

POST URG FIELD TRIP 2023 PODCAST

INTERVIEW WITH CHRIS DAGLIS, JC CAHILL, ROB RAINWATER & GEORGIA CARVER

Chris Daglis

Okay, welcome, everyone. Thanks for joining the automotive recyclers experience podcast. We've got some really special guests today. They range from Australian to Americans from north to south, wherever. So, we're going to be talking a little bit about the post URG conference. We did the field trip while we were over there. We've got some really good friends on the call today. We've got JC Cale. JC, how're you doing?

JC

Good. How are you Chris? Nice to see you.

Chris Daglis

Excellent. Georgia. Hey, Georgia, how are you doing?

Georgia Carver

Hi, there.

Chris Daglis

Georgia, this was your first time in URG. How did you enjoy it Georgia?

Georgia Carver

I'm a first timer. Yeah, it was great. It was very interesting.

Chris Dagleis

Okay, Rob, how are you doing?

Rob Rainwater

I'm doing great. You know, busy, busy and doing my thing. But I'm good, thank you.

Chris Dagleis

We are going very well, six and a half weeks away by the time I got back. I've been back now just over a month and settling back into normality, if I can put it that way. But it was a really good trip through the UK and the US. So I enjoyed it. I met a lot of people, caught up with a lot of people, customers and friends so that was really good.

Georgia Carver

Yes, it was great. I really enjoyed it. I think for me, the field trip was the highlight, because I got to learn a lot as a first timer, and then it led into a really good event where lots of great people and good seminars and just a good time for me.

Chris Dagleis

Excellent. All right. So today, we're going to focus on some of the learnings. If you like that we got out of the field trip to the URG conference. What we got out of talking with people, there were some consistent themes through all of those discussions. I thought it'd be great to get JC, Rob and Georgia on this call and we can talk about those things. Maybe we can give you something that you can take away and implement in your business today. When we do these podcasts, it is always important to us that we give you something that you can take and as you're driving home and listening to it, hopefully, you'll learn something and think, Okay, well, maybe I can do that in my business. So let's focus a little bit on the field trip. Initially, we went and visited I think it was six facilities altogether.

Chris Daglis

We went East to West one day, we went South the other day, and we went West again on the last day in Orlando. Rob, I'll switch over to you first, can you tell us a little bit about what you felt? What were some of the key things that came out of the field trip or the tour?

Rob Rainwater

I mean, circling back a little bit, Chris, I mean, you kind of came up with the idea of coming in early, which a lot of people do. I think by organizing it and putting everyone together, I think it was kind of the beauty of it. I was very interested to get to know some of the UK guys. So I could get that perspective. I learned a lot. When I first left being a recycler and went into consulting or coaching, I like coaching better than consulting. But, you know, I was a Northeast guy, and I saw Northeast salvage yards. Now that I've gotten out of it for three years now, I've been able to see a lot of yards around the states. It's just interesting to me to see the differences, of just the pace or the way they do things. You know, I always have snow. We have a lot more aggressive seasons here in the Northeast than in the south. So when I see dismantling facilities without walls, right, I just like, what is this? Then I think about the heat and those types of things. So to me, that was one of the most interesting parts. Meeting some of the great folks. They're always, you know, generational normally families, right? People that have been doing this for years and years...

Chris Daglis

Until you experience it, it's a little bit difficult to explain. People don't sort of appreciate the value of meeting people from different parts of the world, and applying that experience to your business. Sort of saying, Okay, how do I take on this knowledge that I'm getting out? People travel a lot, right? So we Australians, we're a long way away, but we love traveling, we love going to Europe, we love going to the US, we love going to Africa, wherever it is. We love experiencing those different cultures, etc. This is a similar thing but it's more specific, it's targeted to automotive recycling. It's the same type of thing in the context of we're learning something that we don't know about. The reality is, we don't know what we don't know until we hear about it, right. Sometimes it's those little bits of information that you get from an American or from an Englishman, or from an Irish person or an Australian, that helps you sort of build that context around how you can use that in your business. So I think that's really, really cool.

