



Recyclers News Press

Iowa Auto Recyclers

September / October 2015

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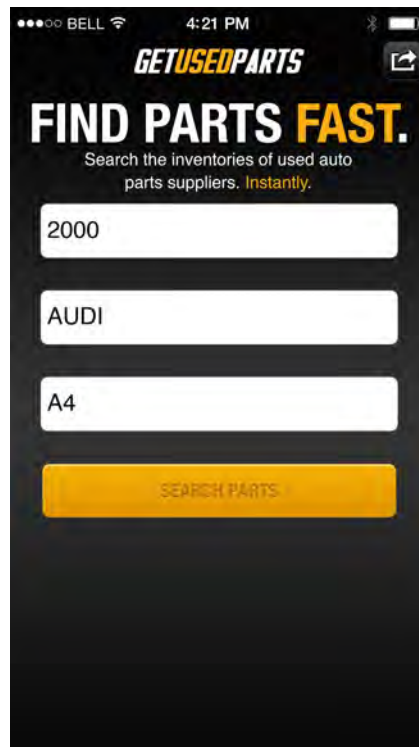
Selling Used Auto Parts in the Modern Age

Did you know that four out of five consumers use a smartphone to shop? Or that over half of all web usage is done on a mobile device? (www.pewinternet.org) There's no denying that shopping using mobile devices is dramatically on the rise and that the used auto parts business is no exception to this trend.

Many recyclers are adapting their sites to be more mobile friendly and some even have their own mobile apps, and many choose to partner with **Get Used Parts** as one way to get their inventory in the hands of these mobile shoppers. As more customers use mobile devices for shopping, many businesses are implementing their own mobile applications that allow for targeted marketing and improved customer interaction. It's a smart move and, when executed well, can have a positive impact on profits.¹

Get Used Parts is an online parts locating service that operates easily on both desktop and mobile devices. The search solutions specialize in helping recyclers get their inventory in front of the mobile customer base, which is undoubtedly growing every day. Unless you have the luxury of a team of in-house designers and developers, it will be easier to outsource app development by using an existing app that meets your cus-

tomers needs. An app requires extensive back-end design and development, as well as testing to ensure it is free of errors. Shared marketplaces benefit greatly from using one or more universal app for sales because these app have a wider net of exposure and are maintained by professionals.¹



Get Used Parts has developed both iPhone and Android mobile apps that can be downloaded FOR FREE from the Apple, Google Play, Amazon, and Opera app stores. The app boasts inventory from over 1,100 nationwide recyclers on the Get Used Parts network with more joining the service every day, making it easier than ever to locate and purchase used parts.

Just go to an app store and type in 'Get Used Parts' to download the app. You can also visit

www.getusedparts.com from a mobile device to experience the mobile site. The website offers many of the same features as the native app. From the app, your customers can access previous part searches, get in touch with recyclers with the click of a button, and in some cases purchase the parts directly.

Continued on page 6...

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Recyclers News Press

The RECYCLERS NEWS PRESS is published six times per year for the Iowa Automotive Recyclers. None of the material in this publication necessarily reflects the opinion of IAR, its officers, director, staff members or advertisers. Statements of fact and opinion are the responsibility of the author.

IAR Members are encouraged to submit material for publication in the Recyclers News Press. Content may be edited for length with the author's permission.

Deadline for submission is the 20th of the month prior to publication. Send content to Sue Schauls at Schauls3@mchsi.com with a full color graphic when possible.

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Iowa Automotive Recyclers Board of Directors Meeting August 18, 2015 Urbandale, Iowa

From the desk of the Executive Director...

A face-to-face Board of Directors meeting was held in Urbandale, Iowa on August 18, 2015. The group met for lunch followed by a presentation at the Overtime Lounge.

Board members listened to a presentation by Jeff Pedersen of BAIRD, Iowa Automotive Recyclers' investment advisor. Jeff address different investment strategies that IAR can consider in the future. Following the presentation Joel McCaw, IAR Treasurer, provided an update of the financial status of the association.

The meeting was called to order by President, Andy Wilken after the presentation was completed.

Jim Piazza, Jr., IAR Lobbyist, provided a brief overview of the steps that took place to get the bill for creating an Iowa NMVTIS system with an affidavit for buying cars without title option signed in to a state law. Jim emphasized that although the law was signed by the Governor there is still plenty of work to be done to write administrative rules.

The meeting continued to discuss the next legislative priorities which includes working with the Iowa department of Revenue to review the status of collecting sales tax on salvage title vehicles purchased by entities that do not hold a sales tax permit and therefore an exemption from paying sales tax on tangible goods like a wholesale business.

Another order of business addressed was the intention of the Board of Directors to host a fundraiser such as a raffle of a gun, shotgun or choice. A catalytic converter donation project is also in the works. The meeting adjourned at 4:00 pm.

In follow up to the meeting, the DOT was contacted to set up a meeting concerning the rule writing. The DOT also had requested some auto recyclers to be available to test the online REBUILDER THEFT INSPECTION request system.

