

FADRA

NEWS

Moving Forward in 2014

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Legislative Days!

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Motorcycle Raffle



**Industry Icon and FADRA Past President
Lenny Damron's 2003 Harley Davidson
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Raffle Tickets are only \$50 each

The Damron Family has generously donated Lenny's Motorcycle in support of **FADRA's Scholarship Program**. Thank you to Diane, Chad and Casey for their generosity and continued support of FADRA.

Support FADRA's Educational Efforts and purchase a ticket today!

Winner need not be present to win, but is responsible for the transport of the Motorcycle to it's final destination



FADRA
Florida Auto Dismantlers & Recyclers Association



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FADRA NEWS Issue 1, 2014

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PRESIDENT'S MESSAGE



Jim Butler, Butler Auto Recycling

It's not often we experience the effects of deep freeze in Florida, but in my neck of the woods we've had a tough winter. We had to close the yard for a day and a half in January and I-10 was closed to trucks for two days. The lock on our gate was frozen shut. I hope you have been safe and sound as we get through this unusually strange winter.

FADRA is preparing for our annual Legislative Days event in Tallahassee on March 18-19. I want to encourage any member who has an interest to join us. We'll have a dinner and legislative briefing on the evening of the 18th, then spend half a day on the 19th meeting with legislators. Our lobbyist, Trevor Mask, Legislative Chair Steve Holland, and LQK lobbyist Ray Colas will help prepare you for the meetings, which are short and sweet but have a big impact on the issues affecting our industry.

You don't have to be a Board member to participate, and we have had a few members take part over the years. The conversations are friendly, and you need to remember they work for us, not the other way around. Though they may act that way if you let them get away it. FADRA has established a presence as a serious organization and we have relationships with several legislators. New ones are always elected, though, so it's an ongoing process. If you can't come to Tallahassee, please be ready to call their local offices when we start having our legislation heard.

We've sent out communications about Legislative Days, so please be sure to respond to Executive Director Kim O'Dell before the event so we know how many people to expect.

After that, we'll hold our second annual Yard Expo at Brandon Auto Salvage in Brandon. If it's a convenient trip for you and your staff, please be sure to attend this great fellowship and educational event. We had a great time at my yard next year and I know Steve will make sure this year's will be even better.

Let's make it a great year with FADRA and for your businesses.



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Calendar

March 18-19, 2014

FADRA Legislative Days
Tallahassee, FL

April 5, 2014

FADRA Yard Expo
Brandon Auto Salvage

April 10-12, 2014

URG Training Conference
Inverness Hotel & Conference Center
Englewood, CO

July 17-20, 2014

FADRA Annual Convention
Crowne Plaza Melbourne Oceanfront

October 22-25, 2014

ARA Annual Convention
Gaylord Opryland Resort & Convention Center
Nashville TN
www.araexpo.org

Executive Directors Report

By Kim O'Dell, CMP, Executive Director

I hope everyone has gotten a great start to the new year. FADRA has had a lot going on as we work on convention planning, Legislative Days, and the Yard Expo. Events such as these are what helps the association provide value to its members.

As always, we welcome all members to Legislative Days. We organize it to make the most effective use of your time away from the yard, and the benefit of face-to-face meetings with legislators is invaluable for protecting your industry. We have a great legislative team and the members who articulate always find it an enlightening and enjoyable experience. Please be sure to get in touch with me at kim@fadra.org if you want to go.

Speaking of "face-to-face," The Board has discussed a program of membership recruitment called FADRA Face-to-Face. At the time of Legislative Days, the yard Expo, and the Annual Convention, we'd like a few Board members to arrive a day early to visit local yards that don't belong to FADRA to tell them about the group and get them to join. Board members who make the most visits will receive "something special." But the main benefit is to engage those in the industry who don't yet see the value of participating. We'd also like to visit with current members to thank them for their support and see what's going on at their business.

On the financial front, FADRA has been contacted by a couple of members asking if there were any opportunities to support the organization. The FADRA Board discussed this at length and voted to accept support from our members. Overall association supporters will be recognized as Association Benefactors, which provides them with special sponsorship benefits. This Association Benefactor opportunity at \$10,000 a year is available to all FADRA members, both yards and associates, so please think about doing this for your business. Please get in touch with me if you are interested and I will share more details about this exciting opportunity.

The Convention Committee has been very active and has proposed several new speakers as well as a couple of favorites. Chairman Tim McMillon has convened planning calls every two weeks to share ideas and keep track of planning.