Chris Daglis

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Rob Rainwater

Georgia. You said, it was your first time at URG, we visited a number of different facilities. What was the highlight if I can ask, from your perspective, or the learning that you took that you think you could sort of share?

Georgia Carver

I've said this a number of times to a few people, but what blew me away was from the moment we got on the bus there was a willingness of the people on the bus to share their information. Certainly, I think the Americans on the bus were open to share but there was complete transparency. They were happy to give all their information. So this is how I'm doing it. Everyone was going to champion each other and was willing to share their advice on what works and what doesn't work. Here are my numbers, here's what I'm doing. It really blew my mind, because I've not seen that necessarily here in Australia with a lot of the recyclers. I mean, I haven't sat on a bus with them. So I haven't had that experience. I generally don't think that that's how a lot of business owners operate and I see that that is so valuable. For anyone that was on that bus, the information that was being shared and then it followed throughout the event, the information that people were willing to share at the event was really endearing for me. I guess, also from a female point of view is thinking, you know, in a fairly male dominated industry. What could be a fairly aggressive competitive environment was actually the opposite. It was really supportive, lift you up, pick you up, and I really liked that.

Chris Daglis

I remember the first time I did a URG or ARA conference back in the early 2000s and that struck me as well. At the time, you know, we were very insular, we were very proprietary about what we knew. Problem was, we didn't realize we were also really proprietary about what we didn't know. We didn't know more than we actually knew, we thought we knew a lot more. Our little tricks and our little secrets and all that type of stuff. But you know what, not a lot has changed, other than the fact that a lot of Australians go to URG these days, or to other conferences in the US. Even they that attend those, and this is not applied to them, it's just a cultural thing, I suppose, we keep things really close to us. We don't like sharing a lot of the information for whatever reason. One thing that I've learned in the business that I'm in now with autoparts and solutions, is that giving information out to people is actually a really, really good thing in multiple ways. It's good because it makes you feel good and you can help and it's actually good for your business as well.

Georgia Carver

That's 101 marketing, isn't it from a marketing point of view, you've got to share your IP to build that trust. But then as you share that trust, people will understand at least but if I tell you everything I know you, then you can make an informed educated decision and go okay, yeah, I could go and do that myself or I can't go and do that myself because I don't understand it so I'm just going to outsource that. You've got to share your IP. And I think that was really happening on the bus from the minute before we hit the highway.

Chris Daglis

JC, what about from your Perspective?

JC

So from my perspective, Chris, I think you said it best. You know, seeing facilities picking up small tidbits that you share. How did you do this? How do you do that? Thinking from a different perspective. About celebrating your IP and sharing IP. Sharing your intellectual property, not everybody knows that term. You know, the story I tell people is really very simple. I can tell you where the gold is buried, I can give you the map and and give the shovel. A lot of people will tell you, there's no gold there. It's over here, right? It's not, it's where I tell you it is.

JC

That bus ride I think on the first day everybody kind of really had their arms up. They weren't sure how it was going to play. Then by the last day, I felt like it was somewhat of a band of brothers, we had laughed, we had had a good time and we had shared some good information. Everybody got to know each other, not only being kind of confined on a bus, but got to know perspective and vision. We saw six very different facilities that we're all successful, but they were run very differently. You know, we saw a high level production facility that saw three to 500 cars a month. We saw facilities that were run, a little slower.

We saw facilities on a lot of land, we saw facilities that were in different parts of the state of Florida and a lot of them had a different personality based upon the city that they were surrounded with. So kind of to Rob's point, that each place that you travel to New York, or New England or Florida or West, whatever, they tend to take on the personality of the community that they're surrounded with. One of the facilities we went to was kind of a big community and one of the facilities we went to felt kind of beachy, laid back and chill and one of the facilities was right in the heart of a really big city, and it felt like it was in the heart of a big city. One of the facilities was kind of out in the country and in the orange groves and it felt like we were in the country. So looking at all those things they all service relatively some of the same markets, and they all did a good job and they all had a good reputation. Now with the trade networks that have become so empowered within the groups, the RCD networks, the Midwest runner or PRP networks, we are relying on other people's inventory to sell into our business, a data tiering, or shared inventory.