The testing took place at the DOT headquarters in Ankeny, Iowa. Three members participated, Lisa Quandt, Quandt Auto Salvage, Carroll, Iowa, Mike Davidson, Don's Auto & Truck, Des Moines, Iowa (Mike also brought a rebuilder technician, Nick) and Mike Swift, Swift's Trails End Auto Salvage, Des Moines, Iowa. Thank you volunteers!

The testing went very well. The new system will be accessible through the DOT website. Rebuilders wishing to request a theft inspection after rebuilding a salvage title vehicle will initiate a request and pay online. After the physical inspection and review of receipts by the officer, the inspector will complete the online process. The rebuilder can then convert the title from salvage to prior salvage according to their user status as either a licensed recycler or pay tax, title and license on the vehicle if they are an unlicensed hobbyist.

The system is expected to go live by the end of this year. DOT will demonstrate to IAR in November.



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Inside Cover	7.5" x 10"	\$450	\$425 per issue = \$2550 per year
Back Cover	7.5" x 7.0"	\$450	\$425 per issue for 2+ editions.

Back Cover Schedule:

- January/February—AVAILABLE
- March/April —AVAILABLE
- May/June —Iowa Auto Recyclers SUMMER OUTING!
- July/August —AVAILABLE
- September/October—ARA Annual Convention
- November/December —AVAILABLE

The Iowa Auto Recyclers **NEWSPRESS** is sent to **700+ Auto Recyclers in the Midwest & beyond** and related businesses throughout the US.

All pages of the newsletter are in full color at no additional charge for advertisers. We decreased the “pen to print” turnaround time and enabled the newsletter to provide more timely information, updates and changes with each addition at no charge! Additionally, the association will be rewarded through your advertising fee!



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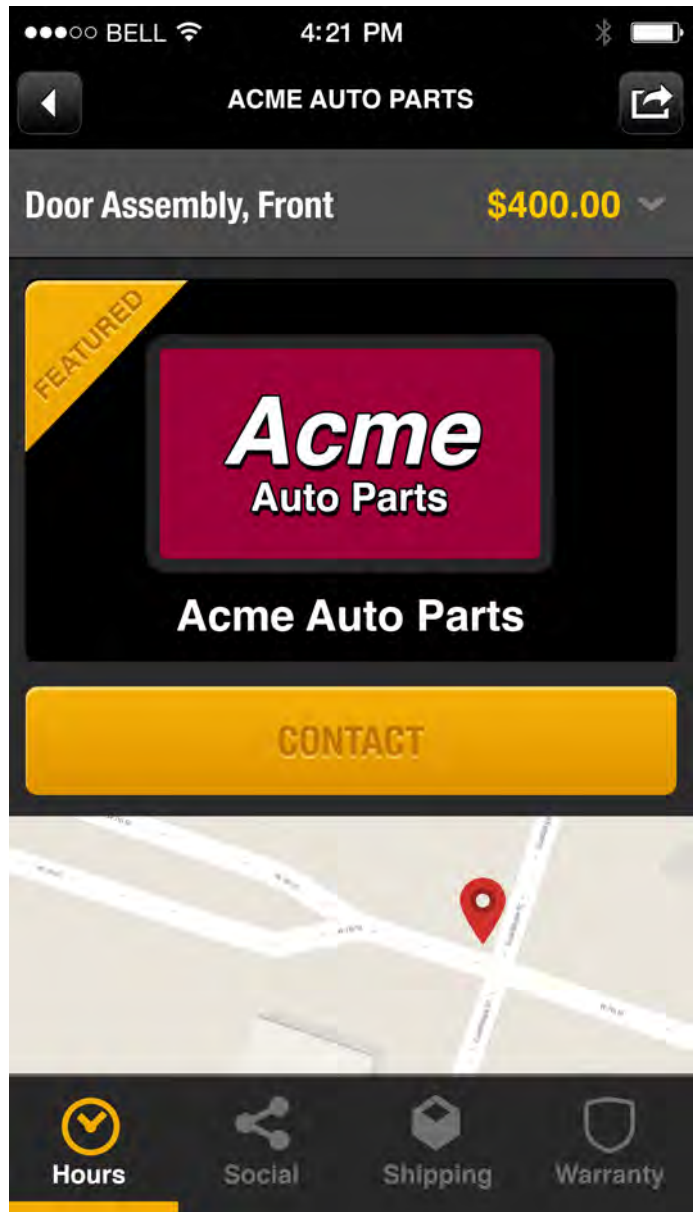
Wilken Auto Salvage—Kensett

Selling Used Auto Parts in the Modern Age

The app and mobile site make it easy to filter search results by distance, price, part mileage, recycler, and even color.

Check out some of the other features that make **GET USED PARTS** a unique service, such as the Facebook Search App function that allows your Facebook fans to easily search for parts right from within your company Facebook page. They also have social sharing features that help recyclers market their parts on their company Facebook and Twitter pages which experts claim is necessary to keep your content active and fresh.

A well-designed app definitely gives businesses an edge over competitors. Even small, local businesses can benefit from exposure using an app resource to sell parts because it can help customers easily interact with a brand or a genre in the case of used auto parts. As you look toward future marketing plans, think about how apps can complement other efforts and enhance selling used auto parts in the modern age.