We're very excited about our FADRA events this year. You should have received promotional flyers on the 2014 Yard Expo and FADRA Annual Convention in the mail, along with registration forms. Please make plans now to join us at both of these great events. Should you have any questions, or want to become more involved within the organization, please contact me at the FADRA Office - 407-614-8354. We look forward to seeing you throughout the year.

Leave your imprint with our members

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Lathem-McMillon New FADRA Secretary-Treasurer

Shan Lathem-McMillon has assumed the role of Secretary-Treasurer for the association, effective February 1. Claude Greiner regrettably stepped down after taking over for Jason Langston.

Convention Committee Report

Working Hard on the 2014 Meeting

Chaired by Tim McMillon again this year, the FADRA Convention Committee has been meeting regularly to put together an outstanding program for you. Serving on the committee are Jim Butler, Shan Lathem-McMillon, Jason Langston, Steve Holland, Tony Quarno, Jason Grady, Cheryl Nelson and Joe Wright. We have a great team with a lot of ideas about the convention, playing off this year's theme, "Get Your Beach On...Exploring Oceans of Opportunity!"

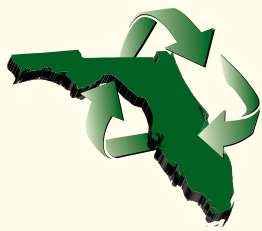
We have some excellent speakers and sessions planned for this year. Shannon Nordstrom of Nordstrom's Automotive in South Dakota will join us and talk about topics relating to Establishing Your Brand, Making the Most of Your Resources, and Preparing your Inventory for Future Sales, while leveraging technology. We will also have a u-pull-it seminar featuring several FADRA recyclers. Additional seminars including Wage & Hour Laws, eBay Sales, Your Financial Bottom Line, Phone Systems/Voiceover IP and Mr. DJ Harrington will all be featured at FADRA 2014.

The ladies' luncheon and Saturday brunch with exhibitors in the hall remain part of the social networking available at the convention. Taking advantage of the beach location of our hotel we're adding beach volleyball on Saturday evening. The Committee is still tweaking its plans and will meet every two weeks by conference call leading up to the event. We'll soon send out registration information, so make your plans early to be there for FADRA's signature event.



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Gearing up for the 2014 Florida Legislative Session

By Trevor Mask, Colodny, Fass, Talenfeld, Karlinsky & Abate, P.A.

The 2014 Florida Regular Legislative Session begins March 4, 2014 and concludes May 2, 2014 unless extended. Leading up to the Session, the Legislature has been holding and will continue to hold interim committee meetings. During these meetings, the legislators will begin to shape the agenda for the Session. Some of the issues are beginning to crystallize, while others are less certain.

The Republican Caucus will again heavily dominate the upcoming Session. Governor Rick Scott and the Florida Cabinet (Chief Financial Officer Jeff Atwater, Attorney General Pam Bondi, and Agriculture Commissioner Adam Putnam) are all Republicans. In addition, the Florida House and Senate are majority Republican. At the time of this publication, the Florida House comprises 74 Republicans, 45 Democrats, and there is one vacant seat likely to go Republican. The Florida Senate is comprised of 26 Republicans and 14 Democrats.

The 2014 Session will be greatly shaped by the upcoming 2014 election cycle. All 120 House seats and half of the Senate seats (20) are up for election in 2014. Pending a significant chain of events or an unanticipated dramatic shift in voter turn out, the Republicans should maintain control of the legislature. The Governor's race will be the race to watch, however. It pits incumbent Rick Scott (R) versus Charlie Crist (D). Crist served as Florida's Governor from 2007 until 2011 as a Republican. Now, he seeks to reclaim the position as a Democrat. This race will likely be one of the most expensive campaigns in Florida history. Each candidate has the potential to raise and spend over \$100 million dollars. It is expected to be a very close election. Currently, former Governor Crist has a slight lead according to recent polling data.

Each Session, the only one bill that is required to be passed by the Legislature is the General Appropriations Act, commonly referred to as the Budget. Governor Scott is beginning to release details of his budget priorities. He appears to be focused on tax cuts, transportation spending, economic development, and education. Currently, there is a

bill moving through the committee process that would reduce driver's license fees by \$236 million. Governor Scott supports this proposal. Also, Governor Scott is asking for a 10-day tax-free holiday for back-to-school items. Among the Governor's spending priorities, he is asking for \$8.8 billion in transportation funding and \$100 million in funding for Visit Florida (a tourism organization). While his priorities will be heavily weighed by the Legislature, they are not required to pass them. In total, the budget for 2014-2015 is expected to increase by 4% over the 2013-2014 budget, which was approximately \$75 billion.