And I think that that's what's brought the level of communication, collaboration and quality of recycler up. So the two points that I thought were significant were, blue collar Labour has changed since the pandemic, and that the blue collar jobs dismantling and parts polling have become very difficult and expensive. You need to really get that person that's doing the rough work, well paid and well taken care of. Some of the positions that have maybe been more difficult to fill, whether it be inventory, inside sales, or some of the other positions, maybe have been freed up. So we've lost some of that. They get your fingers dirty, dirty hands, tough guy work. We're changing that model. So that's a real takeaway that I got from it.

Chris Daglis,

I think, you know, a couple of things you said about data tiering is something that has really taken off in the US. I know it's been there over the years, but I haven't heard of it as much as I have this time to be honest with you and I was only there at ARA, you know, six months prior to this trip. So the data tiering, I think has really taken off. We've got some really big facilities now that are operating in different parts of the US that are sharing their inventory with other smaller facilities, and all of a sudden, it levels out the playing field, right? It's like, Oh, I've got so much more inventory than I had before and I haven't touched any more vehicles, simply because I'm tearing it from other other big facilities. I spoke to a few people that are doing more of that now. I spoke to some that are not doing any of it, by the way, but the ones that are doing a lot more of that, yes, their broker parts have significantly increased or broker parts sales have significantly increased. But what they're saying is that their cash flow has eased up a little bit as well. Right. So I think that's really important. Some takeaways I think, for those that are not data tiering, I think they need to be thinking about that. They know how to take JC and Rob's inventory and mirror within mine so that people buy it as if it's mine, because I'm getting a particular call from my region. Rob may not be getting that if he's got his own facility. Right. So it's good for Rob, it's good for me, we're able to move more inventory. One of the things that, I think has been something that we've always said, and I think most of the industry says, We're not the competition here. We still only make up if we're lucky 10% of the opportunities in sales. So there's still 90% of available opportunities out there. If we look at it like that, it's a nice pie if we had it all. Rob, we're only a small sliver of that pie. Right? So if we can help each other say yes, more often, and fulfill that order more often more completely. With the right service and the right quality, we're all of a sudden going to become a bigger part of that pie. I think that's where the opportunity is, so whoever is not data tiering, and whoever is not looking at building those relationships with their Co-recyclers, whether it's local, traditional competitors, or not, I think you really should look at that.

Rob Rainwater

It's a culture, right? So brokering parts is a culture. So when you're not used to it, and you bring it in, it's different. It's different for the salespeople, right? "It's the I don't have it, but I can get it" instead of just saying "I don't have it" when you need it. So it's cultural which I think is the hurdle for some. I'm finding parts of the country are different with brokering philosophies, and the ability to do that. They don't know about tiering or there's some that don't utilize it. If I'm all of a sudden then data tiering another yard, I'm getting requests for parts, I never got requests for before. That now goes right into where my buying is, and all the stats that you can collect to show people that say, you do have a need for Volvo, or a Mercedes part now that you never did, because now you're tiering someone with a different style. So it's not as easy as just let me tier with some yards. Is it the right yard? And then what is the culture that you've bought into it? Is my team ready to sell these parts? Handle quality control and distribute those broken parts? Does their inventory complement yours? Or does it duplicate it? Again, if you're in a big city, some of the duplication might work. Right? So again, where are you geographically? What are you doing? How many? There's more than just let's bring it all on.

Chris Daglis

I agree. Georgia, from a marketing and social media perspective, you've come to URG a month or so ago. We've done a lot of work with different facilities in different parts of the world, but were able to see a concentration of auto recyclers and you spoke to a lot of people there. What did you get out of them where I suppose a lot of recyclers are at with their website or email marketing and social media.