References: 1 <https://www.delivra.com/how-to-use-mobile-apps-to-raise-customer-engagement/>
<http://www.pewinternet.org/>

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SUE SPEAKING

ANTHOLOGY OF AUTO RECYCLING

I feel like the Lorax standing on the precipitous of change. I'm wondering which way will the wind blow. Will it be at our backs and propel us forward? Or will it continue to blow in from the north, cold and bitter, so that you have to lean in to move forward?

The media keeps telling us that the "now" generation yearns to be part of the environmental movement. To turn back the tide that has placed the greatest demands and created the most devastation on the planet since mankind. And yet I wonder why don't they remember? Why don't they think of us? The Original Recyclers who paved the way and set the example (that no one has followed) in closed loop sustainability. A model still there to admire after 100 years.

Surely when Henry Ford had his epiphany to build the Model T in a factory with interchangeable parts so that the automobile would be affordable for the common man he knew that used replacement parts were part of that equation. Just as the Eli Whitney innovation for the cotton gin revealed. The re-use of existing parts made the most sense because used parts were out there, available and affordable, just like today.

John Vander Haag told me an incredible story about the day that Roy Hollander showed up and asked him to buy his book. Roy said something to the affect of "John, spend \$10 on my book that lists the parts that interchange with one another. I need to sell my book of interchange listings because I spent so much time working on it I haven't been selling my parts" or so the story goes. I held that book recently and thought about how necessity once again was the mother of invention.

In 2008, I heard that used auto parts were 9% of the market in repair parts used. I recently ran across a report from 1989 that stated that in 10% of the repairs used auto parts were utilized. That in only half of the cases were used parts available. Surely now with the international real time parts trading software we have overcome that obstacle of parts availability. Yet somehow we've been forgotten. We are losing market share not only to amateur parts pullers on Craigslist but to aftermarket manufacturers

and insurance driven payment schedules that incentivize repair shops to buy new OEM parts at twice the price of used parts. The 1989 study quantified it. Yet the availability was still stated as the most important factor which we read in to also mean speedy delivery.

So how do we manipulate the wind to blow at our backs? An age old question I'm quite sure but this time we have the answer staring us in the face. Or the Facebook at least and the possibilities make me twitter.

May 11, 2015—More than one-in-three American workers today are Millennials (adults ages 18 to 34 in 2015), and this year they surpassed Generation X to become the largest share of the American workforce, according to new Pew Research Center analysis of U.S. Census Bureau data.

It is time to go viral. To make aware an entire generation that auto salvage exists and it is a viable and sustainable cost saving way to repair cars with onshore resources from local shops engaged in green supply chain sourcing. It is time to buy used auto parts.

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Benefits of Certification to the Customer

In today's competitive business environment, effective management systems are indispensable. Customers want to be confident that they are doing business with an organization that can deliver quality parts in a timely manner and that meet the legal obligations of the industry. No customer wants to find out they do business with a shop that is one agency visit away from being indicted. In automotive recycling these management systems are defined through certification programs.

A certification system promotes and facilitates consistency and improvements in a process or product. It improves operational efficiency. **Facilities that have achieved certification communicate to the market that they have successfully undergone a comprehensive assessment and their process and organization meet defined standards.** An industry specific certification program may not follow the ISO or *International Organization for Standardization* criteria but it is founded on the same principles.

ISO 14000 is a family of standards related to **environmental management** that exists to help organizations minimize how their processes negatively affect the environment, comply with applicable environmental laws and regulations, and continually improve. ISO 14001 is similar to ISO 9001 **quality management** in that both pertain to the process of how a product is produced, rather than to the product itself. Certification is performed by a third-party auditor. Currently there is no ISO standard for **safety management** but industry accepted BS OHSAS 18001, *Occupational Health and Safety Management Systems Requirements*, is an internationally applied British Standard for occupational health and safety management systems. It exists to help all kinds of organizations put in place sound occupational health and safety performance. ISO 45001 is an as yet unpublished Occupational Health and Safety Management Standard, set to replace OHSAS 18001.

Auto recycling certification programs are patterned

after environmental, safety and, to some degree, quality management systems. The **value** of using a recognized management system as a platform for certification programs is that customers from outside of the auto recycling industry will understand the significance of the certification. The **purpose** of a certification system is to instill a cycle of continuous improvement at the certified facility. System may follow the well-known the Plan-Do-Check-Act cycle.

Plan: set the standards. Environmental certification standards are based on the regulations that govern the industry and a gap analysis of the membership's processes to determine areas of improvement. These "environmental aspects" assists the certification program in establishing environmental objectives or standards. The standards, which should ideally be measurable, serve to identify relevant legal requirements.

Do: implement the standards. Using the information in the certification program, the auto recycling facility implements the changes to meet the standards. Often these changes are identified in the initial on-site audit process.

Check: measure the processes against the standard. During the on-site third-party or self-audit assessment, the facility identifies processes that do not meet the certification standard and grades the processes that do. **Act: take action to improve.** After identifying deficiencies in meeting the certification standard, the facility takes action and makes the changes recommended to meet the standard.