Gaming is also expected to be a significant issue this Session. Large casinos are making a push to authorize permits for casino resorts in South Florida. The effort has gained mixed reviews by the business lobby in Tallahassee. Associated Industries of Florida supports the effort, while the Florida Chamber of Commerce is against it. To complicate matters, the Seminole Tribe Gaming Compact, which guarantees revenue to the

state, would likely be compromised if gaming is expanded to others. Both the House and Senate have select committees to study the issue and propose legislation. Key legislative leaders have suggested a putting the issue before the voters via a constitutional amendment.

The area of health care will be a focal point this Session. Florida Democrats have made Medicaid expansion a priority for their caucus. However, it does not appear the Republican-controlled legislature is interested in Medicaid expansion. The House created a special committee that is reviewing workforce and scope of practice regulation in healthcare. The House focus is an effort to expand the role of nurse practitioners and the use of telemedicine. Florida is one of the most restrictive states for nurse practitioners. Telemedicine is the use of technology and the Internet to facilitate virtual doctor visits. However, under current law, a face-to-face meeting is required in order for a doctor visit to be reimbursed by insurers.

Continued Next Page

Legislative Update Continued

Education generally receives a lot of attention from lawmakers, and this year will be no exception. The hot button issue this year is changes to standardized testing. For years, Florida has used the FCAT to measure educational performance including teacher evaluations. The FCAT is being eliminated and the state is looking at other performance measures, such as Common Core State Standards. Unions and others in the education field have long opposed standardized testing. The Legislature will discuss several bills this Session related to education standards, assessments, school grading and teacher evaluations.

Your FADRA legislative team is also preparing for the upcoming Session. Last Session, we had our hands full fending off detrimental changes to the total loss statute and the sale of unsafe used tires. We are keeping a close eye on these items, as they could resurface in 2014.

Significant changes were made to the "National Motor Vehicle Title Information System" (NMVTIS) statutes in 2013. The law was amended to revise the process for applying for a salvage certificate of title or certificate of destruction for a salvage motor vehicle. The law also was

amended to require a salvage motor vehicle dealer to notify the NMVTIS system when a motor vehicle, recreational vehicle, or mobile home is sold, transported, delivered to, or received by the salvage motor vehicle dealer. In 2014, FADRA is working to correct some unintended consequences that resulted from the NMVTIS changes.

We recently learned that DMV won't present a Department Bill this session, but we will be watching for amendments on the Transportation Bill and Others that could affect our Industry. We will be tracking all bills this session. If you hear of anything of concern, please contact Steve Holland or any Legislative Committeeperson with the details.

It's commonly said that no man, woman or child is safe while the Legislature is in Session. Lawmakers are gearing up to shape the future of Florida. The fate of many of these big issues is uncertain. One thing we can count on this Session is the debate will be lively and the decisions lawmakers make will have an impact on us all.



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URG Opposes Insurer Mandates

The United Recyclers Group (URG) Board of Managers are announcing their decision not to endorse the use of the online parts procurement tool developed by Parts Trader. This comes in response to the recent announcement by State Farm Insurance mandating the nationwide use of this tool by their program repair facilities.. "Mandatory usage of PartsTrader in its current form does not serve the needs of the auto recycling industry, the collision industry, or vehicle owners," says Don Porter, URG Executive Director.

"We are committed to working with State Farm, the nation's largest auto insurer, to resolve the concerns of URG members," says Don Porter. "Our members question the value of paying a parts procurement business like PartsTrader with the hope of their parts being included and selected when recycler's parts data is provided to insurers and collision repair facilities. This model increases the cost of repair parts provided by recyclers, and this cost will ultimately be passed on to consumers."

Repairers and recyclers have developed long-standing business relationships based on mutual respect, integrity and the quality of parts and services provided. URG opposes the



mandatory use of any procurement tool, which may weaken or potentially sever this relationship. The cost of parts and quality of service go hand in hand when a collision repair facility selects recycled parts. Mandates take away the freedom a collision re-

pairer currently enjoys when selecting an auto recycler as a business partner. URG members feel that part selection and acquisition should not be based merely on the cost of the part, but also on the quality of the part and business acumen of the recycler who will ultimately supply the part.

