



Missouri NEWS

Auto & Truck Recyclers

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December 2011/ January 2012

Streamlining Distribution

As the economy slowly heads forward, most companies need to get more done with the same resources.

Streamlining operations means eliminating activities that don't add value and putting in place controls to make sure transactions get processed quickly and effectively.

Eliminate Non-Productive Activities

Everyone is really busy - they're already overloaded, or are they?

"Why does it take so long to turn around orders?" asked the CEO, "Everyone says they're working as hard as they can but how can it take so many days?"

"Your company is doing credit checks when orders are received and again when they are about to ship. Since your customers are Fortune 500 companies, do you really need these credit checks? If you skipped these checks you could save 2-3 days" the consultant replied.

"Of course we don't need to do credit checks on our customers. Why on earth are we doing them?"

"Apparently, several years ago you sold to smaller companies that had credit issues. To ensure credit checks got done the controller had all orders credit-checked."

"We could probably handle 25% more business by eliminating these delays. We can stop that practice immediately."

A lot of companies think they have a good grasp on how they operate but reality is different. Several years ago I began asking consultants 'Have you ever asked someone how their company operates and found out later that what you were told does not match what really happens'. Without exception, the answer was 'yes' for every project they ever worked on.

A critical part of streamlining is making sure you understand exactly how you really operate, and eliminating all the activities that don't add value. Usually, there are several opportunities to immediately free up resources. The following example is one that occurs in many companies:

"How are things coming with the new system?" asked the VP.

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Missouri Auto & Truck Recyclers News

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From the President

By Dan Richardson

Summer is over. Cool weather has come in a little sooner than expected and kids have gone back to school. Parents have gotten over the expense of putting kids back to school and are now back to fixing their cars again. Between the economy and the weather it seems like business has been a little slower this summer.

In the city, we find that they are making new permits and raising the prices of old ones. Our fire permit has gone from \$150 to \$400. Our tire permit has gone from \$50 to \$250, plus a pavement tax of approxi-

mately \$50 per month. We even have a compressor permit of \$50 per year. These are a few of the city licenses plus all the state licenses we buy. With all the expenses going up we need to be more conservative.

Car prices have gone up and with cash for clunkers a lot of parts have become harder to get. Used cars prices have gone up so much that people are buying new cars because the interest is less making their payments more affordable.

Dan Richardson

MATR Legislative Update

By Brian Bernskoetter, MATR Lobbyist

This summer the Missouri General Assembly was called into a special session by Governor Nixon to try and pass some changes to the Missouri's tax credit programs and to create some new incentives to encourage a trade hub with China to be established in St. Louis.

The negotiations and debate lasted for over seven weeks but were eventually called off and the special session ended with no economic development legisla-

tion passing. There is plenty of blame to be had on all parties but it illustrates a bigger problem Missouri is facing which is that there is no ability to find consensus on issues of major importance.

Leadership from the House and Senate, in many instances, agree that changes to Missouri laws need to be made but the differences in way changes are being proposed from the House and Senate and the failure to find consensus have resulted in stalemate on many issues; especially the recently failed special session.

This trend looks to continue next year as many of the leaders of the General Assembly have indicated they are at an impasse and don't expect to be able to pass any bills of major consequence aside from the state budget.

Missouri's next legislative session will begin on January

MATR Dates of Interest

January '12

4 Legislative Session Convenes

4, 2012 with pre-filing of bills beginning December 1, 2011.

With respect to our legislative agenda next year we fully anticipate more attempts by the insurance industry to open up salvage auctions to the general public. We have been very successful in fighting these changes over the last four years and we will continue to monitor that issue very closely.

Another issue that has recently surfaced is an attempt by the Department of Natural Resources to overhaul their Clean Water Program. During the last few years DNR has tried to make changes to the clean water permit program but has been unsuccessful and has only



been able to extend the expiration date of the current fee structure. With the re-authorization of the fee structure during the last legislative session DNR was given a mandate to meet with stakeholders and discuss ways to re-organize the fee structure to ensure the program is viable and industries that are regulated by it are well served.

