 are what we call Traditional Structures as they represent alternatives that have traditionally been utilized in collision centers.

Stages 5 – 7 are what we call Advanced Production models as they are relatively new to collision centers. These structures had their genesis in dealership service departments and have been modified for use in collision centers where management complexity is more pronounced.

Traditional Structures

Stage 1 - Strong Collision Center Manager (CCM)

This structure is applicable to the smallest collision centers where the manager or owner is the only management individual and is assisted by a receptionist or administrative assistant. They write the damage appraisals, sell the job, negotiate with the insurers, order the parts, dispatch to the techs, follow-up on repair status, and deliver the complete jobs. This is an intimate operation with close communication and good rapport between the manager and the techs. The manager is constantly in the know, as they are active with the entire process.

Advantages of this structure include simplicity, clear reporting relationships, the close relationship that the CCM has with technicians, customers, vendors, and insurers. The CCM is also able to assign work to techs based on their abilities and due to this close relationship; the CCM can provide accurate vehicle status.

Disadvantages are that both techs and customers are dependent upon the CCM's presence and performance. There is no back up and if the CCM is unskilled in particular areas, those areas will suffer. Therefore, a CCM with all-around skills is needed and is difficult to find. This structure is also limited to the smallest collision centers.

Stage 2 - CCM with CSR

Collision centers with sales reaching \$1.5 million or more will find that a lone CCM cannot effectively manage both the breadth of responsibilities and the volume of work. The most likely relief is the addition of a CSR/Estimator to the staff to assist in the front office enabling the CCM to maintain a close relationship with the techs, oversee production, and provide overall collision center management. The CCM will also typically keep involved in some customer contact as well, including writing estimates, and being the back up to the full-time CSR/Estimator.

Advantages include the ability to handle additional growth and the ability to begin to specialize functions.

The principal disadvantage is that since there are not two individuals involved in customer contact, technicians can receive direction from two individuals (or cross-transacting). Conflicts and confusion can arise if neither the CCM nor the CSR/Estimator are up to date on all jobs and contradictory information can be given to customers and inconsistent direction given to techs.

Stage 3 - Multiple CSR's

Collision Centers with over \$2.5 million in sales will find that one full-time CSR/Estimator with the assistance of the CCM is not sufficient to effectively manage the volume of work and additional CSR's will be needed. This is the most common model with additional CSR/Estimators being added as collision centers grow.

The principal advantages of this structure are that it relieves the CCM from day to day front-office duties and frees him for other management responsibilities and that it can be easily scaled to higher volume with additional CSR/Estimators.

Disadvantages include the growth in cross transacting which can get very out-of-control with 3 or more CSR Estimators giving direction and communication to the technicians. As the CCM is no longer in the loop, he loses touch with the techs (and vice versa). This can contribute to a lower quality level, jobs getting lost in the shuffle, and confusion regarding vehicle status. Job status, and dealing with customer inquiries and complaints can regress from proactive to a highly reactive "survival" mode. As individual CSR's do not have full and complete information, they become reluctant to make commitments, so customers and insurers can begin to lose confidence in the performance of the collision center.

Stage 4 - Production Coordinator

Over \$3 million in sales, concept of a production manager or production coordinator can begin to make sense financially. This is an alternative to the multiple-CSR model where the CSR manages each job from front to back including dispatch to the techs. In this model, the production manager receives the R.O's from the CSR's and dispatches them to the appropriate techs. The production manager then follows-up on those jobs and becomes a single point of contact for the CSR's. Since the CSR's are no longer responsible for contact directly with the techs, the scope of their responsibilities is reduced and therefore they can effectively handle additional volume.

The principal advantage for this structure is that cross transacting has been eliminated and there is an effective split in responsibilities between production and sales / customer service. This also provides a full-time management presence on the production floor. Finally, the production manager or coordinator will likely have a better technical knowledge than the CSR's so techs can be afforded better assistance and support.

Disadvantages include a very broad span of control for the production coordinator. There is a lot riding on the performance and capability of one individual. As this position requires very diverse skills, it can be difficult to fill. There is a potential for the production coordinator to play favorites among techs with dispatch. It is also possible for the production manager or coordinator to become bogged down writing and expediting supplements. In order for this position to be effective, the responsibility for writing, obtaining approval for, and ordering supplemental parts must remain with the CSR's. Finally, since the CSR's are not in day-to-day contact with the techs, they may be out of touch regarding WIP status. They may have a tendency to just write more jobs and let the production coordinator worry about getting the work done.