Continual Improvement Process. These recommendations are incorporated through a continual improvement cycle into the facility's operation and into the certification program based on changes in the law, advancement in technology and improved industry standards.

Environmental management systems are meant to prevent pollution through accidently release and maintain compliance. Safety management systems prevent accidents while maintaining compliance too.





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Benefits of Certification to the Customer

The added benefit of a safety system is creating a climate where employees and customers can be safe from harm. The certification standards for safety take into account legal requirements and information about risks. A safety system is also the best way to defend a facility from fines for minor infractions. An occupational health and safety management system promotes a safe and healthy working environment by providing a framework that helps organizations to:

- **Identify and control health and safety risks**
- **Reduce the potential for accidents**
- **Aid legal compliance**
- **Improve overall performance**

Safety management systems can be aligned with existing quality and environmental management systems through certification programs. Many organizations start with the quality management system then add the environment management requirements. The next generation of certification will include ramping up quality management standards.

The ISO 9000 quality management system is designed to help facilities meet the needs of customers while meeting regulatory requirements related to a product such as department of transportation laws governing salvage vehicles. ISO 9000 deals with the fundamentals of quality management systems, including the eight management principles upon which the family of standards is based. While the basic foundation of quality management remains the same, ISO 9000 is being updated in 2015. The changes are mostly geared toward ensuring management support at the highest level.

The eight principles are: customer focus; leadership; involvement of people; process approach; system approach to management; factual approach to decision making; and mutually beneficial supplier relationships.

Auto recycling certification programs address some of the principles of quality management in the standards set for licensing and permitting as well as the general business standards for aesthetics. There is



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Benefits of Certification to the Customer

opportunity for enhancement to the certification program or in creating an optional “gold standard” to certification by implementing one or more of the quality principles.

For example, the first principle in quality management is CUSTOMER FOCUS. In selling used auto parts this would likely be a set of standards for parts grading using the existing industry accepted protocol. To attain a quality certification all parts would require grading in the inventory process so that the information is available to the customer while shopping. Another example would be to set shipping standards for parts shipped to customers so that the parts arrive free of damage and in a package that promotes the professionalism of the industry.

Customer feedback becomes part of the CONTINUOUS IMPROVEMENT CYCLE, another principle, by identifying customer needs and expectations and then setting standards to consistently meet them.

Another principle is the PROCESS APPROACH familiar in other continuous improvement programs such as Total Quality Management (TQM), Six Sigma and the like that existed while ISO standards were being set.

The process approach is a very useful tool especially in creating meaningful measurements of critical processes such as parts delivery. Delivering a part to the customer is a process made of many other sub-processes. Measuring on time parts delivery may identify a problem but the solution can only become apparent if the sub-processes have been adequately measured to see which smaller process created the breakdown.

Probably the biggest benefit of addressing a quality system as a group through a certification component is that the membership can benefit from looking at industry process failures collectively to determine trends in customer disappointment with used auto parts as a product.



For instance, an older survey of body shops found that parts availability was a factor detrimental to the sale of used auto parts. If that perception is still true today, then a process approach identifying ways in which customers can better access parts availability data would address the issue. Quite possibly the parts were available but the customer did not know where to look. That is a different problem than not having used parts available for the type of repair on deck. It also reaffirms the need for the auto recycling industry to work together to address problems or perception of problems as opposed to an individual shop ramping up their advertising budget.

Clearly defined **environmental standards** help auto salvage operations minimize any negative affect on the environment and comply with applicable environmental laws and regulations. **Safety standards** help certified auto recyclers put in place sound occupational health and safety procedures. **Quality standards** can help establish professionalism in the marketplace.

Certified recyclers communicate to the market that they have successfully undergone a rigorous assessment and their company meets the standards of excellence. Proudly posting your certification achievement may just be the thing that differentiates your facility from the competitors!

Emergency Action Plan

SAFETY REQUIREMENT

The purpose of an **Emergency Action Plan** is to facilitate and organize employee actions during workplace emergencies. A well-developed emergency plan and employee training that explains their roles during an emergency will result in less severe employee injuries and structural damage to the facility. No pre-planning may lead to a disorganized evacuation or emergency response, resulting in confusion, injury, and property damage.

An employer must have an emergency action plan. The emergency action plan or EAP is required by OSHA regulation 29 CFR 1910.38 for employers with ten or more employees. An emergency action plan must be in writing, kept in the workplace, and available to employees for review. However, an employer with less than 10 employees may communicate the plan orally.

Auto salvage operations that pre-plan for emergencies are more likely to remain in business after a disaster. Using the checklist, identify the type of procedures used at the facility and retain a copy in the SDS Binder. Work toward implementing applicable safety measures identified by the *workplace evaluation*. After the evaluation, prepare the written emergency action plan.

Putting together a comprehensive emergency action plan that deals with issues specific to the salvage facility worksite is not difficult. It involves taking what was learned from the workplace evaluation and describing how employees will respond to different

types of emergencies, taking into account the specific worksite layout, structural features, and emergency systems available.

