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A Solution to Labor Pains

by Kurt Muller

CURRENT AUTOMOTIVE technology pushes the boundaries of the science of safety in extraordinary ways. Our business is to replace critical, structural components without altering the delicate balance by which these highly engineered safety systems work. On television and in the courtroom, this task has been demonstrated to be much more difficult than those outside our industry would prefer to believe. Nevertheless, the mission of Independent Glass Association (IGA) members is to make safe auto glass replacement the norm in our industry. We are not in the business of keeping out the wind and the rain; we are in the business of saving lives. I believe that all technicians should follow the new Automotive Glass Replacement Safety Standards (AGRSS), which were recently approved by ANSI and are being marketed by the AGRSS Council, and get paid for doing it right. (See *July/August 2002 AGRR*, page 32, for the complete text of the standard.)

Putting AGRSS into Practice

How do the guiding principles of the AGRSS standards correspond with the realities of the marketplace? Although we can ensure a safe, quality installation by following the standards, there is no incentive for a retail glass owner if insurance companies are not paying a fair flat-labor rate. In my company, we always follow the AGRSS standards and even use two technicians for every job we do. That means, on average, that I get paid about \$11.25 per technician an hour to install a windshield. Compared to the other service businesses in my area that

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charge much more for labor, I am at a severe financial disadvantage. Even the local bicycle shop charges \$75 an hour for labor. How are we able to do quality work and save lives if we cannot get paid properly for our work?

I believe that we should be paid a fair price for the materials we use and earn a reasonable profit similar to other service industries. For example, based on a \$650 list price, if one buys at 80 percent off NAGS and sells at 60 percent off NAGS it will result in a 50 percent gross profit margin. This level of profitability on parts is the average gross profit margin most technicians in other industries get paid. An automotive service station near me usually receives this level of profit margin to install brake shoes.

Labor Rates

I also believe that we should be reimbursed a fair labor rate for doing quality work. In my opinion, it's fair to use a market-competitive labor rate multiplied by the NAGS book hours. This same technician mentioned above charges \$70 an hour for labor multiplied by the number of labor hours listed for that particular part in his published, industry-accepted book. We also have an industry-accepted book that lists the number of labor hours per vehicle that we should be charging. For many

years, the NAGS calculator has been the proper, time-study verified benchmark in our industry for determining the proper number of labor hours to charge for each job. I personally believe that we in the auto glass industry should invoice using the NAGS hours multiplied by our fair market labor charge in order to be compensated fairly for doing safe work. I believe this suggestion for fair payment on parts is accepted practice in other industries.

I believe that insurers would serve their customers by taking the same stand on safety that you and I do. If insurers would consider the cost of non-compliance by retailers who fail to use their billing processes and look to creating higher compliance, the result would be millions of dollars saved each year. Compare this to paying a bit more in terms of price, and I would bet the farm that both insurers and retailers would profit.

The only way we can save lives, improve efficiency, raise the level of compliance in billing process and create the incentive to entice all retailers to do safe and quality work is to get paid a fair and reasonable payment for our work. It's not only smart business. It's the right thing to do. ■

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