Advanced Production Structures

Typically, we feel the following structures will best apply to collision centers with \$2.5 million or more in sales. They are intended to meet the following principle objectives:

- Excellent sales and customer service focus
- On the floor production control
- Clear lines of direction and communication (no cross-transacting)
- Capable of being scaled to higher volume

Stage 5 - Simple Support Groups

Simple support groups are the first division of techs into groups. A single CSR handles sales and customer service and coordinates production with one group of techs. This closely resembles the Strong CCM model enabling a close, effective relationship between one CSR and 4-6 techs.

This is a business within a business concept where several simple support groups can be scaled for increasing volume. Within each group, technician's work independently on their own jobs, they simply take their direction from a single CSR.

Advantages include a simple structure, the elimination of cross-transacting, the ability of the CSR to provide accurate vehicle status as their scope is limited to a few techs, and that the intimacy with the techs enables them to effectively assign work based on needs and abilities. This is also a very cost-effective structure.

Disadvantages include the requirement for a multi-skilled CSR who is capable of sales, customer service, and production manager. Though this is a simple structure, techs must still wait for the CSR for dispatch and management direction.

Stage 6 - Lateral Support Groups

Lateral Support Groups involves the designation of a Group Leader. The Group Leader is a working tech that takes over the dispatch responsibilities from the CSR. The techs continue to work independently, but rely only on the Group Leader for dispatch and support.

This differs from the simple support model in that under simple support, the CSR deals directly with a small group of technicians as individuals. Under lateral support, the CSR generated the RO and turns it over to a single Group Leader who, in turn, dispatches to and directs the individual technicians.

The selection and development of Group Leaders is a very important issue that will be explained elsewhere and is an issue that must be well understood prior to embarking on this type of organizational structure.

Advantages of Lateral Support Groups include the leadership and knowledge of the Group Leader and his ability to effectively utilize the individual skills of the technicians within the group. Technicians are still paid individually as they work on their own jobs, so transitioning to this type of structure is easier for them. Finally, the techs no longer have to wait for the CRS for dispatch or direction; they receive that directly on the floor from the Group Leader.

Disadvantages include the difficulty in identifying and developing leaders, the need for the right personality mix amongst the group. The management effort takes production time away form the Group Leader, who may be a high producer, and the risk that a Group Leader could possibly skim off the "best" jobs for himself. Finally, some techs may be unwilling to take direction from another tech.

Stage 7 - Teams

A Team is similar to a Lateral Support Group except for two important factors:

- ❑ The Team Leader not only dispatches the jobs to the other techs, but he may assign individual tasks to certain techs to take full advantage of differing skill levels.
- ❑ The Team members are paid a share of production of the Team as a whole.

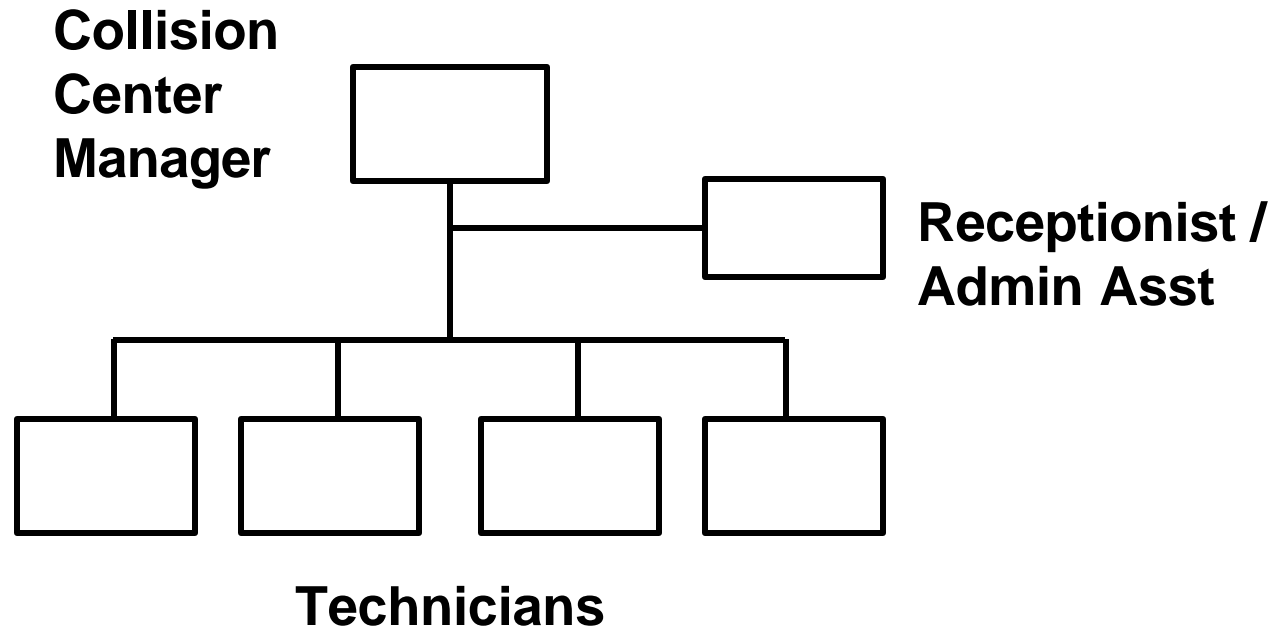
There are three main advantages of Teams:

- ❑ Most productive structure
- ❑ Fewest stalls per tech (best utilization of production space)
- ❑ Ability to introduce entry level tech apprentices (cannot be accomplished under any other structure)

Challenges that will likely arise when transitioning to Teams includes the “independent contractor” mentality of many techs and their reluctance to submit to sharing pay with other team members. This requires a high trust level both within the Team and between the Team and management. Finally, a process of research, education, and communication must precede any change and continue long after any change has been implemented.

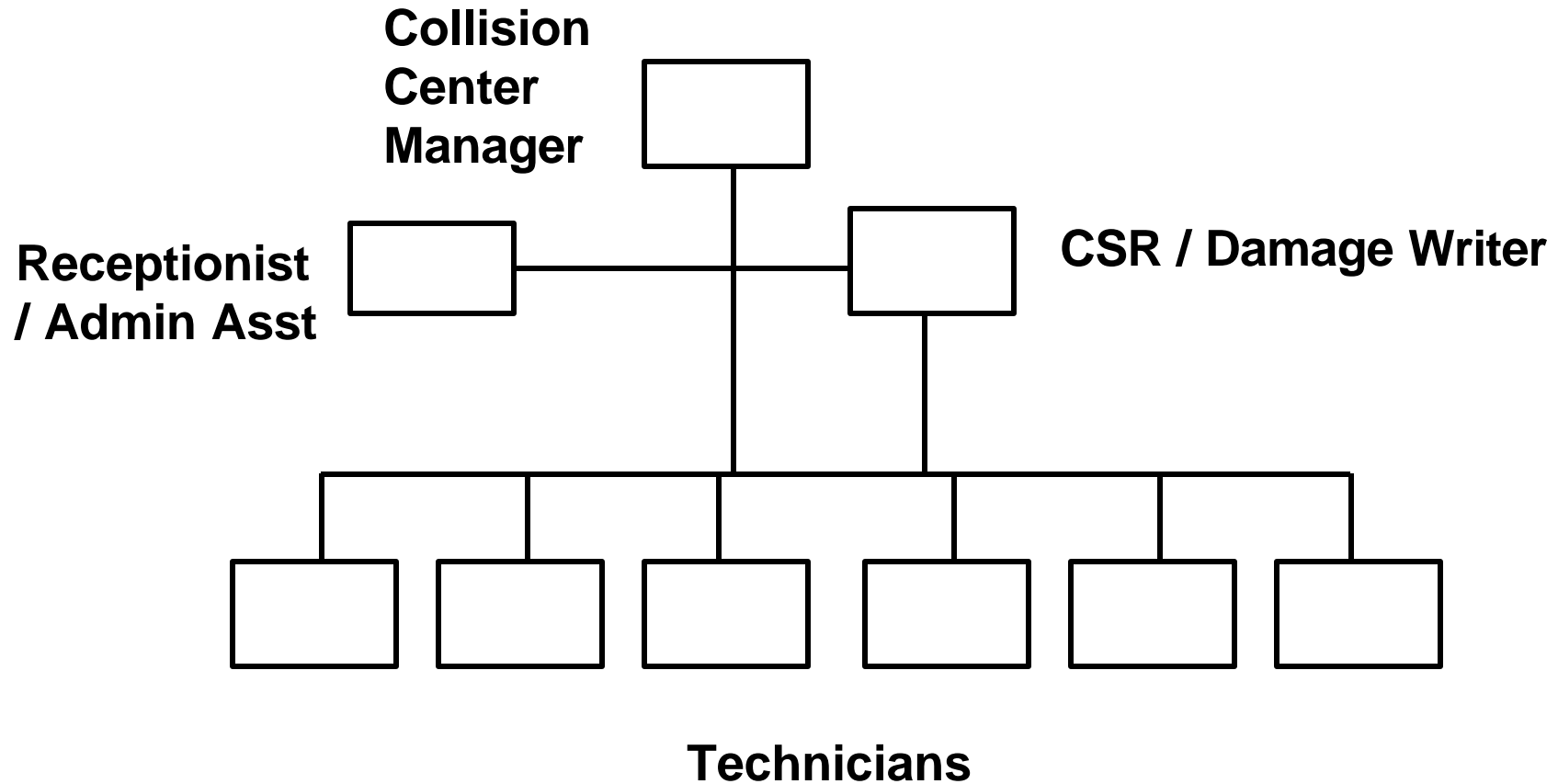
You can start small when introducing teams. One tech and one apprentice (helper) with shared pay is a team. Team pay plan issues are extremely important and will be thoroughly discussed under Pay Plans.