An emergency action plan must include:

Procedures for reporting a fire or other emergency. Employees must know how to report emergencies. Some facilities use intra-office phones, radios, or public address systems to notify other employees. It is important for employees to also notify the proper authorities such as fire, medical, or rescue services, if assistance is needed during an emergency;

Procedures for emergency evacuation, including type of evacuation and exit route assignments;

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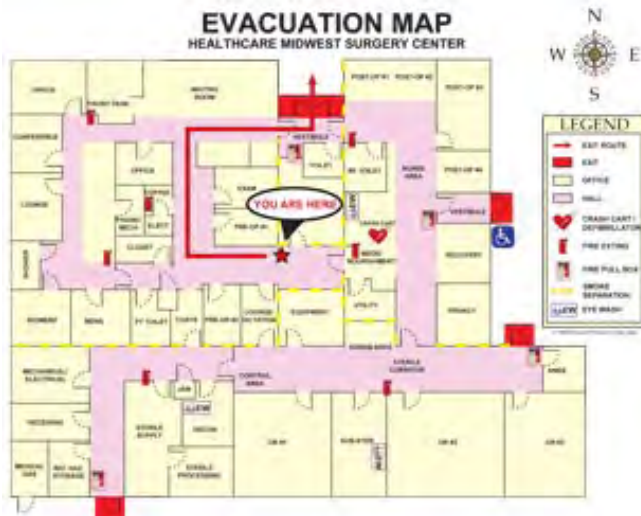
SAFETY REQUIREMENT

Procedures to be followed by employees who remain to operate critical plant operations before they evacuate;

Procedures to account for all employees after evacuation;

Procedures to be followed by employees performing rescue or medical duties; and

The name or job title of every employee who may be contacted by employees who need more information about the plan or an explanation of their duties under the plan.



Although not specifically required by OSHA, it may be helpful to include the following:

A description of the alarm system to be used to notify employees (including disabled employees) to evacuate and/or take other actions. The alarms used for different actions should be distinctive and might include horn blasts, sirens, or even public address systems.

The site of an alternative communications center to be used in the event of a fire or explosion.

A secure on- or offsite location to store originals or duplicate copies of accounting records, legal documents, your employees' emergency contact lists, and other essential records.

Complete Workplace Evaluation

Warning system:

Warning alarms are installed.

Employees are trained to correlate signal patterns with specific types of emergencies.

Exist Routes:

Exit Route are established.

Exit routes are marked.

Exit signs are over doorways

Exit Route Maps are posted at the facility.

Employees are trained on exit routes.

Fire Prevention Plan:

A Fire Prevention Plan is in place.

Potential fire fuel sources are identified:

Fuel storage area; gasoline or diesel.

Used Oil storage area.

Vehicles storage areas.

Shop floor with spills and/or absorbent material.

Battery storage area.

Cutting torch use area.

Building systems.

Fire suppression system.

Fire alarms.

Smoke detectors.

Employees are trained on the Fire Prevention Plan.

Portable fire extinguishers:

Fire Extinguishers are in place and appropriately mounted.

Signage identifies fire extinguisher locations.

Fire extinguishers are checked annually by a professional.

Fire extinguishers are checked monthly by the Safety Supervisor.

Fire extinguishers are tested and refurbished at least every five years.

Annual fire extinguisher employee training is conducted.

Employees practice the PASS system during training.

OSHA[®] FactSheet

OSHA Inspections

The Occupational Safety and Health Administration is committed to strong, fair and effective enforcement of safety and health requirements in the workplace. OSHA inspectors, called compliance safety and health officers, are experienced, well-trained industrial hygienists and safety professionals whose goal is to assure compliance with OSHA requirements and help employers and workers reduce on-the-job hazards and prevent injuries, illnesses and deaths in the workplace.

Normally, OSHA conducts inspections without advance notice. Employers have the right to require compliance officers to obtain an inspection warrant before entering the worksite.

Inspection Priorities

OSHA cannot inspect all 7 million workplaces it covers each year. The agency seeks to focus its inspection resources on the most hazardous workplaces in the following order of priority:

- 1. Imminent danger situations**—hazards that could cause death or serious physical harm—receive top priority. Compliance officers will ask employers to correct these hazards immediately—or remove endangered employees.
- 2. Fatalities and catastrophes**—incidents that involve a death or the hospitalization of three or more employees—come next. Employers must report such catastrophes to OSHA within 8 hours.
- 3. Complaints**—allegations of hazards or violations also receive a high priority. Employees may request anonymity when they file complaints.
- 4. Referrals** of hazard information from other federal, state or local agencies, individuals, organizations or the media receive consideration for inspection.
- 5. Follow-ups**—checks for abatement of violations cited during previous inspections—are also conducted by the agency in certain circumstances.
- 6. Planned or programmed investigations**—inspections aimed at specific high-hazard industries or individual workplaces that have experienced high rates of injuries and illnesses—also receive priority.

Phone/Fax Investigations

OSHA carefully prioritizes all complaints it receives based on their severity. For lower-priority hazards, with permission of a complainant, OSHA may telephone the employer to describe safety and health concerns, following up with a fax providing details on alleged safety and health hazards. The employer must respond in writing within five working days, identifying any problems found and noting corrective actions taken or planned. If the response is adequate and the complainant satisfied with the response, OSHA generally will not conduct an on-site inspection.