These meetings are underway but thus far DNR has not made any proposed changes instead focusing on industry input to try and garner consensus on where they can agree on changes with the various regulated entities.

Streamlining Distribution continued from cover...

"I was really struggling with one thing but I finally figured out how to do the Flash report on the new system" the consultant said.

"What Flash report?"

The one Adam does. He spends about eight hours a week pulling together data from different sources to create the Sales Flash report."

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"Oh, that one. We stopped using that months ago."
Well, now Adam has time to work on other efforts.

Make Sure Things Stay On Track

As you get busier and busier it is easier and easier for things to 'fall through the cracks'.

- Did the customer sign-off on requirements?
- Did the job get re-scheduled?
- When are the parts going to arrive?

- Did the change-order get approved?

Some demands might come from new customers or be for new types of products and services, resulting in considerable variation in the demand requirements. As such, not only do your personnel have to handle more transactions, they have to handle a lot of different processing requirements. This is where proper controls for managing transaction processing are invaluable. 'Transactions' are quotes, sales orders, purchase orders, service orders and so on.

"We get about 2,500 quote requests per month. Of these, we auto quote about 800 a month" the Customer Service person indicated. "The rest go to Engineering, so they are really swamped and turnaround takes a long time. Unfortunately, it is taking so long we get a lot of customer complaints and lose a lot of business - we only close 15% to 20% of our quotes."

In a subsequent meeting with Engineering, *"We work on major quotes - about 25 a month"*.

Wait, what happened to 1,675 quotes? It turned out that these were going to some clerical personnel in another department that had no formal processes or tracking for these quotes. Two-thirds of all quotes were falling through the cracks.

Even worse, the people processing these quotes were only looking at how long it had been since the product was last sold and then trying to guesstimate a cost and price based on a more recent sale of similar products. They didn't take into consideration if the job was a government job or a commercial job, nor if there was one delivery or multiple deliveries. When a job was run for a government quote the cost overrun was extremely large, causing serious repercussions with the government agencies. Also, no

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one was tracking costs for preparing the quotes, which ended up being a problem for the government agencies.

In setting up new processes we addressed the issue of 'transaction management' - how do we manage the workflow to ensure things are done in a timely manner and cost-effective manner. In this situation, 'cost-effective' covers ensuring processing costs are properly recorded and cost risks for the transaction (e.g. potential for penalties, lost revenue, lost profit) are properly covered.

In this situation, the most expedient solution was to use a shared spreadsheet document to track the processing of quotes. A separate worksheet was used for each type of job - government versus commercial. Within each worksheet, columns were set up for each department to record the date and time they received the quote and initials for when they completed their portion. Managers could quickly see what should be coming to their department and what was sitting too long in one department.

Certain conditions could result in extensive analysis which would require special handling and delay turn-around of the quote. For example, if the requested item was no longer available but the 'replacement' item might need to be certified, the quote was 'red flagged'. This allowed the managers to zero in on problem quotes.

In summary, the basic steps for 'transaction management' are:

- Identify transaction characteristics that change how a transaction is processed and the steps required to process the transaction.
- Identify the role for each department (or person), involved in processing a transaction.
- For each department role, identify the following:
 1. What is needed to manage the schedule for processing the transaction
 - Identify key 'milestone steps' for processing a transaction (based on its characteristics) and the desired timeframe for reaching that milestone
 - Identify critical steps and potential red flag conditions
 2. Identify what is needed to manage costs
 - How to ensure costs are properly recorded
 - How to avoid excess costs (e.g. expediting costs, penalties)

- Identify critical steps and potential red flag conditions.

"We should be able to book an extra \$4 million this month."

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"How's that?"

"We have some jobs that weren't quite ready at the end of last month but should be good to go now."

"Are those the ones we were waiting for sign-off from the customer?"

"Yes."

"Did any one follow up with the customer to get the sign-off?"

A few minutes later ... "Oops."