Stage 1 Strong CCM

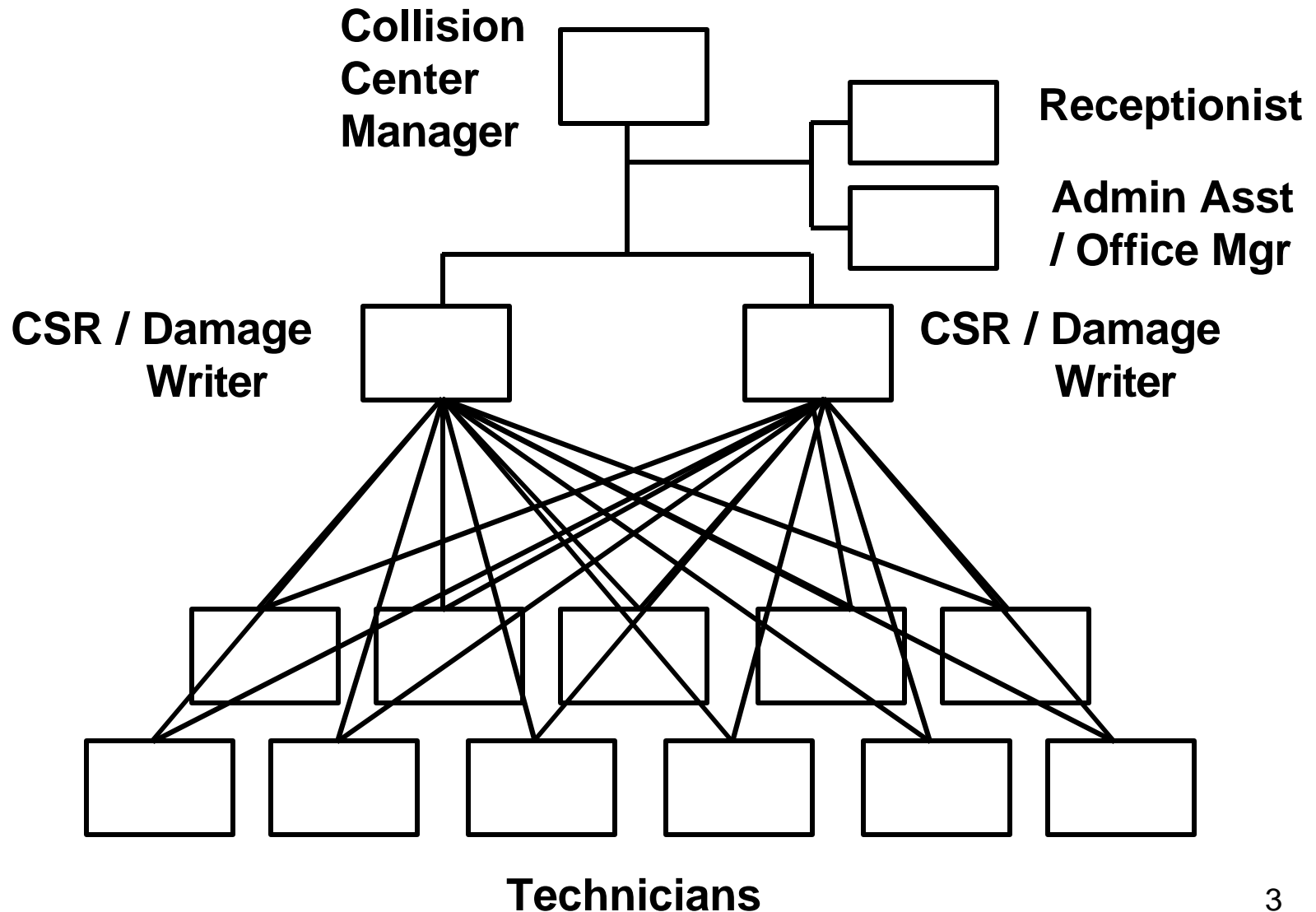


The lines between positions on all charts represent channels of dispatch and communication only