Onsite Inspections

Preparation—Before conducting an inspection, OSHA compliance officers research the inspection history of a worksite using various data sources, review the operations and processes in use and the standards most likely to apply. They gather appropriate personal protective equipment and testing instruments to measure potential hazards.

Presentation of credentials—The onsite inspection begins with the presentation of the compliance officer's credentials, which include both a photograph and a serial number.

Opening Conference—The compliance officer will explain why OSHA selected the workplace for inspection and describe the scope of the inspection, walkaround procedures, employee representation and employee interviews. The employer then selects a representative to accompany the compli-

ance officer during the inspection. An authorized representative of the employees, if any, also has the right to go along. In any case, the compliance officer will consult privately with a reasonable number of employees during the inspection.

Walkaround—Following the opening conference, the compliance officer and the representatives will walk through the portions of the workplace covered by the inspection, inspecting for hazards that could lead to employee injury or illness. The compliance officer will also review worksite injury and illness records and posting of the official OSHA poster.

During the walkaround, compliance officers may point out some apparent violations that can be corrected immediately. While the law requires that these hazards must still be cited, prompt correction is a sign of good faith on the part of the employer. Compliance officers try to minimize work interruptions during the inspection and will keep confidential any trade secrets they observe.

Closing Conference—After the walkaround, the compliance officer holds a closing conference with the employer and the employee representatives to discuss the findings. The compliance officer discusses possible courses of action an employer may take following an inspection, which could include an informal conference with OSHA or contesting citations and proposed penalties. The compliance officer also discusses consultation and employee rights.

Results

OSHA must issue a citation and proposed penalty within six months of the violation's occurrence.

Citations describe OSHA requirements allegedly violated, list any proposed penalties and give a deadline for correcting the alleged hazards. Violations are categorized as other-than-serious, serious, willful, repeated and failure to abate. Penalties may range up to \$7,000 for each serious violation and up to \$70,000 for each willful or repeated violation. Penalties may be reduced based on an employer's good faith, inspection history, and size of business. For serious violations, OSHA may also reduce the proposed penalty based on the gravity of the alleged violation. No good faith adjustment will be made for alleged willful violations.

Appeals

When OSHA issues a citation to an employer, it also offers the employer an opportunity for an informal conference with the OSHA Area Director to discuss citations, penalties, abatement dates or any other information pertinent to the inspection. The agency and the employer may work out a settlement agreement to resolve the matter and to eliminate the hazard. OSHA's primary goal is correcting hazards and maintaining compliance rather than issuing citations or collecting penalties.

Alternatively, employers have 15 working days after receipt of citations and proposed penalties to formally contest the alleged violations and/or penalties by sending a written notice to the Area Director. OSHA forwards the contest to the Occupational Safety and Health Review Commission for independent review. Alternatively, citations, penalties and abatement dates that are not challenged by the employer or settled become a final order of the Occupational Safety and Health Review Commission.

This is one in a series of informational fact sheets highlighting OSHA programs, policies or standards. It does not impose any new compliance requirements. For a comprehensive list of compliance requirements of OSHA standards or regulations, refer to Title 29 of the Code of Federal Regulations. This information will be made available to sensory impaired individuals upon request. The voice phone is (202) 693-1999; teletypewriter (TTY) number: (877) 889-5627.

For more complete information:



U.S. Department of Labor

www.osha.gov

(800) 321-OSHA

Data is the New Master of Business

The era of doing what you've always done is over. Data is the new master of business. Just look at the need auto recycling has for the data in car repair instruction or the parts interchange data that is crucial to the industry. So is the data within your system. The reports generated by inventory management systems are helping recyclers make critical salvage acquisition decisions. Data is identifying what vehicles are desirable based on sales and inquiries.

Put your time into reading what your data is telling you. Use the professionals at Car-Part.com, Hollander, Pinnacle or whatever inventory system you are using. Ask them "how can I look at my data differently today?" Engage a consultant to interpret your data and give advice based on the information. The data in your system can provide meaningful insight to business decisions but only if your data is ready to tell the story.

Selling cores is data driven. If you haven't picked up on the fact that your competitors are selling core parts then read my lips "your competitors are selling more and different parts as cores these days to make money." That function is entirely data driven. Engage one or more core buyers or subscribe to an integrated core buying/selling system and sell core parts from your inventory. Simple and straight forward for those auto recyclers that are not yet doing it there should be some increased sales realized immediately after you start. I suspect most recyclers have been selling cores in innovative ways. Where the chain has a kink is many recyclers are not *mining information* from their inventory data to redirect the labor efforts at the salvage facility. That mean parts pullers for retails sales and for wholesale (core) sales are both important jobs. It also means buying salvage with core sales in mind instead of as an afterthought.

Data quality is a significant factor. The new norm is about the quality of data in the system. In my past career I was a computer analyst at Electronic Data Systems, Ross Perot's company. The mantra of computer geeks back then was "garbage in, garbage out."