Final Thoughts

According to Dana Borowka, CEO of Lighthouse Consulting Services, LLC (www.lighthouseconsulting.com) and author of *Cracking the Personality Code* (www.crackingthepersonalitycode.com) hiring the right people is key to future growth. If you would like additional information on hiring, please click here to see an article on this subject: <http://lighthouseconsulting.org/Articles/KOTHireRightFirstTime/>

Ted Margison, President, Pebble, LLC, has over 30 years experience in operations management and process improvement. Prior to starting Pebble, Ted worked

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Ask Questions and LISTEN

By Christine Corelli

Forget tough! Today, competition is fierce. You need to practice consultative selling if you want to influence customers to do business with you. One way to demonstrate consultative selling and enhance your ability to close more sales, is to develop the habit of asking questions first and listening before you speak. It is the most effective way to learn about your customer's needs. Asking questions and listening also helps to gain your customer's confidence, and shows them you care.

Why is it that so few companies train their people on listening skills? All too many salespeople jump at the opportunity of being in front of a live customer. Instead of taking the soft approach, they start their conversation by stating how great their product or service is. Or, they'll ask one quick question such as "How are you?" and start selling, instead of asking questions. This could be due to the fact that these days, it's incredibly difficult to get an appointment or speak on the phone to a real live buyer.

Do you think you might be losing business because you're talking when you should be listening? If you do, you need to remember that your customers need you to listen to them about what is important to them. They want to make sure that you understand their needs, concerns, priorities, problems, and expectations. If you don't listen, they'll go to one of your competitors who will.

Refrain from the impulse to start selling until you've asked a few questions. You need to be able to direct your prospect's thinking to uncover their needs.

In your initial meeting or when a customer walks into your store, make it a habit to ask questions like the following ...

"How's your business doing?"

"What's most important to you about..."

"What do you want to accomplish with this project?"

"How's the car running for you?"

"Why are you considering this venture?"

"What motorcycle is the one you dream of riding?"

"What educational sessions are most appealing to you for our next conference?"

"Can you tell me about your needs?"

"What are some of the challenges you're facing?"

"What, specifically, are you looking for in a provider?"

"Would you like me to point out the sales rack for you?"

"What challenges have you had in the past?"

"How fast did your last order sell off?"

"Do you have a surplus in your inventory?"

"What would you change from the last company you worked with?"

"What are the capabilities you would like to have with our product?"

"How do you handle the financing?"

"What type of model most appeals to you?"

"What style do you like to wear?"

Ask open-end type questions — How, What, Why, Who — and take careful notes. Asking questions is highly beneficial for these reasons:

Questions lead to answers.

- Answers lead to rapport, and discovering what the other person needs to know and needs to hear from YOU to influence them to buy.
- Asking questions gets your buyer's attention,

and gives you control of the conversation.

- Asking questions allows your customer to talk, so you'll gain insight on how to respond
- Asking questions give you the opportunity to observe their personality and body language, so you'll know how to act and respond appropriately.
- Asking questions demonstrates that you have a genuine interest in them

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Christine Corelli author of five business books including the popular *Wake Up and Smell the Competition*. Her track record includes over two hundred published articles, hundreds of presentations at meetings and conferences and an impressive client list including many in the automotive industry. Her newest book release, *Capture Your Competitors' Customers and KEEP Them* is set for May, 2011.



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The Importance of Market Connection

By: Joe Caruso

The headlines for Netflix of late haven't gone the way they would have hoped or anticipated. Until recently, Netflix was seeing good performance in the market and taking steps internally to reach their goals and vision. But when a company plans on and performs to the wrong market perception, results are inevitably disappointing.

As most of you probably know, the Netflix business model is subscription-based and involves DVD by mail as well as streaming video. The success of their DVD by mail business had a big impact on the



fate of Blockbuster and other brick and mortar video stores. The growing popularity of streaming video, which continues to shake up the media market, has also contributed their success.

Then they raised their prices.

Then they split their business in two, and re-

branded the founding part of their business (DVD by mail) as a separate business.

And their customers are not happy.

What happens when a company's success allows them to reach their ultimate vision? Did Netflix

assume that customers would understand that their name said it all? Netflix had a self-perception that was not necessarily in line with that of their customers.