Georgia Carver

There is a general underlying feeling that most people are on board with the fact that they've got to up their digital presence, they've got to amp that up. You're not getting that resistance in terms of people saying, oh, no, no, no, I don't need to know about it, but I don't think they're necessarily prioritizing it. You'll make more sales if you do marketing well, but it's hard to take time off to do marketing. So it's a catch 22

Chris Daglis

Instant gratification, right? But you should also be investing in your future sales, I think that's the piece there.

Georgia Carver

Yes. Marketing is there to support sales. If you're doing marketing, well, you'll make more sales, right? It goes hand in hand. I don't think there's that resistance that there probably was five years ago to people wanting to learn and wanting to understand that. What probably blew my mind the most was that no one was really doing email marketing or using a database correctly. Rob has a question.

Rob Rainwater

So I don't know the answer. That's why it's my question. What part of marketing that we're doing is also branding? So I may not be getting the direct sale from this today. But I'm creating a brand. I'm creating the reputation. I'd like to know your input on that.

JC

Well, then I want to add one more question in Georgia at the same time, when you and I had the discussion on the bus, which was, you know, what's the difference between pestering and marketing?

Georgia Carver

Of course, I'll give you a really good example. There is an auto recycler we are speaking with at the moment. They are paying quite a lot of money for Google ads. They're paying for the traffic to their website. That's what they see value in. They see value in coming to the site. They you know, they get found on Google, then they get the phone call, then they sell the part, which works fine. What I'm questioning with them at the moment is, that's great that you're paying, but you're constantly paying for acquisition. You're constantly paying to get that new traffic, to get that new customer to your site. But once you give that customer the part, they're gone.

Georgia Carver

If you are not getting their email, you have no ongoing, nurturing relationship. You can't stay front of mind, you can't build a relationship or build trust with them. And if they only buy a certain amount of parts then hang up, you're not building that loyalty with them. So why are recyclers not getting that email address? "Hey, I'll send you through that quote, or I'll send you through an invoice via email". Then, when they want to go and get that next part, they've already got that relationship with you. They've got a track record of you in their inbox, because they've got an email from you. You did get their permission, you signed them up to email once a month, I think is a totally reasonable amount to send them an email, you send them something of value. If you're sending a pestering pestering it's because you've got nothing of value to add. So we go back to that intellectual property, that IP. Share some of your IP, share something that is of value, of interest to your audience. They're happy to read your emails. Chris has a 60% email open rate on his emails, because he sends emails of value, and we only send it to the audience that wants to hear from him. If people don't want to hear from him they don't open his emails, they'll eventually drift off. I don't want people to receive my emails, if they don't want to hear from me, but most people are happy to hear from me if I have some value to add. So you've got to understand what is the value? What is that IP that I can share? That nurtures those customers, then I don't have to constantly go and pay Google every time I want that customer to come to my website. They've already got me in their inbox and they know who I am and they're going to email or call me straightaway.

Chris Daglis

I think that the cost of acquisition you hear that often. In larger organizations, they talk about the cost of acquiring a customer. If we're always looking to acquire new customers, it's really expensive. It's very opportunistic. We hope that they call us or find us on the net. And they ask us for the right part that we've got in stock to sell to them. As when we've got customers that have bought from us before, which I'm sure we've all heard of, it's going to cost you eight times more to acquire a new customer than it is to sell to the same customer. So why would we not want to nurture their customer? Why would we not want to add value to their customers so that it's good for them and good for us? I mean, it makes sense, right? But again, it's a mindset. It's a focus on investing in your business. For the long term, it's not so much a focus on, I'm going to buy this car, I'm going to make this much money on it in 60 days, I'm gonna break even in 120 days, I'm going to be at 80% of my installed net sales.

Chris Daglis

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Georgia Carver

To go to your question about branding, Rob, yes that's part of your branding. That's part of your brand story, if you have a good brand story and it all connects. Your branding needs to stay in front of your mind, so that people will remember you. Part of your branding needs to be how do you treat your customers. Is it just a "here's your part, see you later?" But when you get that email from a business that says, "Hey, what do you think of that part, leave us a Google review, if you liked it". That is an ongoing relationship, people are happy to build a relationship with the good sellers, with a good service. If they're buying a good product, they'll happily build that relationship. And that's your brand. That is what people will talk about, they'll go to a mechanic or to trade customers or a trade conference. "I get my parts from Rob rainwater. He's great. Love his communication. He sends me really good emails once a month". Then you have a good conversation with someone who says "Oh, can you send me his details? Yeah, I'd like a guy that specializes in those parts". That's part of your brand. That's what people will talk about because you've established trust. And you've established that relationship.