A significant portion of a computer programmer's time was spent managing clients to put quality data into the online database to be utilized to provide insight to the manufacturing company, who was General Motors. The same can be said for the business of de-manufacturing automotive parts. The quality of the inventory process became increasing more important when the world of commerce became the world of e-commerce. More parts in your inventory system means more opportunity for retails sales or the more opportunity for a core buyer to select parts. Better quality description of a part such as accurate damage codes or uploaded photographs provide an edge over competitors. The quality of data is directly linked to the increased opportunity for sales. Time spent enhancing data quality is absolutely mandatory now.



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Data is the New Master of Business

The marketplace demands data. The availability of data to consumers has made this industry a shared marketplace. Once you've embraced putting more parts (more data) and quality data in your inventory system then you must bring those goods to market. That is also a data driven task.

With cores, the integrated system or the core buyer gleans data from your system based on the data entered.

Different from core parts, the repair parts markets are also driven by data entered but have an additional data dilemma, *how to get your parts seen by the consumer*. Data from your system must be available to the customer to even be in the running for a part sales. Many new platforms have cropped up, some more welcomed than others.

Online systems that sell to repair shops are opening data driven marketplaces by pairing used auto parts stores (recyclers) with repair shops through an online system usually requiring registration or subscription. **These systems are matching recyclers with auto repair shops they had not been doing business with previously.** Embrace change as an opportunity to put your parts in front of new buyers. Maintain an edge by providing good quality data.

Buying groups or trading partners are wholesale system that help a consortium (a group) of recyclers wholesale parts to one another. Data integrity is addressed up front in these groups by mandating shipping standards or parts grading assurances.

The final frontier in data driven retail parts sales is direct to the consumer. Online searches and APPs are making this possible as long as the recycling industry is providing data by listing parts or sharing parts inventory data. **Quality data is key.** Like repair shops, consumers make choices based on price, quality and availability. All data integrity issues. **The quality of your part is only as good as the data presented to the decision maker.**

The challenge lies in getting consumers to look for used parts as a viable cost savings alternative to new parts, but that is another matter that can only be addressed once auto recyclers are supplying data to any or all of the systems available now and in the future.

The quality of your part is only as good as the data presented to the buyer

Once your data input has increased in quality and quantity the information

should paint a different picture than before. Your buying habits may change. Your manpower will be re-allocated to prioritize data management. And I hope that you will be able to mine more parts from your existing inventory, present more parts to the market and have your data help you work smarter not harder.



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Volvo to Build 1st U.S. Plant

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Of course the announcement is also meant to boost Volvo sales in the U.S. Volvo sold nearly half a million cars in 100 countries last year, up 8.9% compared to 2013. That growth was driven by strong sales in China and Europe. But U.S. sales fell 8% last year to 56,000. That's less than half the volume Volvo sold in the U.S. just a decade ago.³

Volvo will build its first car plant in the U.S

Volvo will build its first car plant in the U.S., hoping to reverse a decline in sales in the world's second biggest auto market.³ China has passed the United States as the largest market for car sales globally, and most major automakers build cars in China.⁴ But until now those cars have been sold almost exclusively in China. The Chinese-owned car maker said Monday it would invest \$500 million to build the plant in South Carolina (Charleston area) with a planned production start toward the end of 2018. The first American built Volvos are expected to roll off the South Carolina assembly line in 2018.⁴

The new plant is part of a U.S. revival plan the company announced in February. Volvo said it wants to sell more than 100,000 cars a year in the U.S. The company said it had a short list of potential locations for the plant, but did not reveal how many cars it will

produce or the number of jobs it will create.³

Volvo said earlier this year it would start exporting cars from China to the United States, the first major global automaker to do that. Volvo was bought by Chinese automaker Geely Holding Group in 2010 from Ford Motor. It has factories in Sweden, Belgium and China. Asian automakers from Japan and South Korea, such as Toyota Motor and Hyundai, today account for 45% of U.S. auto sales according to sales tracker Autodata. That puts them just slightly ahead of the combined sales of U.S. automakers General Motors, Ford Motor, Chrysler Group and Tesla. But just over 70% of the cars sold in the U.S. by Asian automakers are actually built at plants in North America, not in Asia. That's because shipping vehicles is expensive, and automakers need shorter supply chains, said Ian Fletcher, analyst with IHS Automotive.⁴

1 <http://www.egmcartech.com/2015/07/13/volvo-announces-new-lifetime-warranty-for-replacement-parts-in-the-usa/>

2 <http://www.consumerreports.org/cro/news/2015/07/volvo-offers-lifetime-warranty-for-parts-and-labor/index.htm>

3 <http://money.cnn.com/2015/03/30/news/companies/volvo-new-factory-u-s/>

4 <http://www.volvocars.com/us/about/our-company/south-carolina-factory>



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Industry News

More Metal Market Malaise

History is repeating itself. The Chinese have once again tanked the metal market, this time for copper, as they purchase heavily from the primary resource produced product and reduce global imports by half or more. Much like the steel scrap market, now the copper market is flooded with an excess of domestic copper scrap thus pushing the price to a new low.

“Statistics continue to portray China’s slumping demand for imported copper and brass scrap, and analysts say an abundance of primary materials is one root cause.