URG believes online technology solutions help drive efficiency in the parts procurement process and create value. URG's creation of URGNet, an interactive recycled parts database, is a product of that belief. Parts data from more than 500 URG auto recycler members provides users of different online parts programs with direct and immediate access to comprehensive recycled parts inventory, availability and pricing. Keeping recycled parts available, affordable and competitive in today's business environment were major considerations in URG's decision not to endorse Parts Trader.

For more information, go to the United Recyclers Group website at www.u-r-g.com. Or call 303-367-4391.

IRS Standard Mileage Rate Decreasing in 2014

The IRS announced that the standard mileage rate for the use of a car or other vehicle for business purposes will be 56 cents a mile in 2014, down half a cent from 2013.

Slight Increase to Workers Comp Rates in 2014

Effective January 1, 2014, the rates Florida businesses will pay for workers' compensation will increase an average of 0.7%. While this is the fourth straight year for workers' comp rates to increase, rates overall are still 56% lower than a decade ago. The 0.7% rate is an average rate change for all job classes in Florida.

Unemployment Tax Rate Decreasing in 2014

The Florida Reemployment Tax, formerly known as the Unemployment tax, will be lower for most business categories this year. This tax has seen large increases for the last several years due to the effects of the recession and the large amount of benefits paid to workers from the state Unemployment Compensation Trust Fund. The balance in the Trust Fund has been replenished, however, leading to the reduction in rates to a minimum rate of \$47.20 per employee per year, down almost \$35 per employee from last year. The maximum tax rate will remain at \$432 per employee per year.

Source: FUBA

FADRA Yard Expo

Brandon Auto Salvage · April 5, 2014



Yard Expo Schedule:

- 3:00 – 4:30 pm Yard Tour and Vendor Displays
- 4:30 - 5:00 pm Association and Legislative Updates from President Butler and State Legislators
- 5:00 – 6:00 pm BBQ Dinner with all the Fixins from Taste of Country Food Truck!
- 6:00 – 8:00 pm Live Country Band and Networking

ONLY \$25.00 Per Person
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Lunch, an Expo T-Shirt for first 100
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Vendors Are invited To Participate!

Sponsor / Display Fees:

All Yard Expo Sponsors and Companies with a Table Top Display will be highlighted on the Yard Expo T-shirt.

\$200.00 – Yard Expo Table Top Display or Heavy Equipment display

\$100.00 – Yard Expo Sponsor (without a table top display) *Promotional giveaways or company information may be sent for staff to hand out on your behalf.

Friday, April 4 – 8:30 am – 4:30 pm for heavy equipment set-up outside only

Saturday, April 5 – 1:00 pm – 2:30 pm – All table top set-up takes place. The tables have not been pre-assigned. Please note that electric will not be available for this show.



Don't miss the Desert Moon Band performing live!

EBay and Mitchell International Join ARA

The Automotive Recyclers Association (ARA) announced that eBay, Inc. and Mitchell International joined the Association as associate members. With more than 124 million users globally, eBay is one of the world's largest online marketplaces. eBay Motors is the Internet's largest marketplace for buying and selling all things automotive. Nearly 4.5 million new and used vehicles have sold on eBay Motors, and there are more than 22 million automotive parts and accessories available on eBay Motors at any given time.

Mitchell International is a leading provider of software and services to the automotive claims and collision repair industries.

ARA Gives Prestigious Annual Awards

ARA gave its most coveted annual awards at the annual convention in Phoenix in November 2013.

Affiliate of the Year: Ohio Auto & Truck Recyclers Association, Columbus, OH, "exemplary dedication to the industry through their service and work on behalf of their members and the Association."

CAR Member of the Year: Auto Parts City, Gurnee, IL. The award honors an ARA member business that has shown exemplary dedication to the industry and the Certified Automotive Recycler (C.A.R.) program.

Regional Director of the Year: Paul Davis, A-Plus Parts & Salvage, Inc., of Wichita, Kansas. The award honors an ARA Regional Director who has shown exemplary dedication to the industry through their service and work on behalf of the Association.

Member of the Year: Fran Reitman, Reitman Auto Parts & Sales, Inc., Melbourne, KY. The award honors an ARA member who has shown exemplary dedication to the industry through their service and work on behalf of the Association.

President's Award: Steve Levetan, Executive Vice President of Pull-A-Part. The ARA President's Award is an honor bestowed by the Association's President to an individual who has shown exemplary dedication to the industry through their service and work on behalf of the Association.