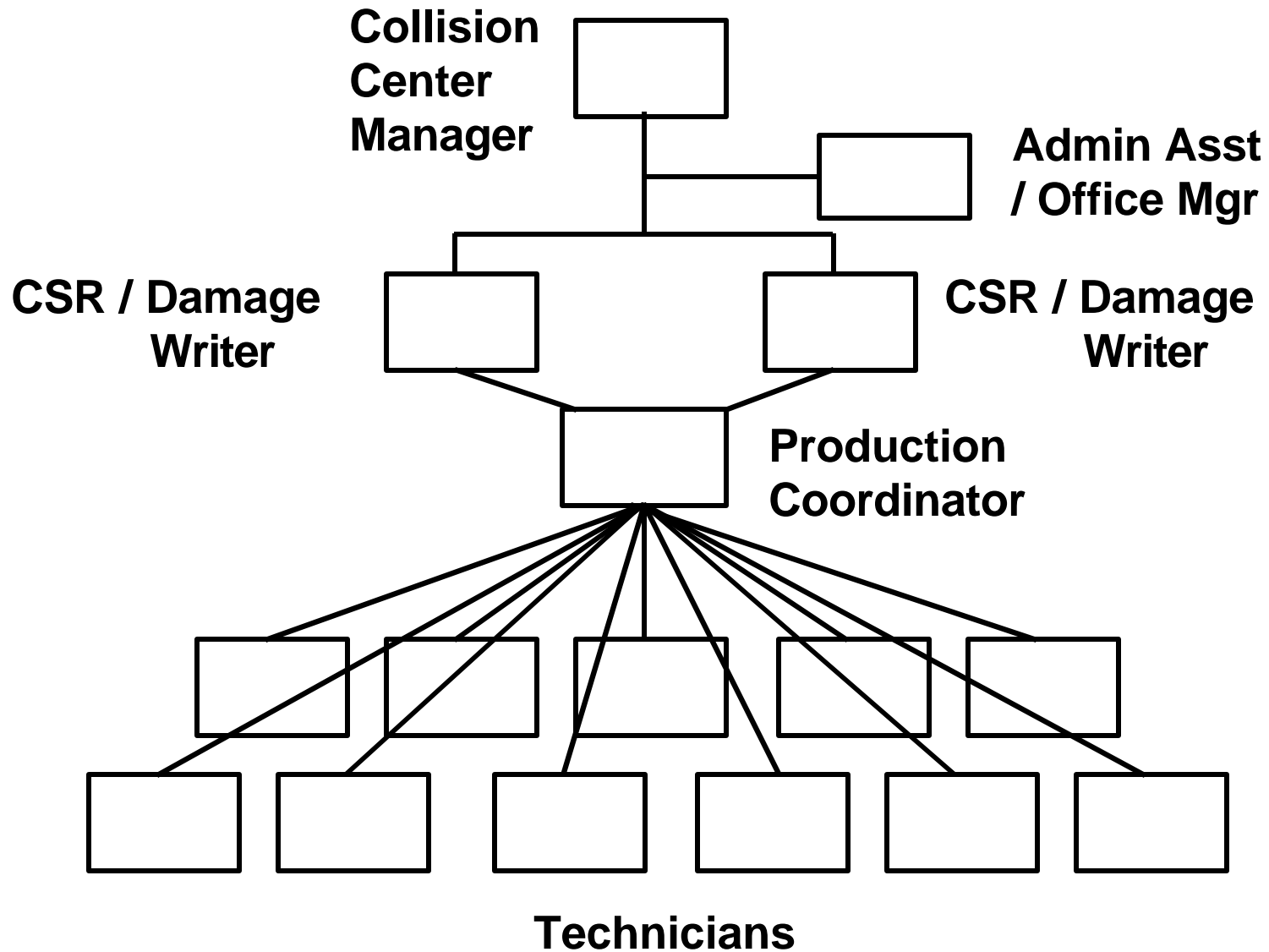
Stage 2 CCM with CSR/Damage Writer



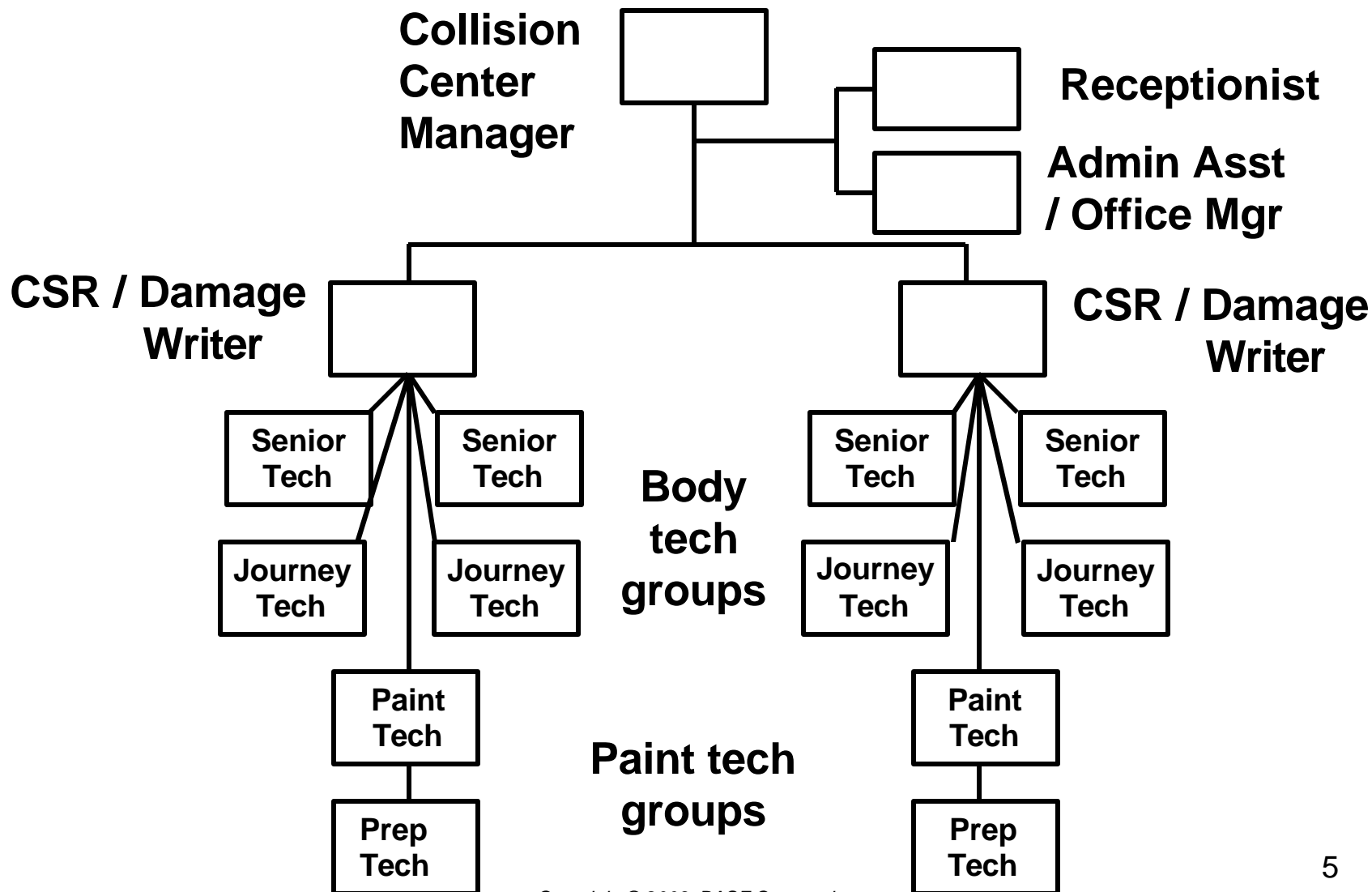