They neglected to stay connected to their market because they failed to fully consider their perception in the context of the market's perception. Perception, along with Plan and Performance, make up the three key drivers of business. (See: The Three Drivers)

If one of these three drivers is out of proportion because a company is too focused on it, or is defining it out of context, the

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other drivers inevitably get distorted. These distorted drivers become compensatory to the disproportionate driver and will weaken market connection. In the case of a poor or wrong perception, the plan and performance will be aligned to the wrong perception and inevitably create problems. This disarray weakens a company's connection to the market, hence lowering market value:

From an outsider's view, Netflix was so focused on the Perception that they are a streaming business that they failed to consider the context of their customers' perception(s). When this occurs, plan and performance fall short of creating a full, meaningful, and valued connection to the target market.

Netflix's lack of connection created ire and rancor among their customers who felt unconsidered. This necessitated the apology email from the CEO,



who felt it necessary to write a mea culpa letter in order to save face and customer base.

When the three Ps or drivers are more balanced and considered fully in the context of the market, then maximum connection and relevance to that market is established.

This optimizes both opportunity and profit. The perception drives the fitting plan and the performance to plan is more naturally achievable.

Diagnosing a company's imbalanced driver starts with paying attention to what your own employees, your customers, and even your competitors might say about your brand, products and services. May you never need a mea culpa.

Check out our quick assessment that may indicate whether your three drivers are in balance.

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PSC Metals Acquires Missouri-based Scrap Metal Recycler

Shapiro Brothers operates four facilities in Missouri, Illinois and Arkansas.

PSC Metals, a Cleveland-based scrap metal recycler with more than 40 scrap metal facilities in Ohio, Pennsylvania, Alabama, Georgia, Kentucky, Tennessee and Missouri, has acquired Shapiro Brothers, based in Festus, Mo. Shapiro operates four facilities in Missouri, Illinois and Arkansas, including an auto shredder at its Festus facility. The

shredder processes between 4,000-8,000 tons of material per month. Shapiro handles both ferrous and nonferrous metals, as well as construction and demolition waste.

The acquisition of Shapiro Brothers, which closed on Sept. 16, follows PSC's acquisition of Cash's Scrap Iron & Metal, a St. Louis-based scrap

metal recycler in January 2011. Cash's operates five scrap metal facilities in the St. Louis area.

PSC also purchased Wedel Iron and Metal, Crossville, Tenn., in May 2011 to bulk up its business in the Tennessee triangle area.

Edward Lehner, PSC's CFO, says the company has been strengthening its business in the Midwest area to densify its geographical presence and provide increased coverage in the region. The newly acquired Shapiro Brothers will expand PSC's capabilities in

providing raw materials to many of the steel mills that operate around the Mississippi River, including Nucor in Hickman, Ark., and Severstal in Columbus, Miss.

Owned by Greg and David Shapiro, Shapiro Brothers employs about 63 people, all of whom will remain with PSC Metals.

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Local Emphasis Programs Listed on OSHA Enforcement Web Page

OSHA's Enforcement Web page now contains a new section that lists all the Local Emphasis Programs (LEPs) currently active across the country. LEPs are enforcement strategies designed and implemented at the regional office and/or area office levels. These programs are intended to address hazards or industries that pose a particular risk to workers in the office's jurisdiction.

These LEPs are often accompanied by outreach intended to make employers in the area aware of the program as well as the hazards that the programs are designed to reduce or eliminate. This outreach may be in the form of informational mailings, training at local tradeshow, or speeches at meetings of industry groups or labor organizations.

For example, in Philadelphia's Region III there is a LEP to reduce the hazards and exposures in



the scrap metal processing industry. Specifically, this LEP targets NAICS 423930 and 423140 - Motor Vehicle Parts (Used) Merchant Wholesalers. In another LEP, industries using the code 5015 are being targeted in Region II - out of the Syracuse, NY office because according to OSHA, employees employed in the scrap metal recycling industry (5015 and 5093) are being exposed

to serious safety and health hazards on a daily basis. And finally there now exists an LEP for the metal recycling industry in Region II (NJ, NY, Puerto Rico, and VI).

The new Web page lists more than 150 LEPs, divided by Region, with links to the directives establishing each one. Please see OSHA's Enforcement Web page for more information.

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