2013-14 FIRST Robotics Program Underway

ARA and the ARA Educational Foundation have partnered with FIRST Robotics Competition to provide small motor parts to their competition teams for the third consecutive year. Last year, ARA members donated over 2000 recycled small motor parts to the program. This unique partnership provides ARA members with a chance to educate the next generation of engineers and their local community about the professional auto recycling industry.

"This alliance is important because it shows recycling at its best, says ARA member Jeff Cantor of Candia, NH.

"When you take young kids who show an interest in science and introduce them to the benefits of automotive recycling, it is a win-win situation. To have these future scientists and engineers use our green recycled symbol in such an esteemed undertaking is priceless."

FIRST Robotics was founded in 1989 to inspire young people's interest and participation in science and technology. Each year, teams of students from kindergarten through high school are challenged to build and program robots to perform prescribed tasks. By donating recycled parts

to a FIRST team in your community, you can be part of AT+RA's efforts to educate the public about automotive recycling and green recycled parts.

How You can Participate

FIRST teams are looking for working small electric motors, which should clearly identified with the year, make, and model of the vehicle form which they came. Mail the motors directly to the FIRST warehouse at the address below:

Andy Mark
Attn: First Choice
2311 N Washington St
Kokomo IN 46901

765-868-4779

Include your business card with the donation so that the FIRST teams know what recycling facility provided the motors.

To find a FIRST team in your area, contact ARA Director of State Government Affairs Jessica Thomas at 571-208-0428, or jessica@a-r-a.org.



By Amber Elenbaas
American Auto Parts

Crush it!

Over the past eight years I've visited more than twenty yards, some through my Counts Business Consulting peer group, some as a moonlighting consultant myself, and some just for fun! Each facility faces different challenges, each market brings a distinct dynamic, but there are some things that never change. At almost every recycling operation I've been to, there are shelves with dead inventory, and there are vehicles in the yard that are not selling parts.

It's difficult for many people to crush a door that would be sold for \$200. It's a hard choice to core out an alternator for \$5 if you could sell it to a customer for \$100. We rationalize that even if we only sell a portion of it, it's worth hanging onto. I challenge you to put numbers behind your rationalization!

You can actually make MORE money by selling that dead inventory for less. Let's say that you and I each have a compressor for a 4.0L 2003 Jeep Grand Cherokee, and I sell mine to RAS \$12, and you price yours at \$85. These are real numbers, go ahead and look them up in your yard management system! I'm going to take my \$12, and invest that money in another car, and overall, I make a 10% profit, so I will turn that \$12 into \$13.20. And then I invest that into a car, and make another 10%, so I have \$14.52, etc. I turn my inventory five times a year, so in two years, I will have sold \$191.24 (while keeping cash flowing by actively coring) and you will have sold \$85... that's IF you can sell that compressor. I have three in stock right now, and based on requests and sales history, that's two too many. By the time this article prints, I will probably have sold two of them to RAS if the sticker numbers are right, or to MCI or Phoenix if they aren't, and I'll have invested that money and my other core money into another car. You can hang on to parts that won't sell, or you can turn them into parts that will.

Take a walk into your warehouse, and find the shelf with the oldest inventory, find some parts that are as old as your favorite yard cat. Then run a report that shows you sales by location, send it to excel and narrow down what was actually sold off of that shelf in the last year, and how

many of those parts were old stock. Chances are, whatever you sold was less than what you would gain by coring and crushing that inventory.

What is dead inventory costing you? It's not just the time people spend auditing shelves, there is an inherent cost of holding onto that inventory when it slows down part pulling of parts that ARE selling. If your shelves are over-stuffed, how many parts are damaged when a parts puller is shuffling them around trying to find the correct one? How much longer does it take a parts puller to find the correct compressor when there are 10 instead of 2? In the yard, how many cars are damaged being moved by your loader multiple times, because your holding area is over-full, when there are cars in the yard that should have been crushed months ago?

Take a look at your oldest inventory, and what that car has sold in the past 90 days. It doesn't matter how many good parts are left on a car if they aren't selling. It doesn't matter if you bought the vehicle assuming the doors would sell, if no one is buying the doors, it's time to cut your losses and move on. Invest the money into inventory that you WILL sell. If you have vehicles sitting in the yard that are not actively selling parts each month, you should replace them with vehicles that will sell parts.