A late June 2015 column by Andy Home of Reuters cites a presentation made at an industry event for providing insight into why China’s demand for imported copper scrap has plummeted in the previous three years.

Home says imports of primary copper concentrates are “booming” in China, while the country’s copper scrap imports have fallen from 4.9 million metric tons in 2012 to 3.9 million metric tons in 2014.

In the first five months of 2015, Home says, copper scrap imports have totaled just 1.4 million metric tons, down 8 percent compared with the first five months of 2014.

Home cites a presentation made by Carlos Risapatron, director of the International Copper Study Group (ICSG), Lisbon, Portugal, in May 2015 at a Metal Bulletin conference for providing additional details.

The ICSG director said copper product fabricators in China (such as wire rod makers) have taken advantage of widely available primary copper and also have upgraded their manufacturing systems to cater to using these primary materials.

Largely owing to these circumstances, the ICSG estimates China’s red metals fabricators consumed just 550,000 metric tons of imported copper scrap in 2014, down from 1.2 million metric tons in 2012.

This fundamental shift in the fabricator sector, Home writes, “means that China’s overall [imported] copper scrap usage may well have peaked in 2011.” “

<http://www.recyclingtoday.com/china-copper-scrap-demand.aspx>



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Industry News

LKQ Acquisitions of PartsChannel & Coastal Distributer

LKQ Corporation (LKQ) Announces Acquisition of Aftermarket Parts Distributor PartsChannel

Wednesday, July 8, 2015— LKQ Corporation (NASDAQ: LKQ) announced that it has acquired substantially all of the assets of PartsChannel, Inc., an aftermarket collision parts distributor with fourteen warehouses servicing over thirty markets across the United States.

"PartsChannel presents attractive synergies within our existing network while simultaneously adding some new geographic locations to our North American aftermarket collision parts business," stated Robert L. Wagman, President and Chief Executive Officer of LKQ Corporation.

Additional terms of the PartsChannel transaction were not disclosed. www.rttnews.com

Thursday, July 9, 2015— **LKQ Corp. agreed to acquire Coast Distribution Systems**, a distributor of replacement parts, supplies and accessories for recreational vehicles, for \$5.50 per share in cash or approximately \$29 million. The combination would result in distribution and logistics synergies

As per the agreement, a subsidiary of LKQ will commence a tender offer to acquire all outstanding shares of Coast's common stock. Coast's Board of Directors unanimously recommended the offer. The acquisition is currently expected to close in the third quarter of 2015.

As of June 30, 2015 Coast had \$19.5 million outstanding under its long-term revolving bank line of credit. Robert W. Baird & Co. Incorporated and Duff & Phelps, LLC are acting as financial advisors to The Coast Distribution System. www.rttnews.com/



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ARA Updates

Industry news from the national association

Congress Plans Hearing to Improve Access to Recall Data and Other Important Recall Updates

The U.S. House Energy & Commerce Subcommittee scheduled a hearing for Friday, September 25, 2015 to review a draft bill entitled "**Improving Recall Tracking Act**". This legislation would establish state mandates for sharing VIN numbers and expand the current

www.safercar.gov VIN-based recall database to include a provision "...to permit the searching and processing for multiple vehicle identification numbers in a single search request".

The Senate-passed auto safety legislation also has a provision addressing the multiple VIN access issue and proposes a 2-year study. ARA continues to press lawmakers and others that the database needs to include access to bulk Vehicle Identification Numbers (VIN), original Equipment (OE) part numbers (unique part numbers if available) and component descriptions so that those OE parts which have been harvested from donor vehicles that are subject to a safety recall can be identified.

In other auto recall news, the National Highway Traffic Safety Administration (NHTSA) recently announced that it will hold a public hearing on the Takata airbag recall in October on "...prioritizing, organizing, and phasing the multiple recalls to remedy defective Takata airbag inflators...". The agency will provide an update and present possible strategies on the recall process involving nearly 20 million vehicles from 11 different automakers. NHTSA has discussed being in the unprecedented position of directing the Takata recall with respect to the prioritization of replacement parts.

ARA maintains that part suppliers, manufacturers, government regulators, consumers groups and others must all work together to develop a system under

which recalled parts are correctly identified, tracked and remedied or retired from service. ARA will continue to call on all stakeholders to pool collective resources to promote consumer safety while supporting a vibrant and quality parts market.

New Chip Technology Mandates Need for New Credit Card Terminal

New credit card security policies will mean you need to be compliant with an EMV chip reading terminal. The acronym EMV stands for European Master Visa. This is a standard practiced in Europe for some time which helps stem credit card fraud. Here in the US, we are just now starting to replace the magnetic strip

you see on the back of your credit card. These magnetic strips are easy to manipulate, copy and duplicate which can lead to fraud. These chips are not easy to manipulate and far less susceptible to fraud. If, by October 2015, you do not have a chip card reader YOU, not the bank, will pay for fraudulent cards accepted; previously, the bank absorbed that cost.

That being said, there are some options other than spending five hundred dollars for the new machines which many companies are charging. Now is the time to review your overall credit card practices. ARA's recommended processor, TSYS Merchant Solutions, can help. Call Paul Niss toll free at (888) 356-0001 to discuss your options.



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