Stage 3 Multiple CSR / Damage Writers



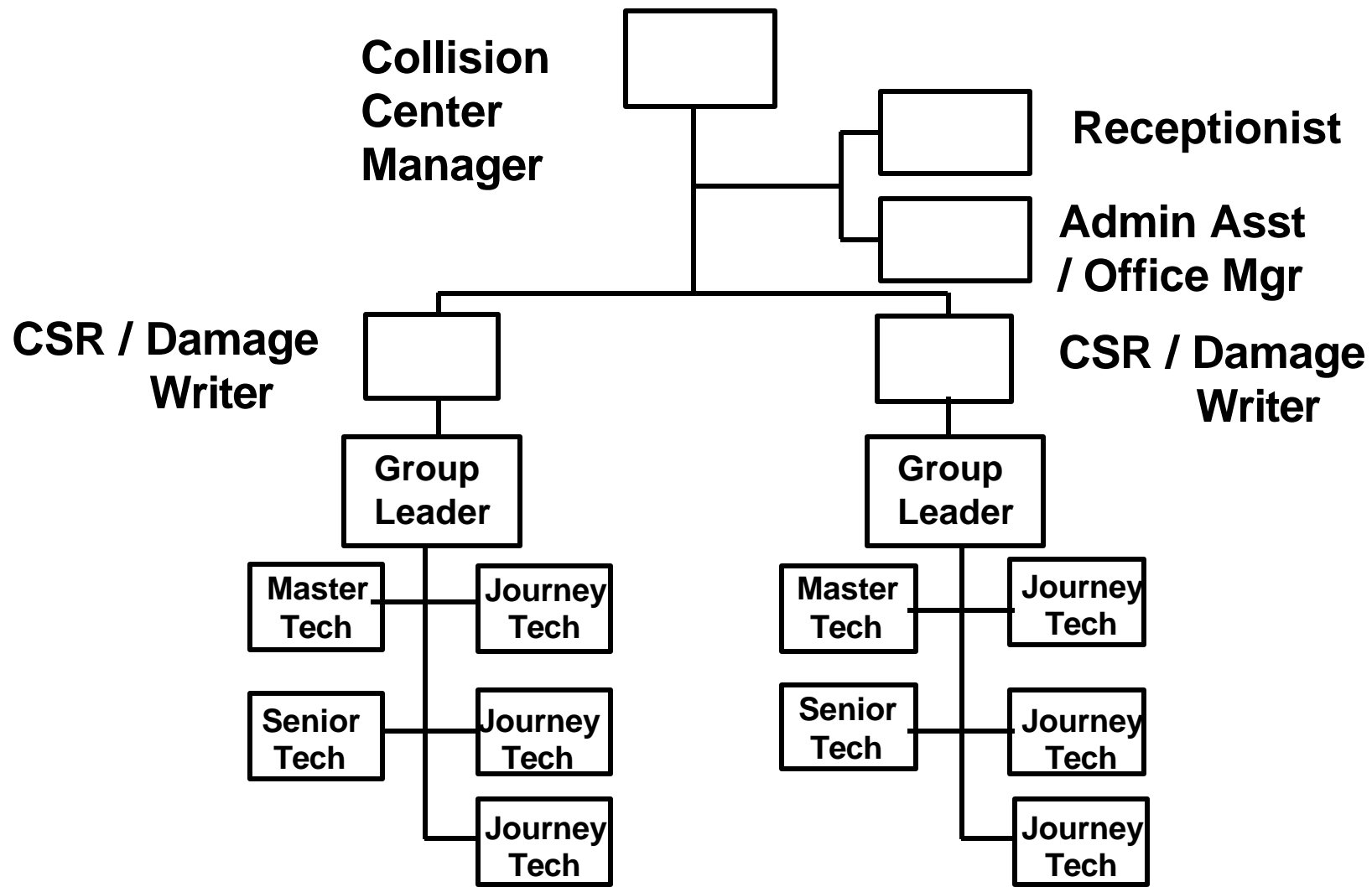
Stage 4 Production Coordinator Model



Stage 5 Advanced Production Simple Support Groups



Stage 6 Advanced Production Lateral Support Groups



Stage 7 Advanced Production Teams