It turns out, your employees will love to gut out old inventory. At Pete's Auto & Truck Parts, we used to wait for the owner (my father, Ron) to go on vacation and then we'd core and crush everything we could! The result was increased efficiency and plenty of core money to reinvest. At American I've indoctrinated everyone into the great art of warehouse cleansing, and we purge our shelves on a schedule, while increasing scrap and core sales. There are always exceptions to the rule, and I use request data to save any parts I believe WILL sell, but the overwhelming majority of old inventory can be turned into cash and re-invested into the business. When you clean out the dead space in your warehouse, people get excited about the fresh clean shelves and they want to clean the place up even more. Anything you can do to get people energized about making your business more efficient is a win in my book.

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10 Tips for **SUCCESS** in Social Media

*By Ingrid Molina Fuller
Online Solutions*



The most common mistake we see when using social media is business marketing. Entrepreneurs often join social media for business purposes, but don't know how to properly market. Here are some tips to keep in mind on how to use the services effectively and intelligently.

1. Have a reason for being there. Don't just get on the social media bandwagon because everyone else is doing it. Identify a reason for being there first: Is it to promote your business and any sales/specials you may be offering? Is it to share your expertise? Is it to more fully engage with customers? Is it to identify and respond to customer service issues? Is it to give your business or organization more of a public persona? Perhaps it's a combination of these. Whatever your reasons for getting involved in social media, develop a strategy and stick to it.

2. Set goals for success. You want to have key goals to measure success. Your goal could be something simple like garnering a certain number of fans or followers. Or you could use analytics tools (here's one example: <http://mashable.com/2009/10/27/social-media-roi/>) to more accurately measure how social media is impacting your business.

3. Start small. If you're new to social media, you don't want to bite off more than you can chew. Pick one site and put a stake in the ground. Once you're comfortable there, you can build your presence or expand to other sites.

4. Choose the site(s) that work best for you. As a small business owner or the manager of a nonprofit, you don't

have the time or the resources to be everywhere. If you're not the writer type or you own a business where educational material aimed at the customer is scant, a blog might not be of much use to you, for example. Create the social media presence that works best for your business or organization. Need some help figuring out what that would be? Ask your customers what sites they're already using, and then join them there.

5. Make your presence known. Don't just sit around and wait for people to find you on social media sites. In your email campaigns, announce that you have Facebook, Twitter, LinkedIn, or other accounts, and explain to customers why they'd want to join your networks (for example, "You'll be the first to find out about upcoming sales or events"). If you start a blog, use some content from it and provide a link. Put a link to your Facebook page and Twitter feed in your website and email signature.

6. Have a separate personal and professional account. Many social media sites offer groups or fan pages designed specifically for business. When people subscribe to your business page, you know it's a targeted group where you can talk business. Use this group to educate your customer on your business or industry, inform them of upcoming events and promotions, offer exclusive discounts and more.

7. Do more than make sales pitches. Like the content in your email newsletters, it's important to provide your audience with useful information, not just a constant stream of direct sales pitches. Customers who read your blog, fol-

low you on Twitter, and are fans of your Facebook page are not connecting with you for a 24/7 sales pitch. Yes, they would love to get an exclusive deal, but they don't want you to sell, sell, sell all the time. Use your knowledge and expertise to educate customers via email, a blog, and through social networks, not just to promote your products or services.

8. Answer questions. When you interact with customers and members, do they tend to ask the same questions repeatedly? Why not share those questions — and the answers — on your social media page? You can also use the site(s) as a forum, and ask people to ask their most common questions about your business or organization.

9. Reuse your great content. When you add one or more social media networks or a blog to your marketing mix, you do not necessarily have to come up with exclusive content for each network. Reuse articles from your newsletters to prime the social media pump. In turn, your blog's content can be used to feed your email newsletter and social network channels.

10. Make it a part of your email marketing campaign.

You can very easily add an email signup box to many of the social media sites, which will give your Fans, Friends, and Followers the chance to get even more involved with your business or organization. Post links to your newsletter content on your social media networks, which will expand the reach of your content and perhaps even encourage others to join your mailing list. You can further involve your audience by including selected comments in a future issue of your newsletter.

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Ron Sturgeon's Management Tips

Pay For Performance

Make Your Parts Pullers and Order Fulfillers 30% More Productive

By Ron Sturgeon, Auto Salvage Consultant



Increasing sales often takes months and requires the capital to buy more cars and pay for new marketing efforts. Fortunately, there is a quicker way to higher profits. You can be as profitable as you once were by lowering your costs.

