

# Brian Cowan

## Cronulla Smash Repairs

WITH A LIFETIME IN THE INDUSTRY, BRIAN COWAN HAS LOST NONE OF HIS PASSION AND DRIVE AND, AS CHAIRMAN OF THE BODY REPAIR DIVISION AT MTA NSW, HE HAS BECOME A STRONG ADVOCATE FOR CHANGE.

**NCR:** Tell us a bit about yourself and your business.

**BC:** Thank you for this opportunity. I started in this industry over 40 years ago as a panel beater. I've also been a subcontractor and a shop manager. However, for the last 15 years I have been a business owner. The industry has been very good to me. I have travelled extensively and also took up a wonderful opportunity to work for Auto-robot in the USA.

Upon my return Australia I started working for Auto Quote Australia, which really solidified my understanding of the value and undeniable necessity of the MTA in NSW. It was then, with this exposure, that I decided I wanted to run my own business. I bought Coleman Smash Repairs in 2003, subsequently changing its name to Cronulla Smash Repairs. I immediately joined the MTA and have never looked back – they have been so supportive of my growing business in so many ways ever since the early days.

**NCR:** How and why did you get involved with the MTA body repair division?

**BC:** I wanted to give back to the industry that has been so good to me, so when an opening presented itself and I was scouted to become the chairman, I didn't hesitate and jumped at the chance to be involved. The division was looking for someone to represent both independent shops and network smash repairers in an unbiased manner, so understanding I was representing both arms of the



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business was an additional bonus for me. I have been in the Chair for five years now and although there certainly have been some challenges, I really do believe in what we do. My ultimate legacy would be to leave the industry in a better shape than it was when I joined in 1980.

**NCR:** This implies that you believe there are things that need improvement?

**BC:** If I could take you back to 2005 when the industry was struggling and there were questionable repairs going out onto the roads. Repairers and insurers decided to get together to address the concerns of the industry and simultaneously develop a framework for what has become the

Code of Conduct. This Code, for all intents and purposes, was to be a living document – something that could evolve and improve as the industry grew.

Fast forward to present day, with questions and concerns arising again. Currently, there are approximately 1.2 million repairs every year, with only a small percentage of complaints lodged as IDRs. This indicates the industry and the Code is working. However, if you source other means of measurement, this becomes a cause for concern as the MTA continues to receive many more calls than there are IDRs. The anomaly may be suggestive of a greater problem and that perhaps repairers will struggle with accountability for fear that it may impact their businesses.

**NCR:** If this is so, what do you think is behind it?

**BC:** Firstly, let me say that my fundamental message is that we are concerned for the quality (and perhaps safety) of some repairs. There is an alarming number of unacceptable repairs. We firmly believe this can be traced directly to the relationship with insurers and the prohibitive cost parameters allocated by insurers.

**NCR:** OK, let's take these one at a time and talk about rates first.

**BC:** We believe that charge-out rates between \$50 and \$60 per hour are not uncommon in the market. Unfortunately, this hourly rate barely covers an employee's direct costs. A more realistic rate would be within the

\$100-\$120 range. This increase will ensure a reasonable contribution to the bottom line of any shop within our industry. Our aim is an operating model where the charge-out rates are acceptable, reasonable and cost effective for both insurers and repairers.

We are also aware that some repairers are agreeing to average-price contracts and, in doing so, are effectively accepting lower rates, which perpetuates the situation. In addition, we firmly believe that when a vehicle is repaired to a price it can, in some instances, result in cutting corners and therefore impacting the quality of the repair. This is a reprehensible action and potentially may put the owner of the vehicle and other members of the public in general at risk. Sadly, there are examples of this in the media.

**NCR:** What about times?

**BC:** A flow-on effect of the “funny money – funny times” scenario is that, to some extent, this is compensated for by over-inflated hours. We recognise that IAG’s NTAR system has made significant steps forward; however, other insurers have their own systems and therefore are not aligned. What we really need is a mandatory system that all insurers follow so that there is the same charge-out time for the same task. This would be the most universally acceptable and beneficial approach.

**NCR:** So, you recognise the benefits of NTAR?

**BC:** We do; and, as I say, it is a significant step forward. However the counter argument needs to be taken in context. In a working body shop, some tasks can take longer than in an IAG research centre. But in saying that, all insurance companies must compete in an open market. If one insurance company is paying for repairs below a reasonable profit margin, how can the other insurance companies compete?

**NCR:** Perhaps this reflects an efficiency issue that requires better process management in the shop?

**BC:** Granted. However, there will always be a more efficient process flow of tasks when there are a greater

number of employees not doing anything other than the repair. When the principal is also the one on the tools and helping, as I do in some cases, I cannot get near the allowed times for many tasks. There has been some improvement, it is better, but just not quite there yet.

**NCR:** What is the issue with insurers’ relationships with repairers?

**BC:** We have wrestled with this question for a long time and it comes down to the choice of repairer. The overriding question needs to be, “How can this work if insurers own their own



Brian Cowan with Brenton Daniels.

shops?” Currently, the number of repairs finding their way to the independent repairer has reduced significantly. There is a potential conflict of interest and my belief is there is a need to investigate this with a customer lens, taking into consideration factors such as safety and quality. The factors that reduce these two very significant attributes should be the driving change for our industry. In addition, insurers with a preferred network have a similar impact on independents.

**NCR:** Perhaps the reason for greater influence by insurers is to bring back some balance to an industry that was “overly-profitable” at the expense of insurers and ultimately policyholders?

**BC:** When we look back, we can see that the industry supported an hourly rate that allowed repairers to run

a cost-effective business and contribute to a profitable operation with the latest in technology. From a historical perspective, insurers probably didn’t understand the true cost of repairs at all and there were opportunities for repairers to be extremely profitable.

**NCR:** This is my point – however, what do you think needs to be done?

**BC:** Ultimately, we would like the current Royal Commission to recommend a separate inquiry/Royal Commission into the insurance companies regarding motor vehicle insurance and the impact to consumer safety.

The industry also needs the abolishment of “funny time, funny money” and penalties to apply to those that are found to be doing the wrong thing. There is currently no provision for penalties in the Code, and although the MTAA has attempted to get this changed, there has been no change to date. I also strongly recommend that every repairer who identifies an issue should lodge an IDR. Transparency should be one of the goals we are striving for. Collision repairers are the people who can improve the industry. My message is very clear: If you are not happy about your charge-out rates or the way you have been treated, it’s not good enough just calling the MTA. You need to take responsibility and lodge an IDR. The Code was designed to deal with this feedback and is robust enough to respond.

**NCR:** And a closing comment?

**BC:** I really do believe we have a great opportunity to make lasting improvements. We need a sustainable industry that is more consumer-safety focused. We also need an industry where there are genuine partnerships with insurers. Such a relationship would help to keep costs under control. I am proud to still be in this industry. I have spent a lifetime doing that I love, and I remain committed and passionate. It takes a collective effort to make things happen, so let’s get together on this and make that lasting difference.