The beauty of increasing profits by cutting expenses is that you can take

actions today and see better cash flow and profit numbers within a few weeks. Having achieved better cash flow and profits, you can then use the surplus to buy more cars and get the inventory to drive higher sales.

Let's talk a little about lowering your costs by changing your compensation structure to pay for performance. I have helped dozens of yards go from hourly to incentive-based compensation. Some recoup the cost of hiring me in less than one week. Switching to pay for performance is one of the fastest ways to lower costs, improve productivity, and increase profits.

In past articles I discussed pay for performance for sales people and dismantlers. Let's see how it works for parts pullers and order fulfillment people.

This is one of the more challenging areas for pay for performance because of the many kinds of parts that get pulled and the differences in the job descriptions of the people who pull them and fulfill orders. Despite these issues, many yards successfully use pay for performance for parts pullers and order fulfillers.

The first step is to spend a few weeks gathering data about how much work each of these employees is doing. When you look at data on individual productivity, you are going to find some surprises. You will really find out who your star performers are and who is just punching a time card.

You need to really think about the jobs your people do and break down the tasks into buckets. By looking at your better performers, you can get an idea of what the right

number of a certain kind of parts pulled or orders fulfilled should be. You should set optimum performance for each bucket.

Next you should assign a dollar value to that bucket based on performance at the optimum level. Then go back and calculate what each of your employees would have made had pay for performance been in place.



Your numbers are right when your worst performers are complaining and your stars are excited about what their weekly check would have been. Expect belly aching from the laggards, but don't let it bother you because they need to speed up or move on.

The real gains from pay for performance will come when you hire from outside and you get a person who is on fire to earn as much as possible and unaware of the magic number to be a star. The new person finds ways to go even faster and everyone else doing the same job has to reset the bar. The end result is a team exceeding what it believed was its peak performance.

How much more productive will your parts pullers or order fulfillers be? Expect at least a 30% gain.

So what if your people get done early? You can let them go home early or issue them a P.O. for other work at as number of hours that seems fair. Be sure to let them know that the hourly rate they make is based upon how productive they are as a parts puller or order fulfiller. So if they are making \$15 an hour pulling parts or filling orders, they get \$15 per hour to sweep the warehouse or to do any other side work you give them.

How motivated will they be to push their hourly as high as they can? Very.

When I did pay for performance in my yard, I based vacation pay on an employee's average hourly earnings for the previous 8 weeks. The stars shined and the laggards left without me having to let them go. The employees that stayed thrived on being in full control of their paychecks, and I lowered my costs and became much, much more profitable.

Your most successful competitors have already implemented pay for performance. You should too, especially if your labor expenses are above 20% of total parts sales. Next month, we will take a look at how pay for performance works for delivery drivers.

Remember only you can make business great!

Ron Sturgeon, founder of Mr. Mission Possible small business consulting, combines over 35 years of entrepreneurship with an extensive resume in consulting, speaking, and business writing.

To inquire about pay for performance compensation plan consulting or keynote speaking, contact Ron by calling 817-834-3625, by emailing rons@MrMissionPossible.com, by mailing 5940 Eden, Haltom City, TX 76117, or online at Mr. Mission Possible.



FADRA Trivia

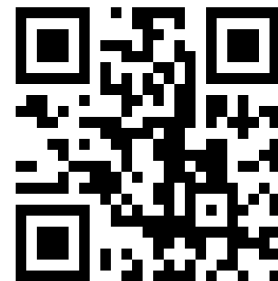
What car sold more than one million units in 1965, setting a record that still stands today?

- a. Buick Wildcat**
- b. Pontiac GTO**
- c. Ford Thunderbird**
- d. Chevrolet Impala**

Check the FADRA website at www.fadra.org for the answer!

Find more useful information from your Professional Association, including procedures for applying for the Salvage Dealers License.

Visit your association Website!
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Mike Henning's "All In The Family"

What's the Best Way to Make a Decision?

Here are the four most common approaches to making decisions:

1. **"Reframing"** is the best approach, but in a recent study it was found to be used only 12% of the time. The starting point for reframing is that anything is possible. If sales don't meet expectations, maybe the manager should change expectations. Reframing lets the manager "set new norms" for the company.
2. **"Target"** decision making means setting new goals in the process. This tactic keeps the manager's options open to a "whole range of means to achieve your end." This is the method used in 29% of decisions.
3. The **"problem" method** races to find the causes—such as low morale or motivation—of distress symptoms such as poor sales. The drawback with this approach is that although the "causes" may only be other symptoms, they often are considered to the exclusion of other possibilities.
4. The **"idea" method**, which ironically could be termed the "bright idea" approach, takes a similar shortcut to improving performance. In this case, the manager may say, "Sales are poor; I know, let's do more discounting!" Yet there may be little evidence that discounting is the issue. The "problem" and "idea" approaches to decisions are more constraining but are used in nearly 60% of decisions. We favor the "reframing" method because "the broader the search for solutions, the better the results."



This article appeared in Mike Henning's Family Firm Advisor newsletter. To purchase a subscription to our newsletter, [click here](#).

If you want to know more about leadership and management development assessment tools from the personal side, email us at hfbc@mikehenning.com for more information.

Mike Henning is the founder of the Henning Family Business Center established in 1985, a management and consulting firm specializing in business growth, change and future leadership headquartered in Effingham, Illinois.

Tax Tips:

Offset Health Care Costs. If your medical expenses exceed 75% of your AGI, you can deduct the excess amount. Eligible expenses include: Health insurance premiums; medical

and dental services, and prescription drugs. Expenses that are reimbursed by insurance or paid through an HSA or FSA aren't deductible. To take advantage of the deduction, consider bunching your non-urgent medical procedures and other controllable

expenses into one year. But keep in mind that for AMT purposes only medical expenses in excess of 10% of your AGI are deductible. You can also save tax by paying for medical expenses with funds from an HSA or FSA.

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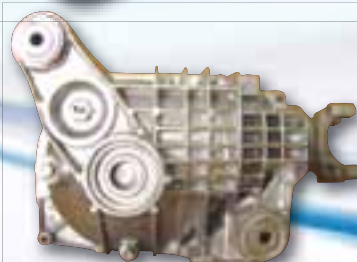
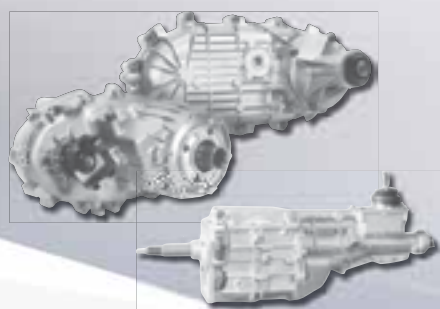
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SCRAP MARKET UPDATE

ITEM	TAMPA	JACKSONVILLE	ORLANDO
Clean Cast Aluminum	lb	.62 lb	N/A
Clean Engine Cast	N/A	\$14.65/100	\$ /100
Auto Radiators	\$1.90 lb	\$2.08 lb	.50 lb
Clean Sheet Aluminum	.57 lb	.62 lb	.50 lb
Copper Aluminum Radiators	\$1.48 lb	\$1.52 lb	\$ 1.41 lb
Dirty 60% Aluminum	.15 lb	.36 lb	.20 lb
Catalytic Converters	\$15-250 ea	\$3-133 ea	N/A
Nonmag. Stainless Steel	.55 lb	.55 lb	.55 lb
Shiny Die Cast	.15 lb	.20 lb	.15 lbA
Painted Aluminum	.58 lb	.65 lb	.50 lb
Aluminum Clips	.61 lb	.68 lb	.56 lb
Extrusions	.68 lb	.78 lb	.68 lb
Cans	.62 lb	.68 lb	.62 lb
#1 Copper	\$3.02 lb	\$2.99 lb	\$2.89 lb
#2 Copper	\$2.91 lb	\$2.82 lb	\$2.75 lb
Yellow Brass	\$2.06 lb	\$2.09 lb	\$2.00 lb
Batteries	\$.34 lb	N/A	.20 lb
Car Bodies	\$12.75/100	\$10.25/100	\$11.00/100
Motor Blocks	\$17.00/100	\$14.65/100	\$10.00/100
Prepared Iron	\$325/gross ton	\$14.94/100	\$11.50/100
Unprepared Iron	\$300/gross ton	\$13.10/100	\$10.00 /100

The following companies contribute to this survey:

TAMPA:	Lisa Matthews	OneSteel Recycling	813-951-3041	lmatthews@onesteelusa.com
JACKSONVILLE	Dave Albright	Commercial Metals	904-786-2771	
ORLANDO	Devin Condrey	Trademark Metals	407-256-3574	dcondry@tmrecycling.com

Date Obtained 2/20/14

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QUESTIONS?

Contact Kim O'Dell, CMP FADRA Executive Director

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