Rob Rainwater

I guess that is what I'm wondering. Could that branding be, you know that people would want to come work for you? Putting it out there. Hey, look at what we do. And look how long you know, Billy Bob has worked here. Look at what we do and what we're about, charities that we donate to and things like that. Why is it that no one wants to work for you, Chris? Right. You're a slave driver? I mean, what is to be part of that brand? That's what I'm asking. Georgia. Is that also another piece? Definitely. Right. Absolutely.

Georgia Carver

Absolutely. And I'm sure you guys have it in the States as well, the best workplaces to work for and everyone wants to work for Google, because we know that they've got ping pong tables in their offices, and they're flexible working hours., Or the advertising agencies, and they just have bars. So on Friday, when you go to work, it's Friday afternoon, you're doing this podcast but you'd be down sitting over the bar doing it because it's in the office where there are drinks on. So it's the same thing. Tell the story about why your staff enjoy working for you. That is your brand. Absolutely. That's part of Google's brand. These people want to work for Google because they know that Google has all the benefits and perks and the staff will love it. And there's retention, you know, good return. It's all of that you need to sell as part of your brand story absolutely

Chris Daglis

It needs to be personable, right? People need to relate to it, there needs to be something there that is more than just a logo, right? A brand isn't just a logo, a brand is what you stand for. It's what the business stands for. People want to be part of a movement, as opposed to just a business or company. And there's millions and millions of companies out there that you can probably get a job in. But there's a few places where you can be part of something. And that's what they want. They want to be part of something. So how does that work from a marketing perspective? How is your website a lot more formal? But how does your social media reflect who you are as an organization? How does it reflect who Rob Rainwater is as the CEO or the Managing Director, whatever the case is of that company? That's what they're looking for. I think that's how you attract people to Rob. Then the little things, you know, you're going to think, oh, yeah, but I need to advertise to get paid. Not saying you don't all I'm saying he's become someone that people want to work for because you represent something that they want to be part of. I think that's really important. Again, talking about takeaways, I think that's one of the takeaways that someone can take and start thinking about for their own business. How are they creating a perception of their business or reality? How are they creating that brand of who they are, that identity that will attract people to want to come and work for them?

Georgia Carver

The yards are when you go through all the yards, obviously, you know, it's all Florida based. They all had their own identity. Every single yard was so different that we visited. I didn't look at any one of them and think one was better than the other, they were all just very different. That is part of their brand. Those things need to come out online, people need to be able to almost taste that by looking at your website, checking out your social media, looking at your Google reviews.

JC

One of the facilities that we went to and even with the spelling was old south, and it was all Ole' South, which is an old Florida term. They take two weeks a year, they take the week of Fourth of July, and then Christmas week off. They believe that those two weeks are the slowest weeks of the year. They close their business, their employees get those weeks off. They basically say here are the two weeks we're closed. Here are the two weeks you're getting paid for. Now, how they schedule their vacations. They say to their staff "Hey, we're gonna give you two weeks off a year, you're gonna get paid for those two weeks. And these are the weeks of the year that you don't have to worry about your pay check". These are the two slowest weeks of the year. So if you think about it strategy wise, they're losing, they're putting most of their employees off work at the same time. They're putting them off work on the weeks that are slower than normal. They're giving their employees time to spend with their family and friends. So they're family oriented, they figured out a very low cost week to be not available. Are they really missing two weeks of vacation? Or are they really missing two weeks of sales or they may not be missing any?

Georgia Carver

I love about what they said was when they empty all the gas out of the cars, and then at the end of the week, they let the staff come up and fill their cars up. I just love that, I think that's really good. That's a story that should be part of their brand. That they are family orientated and that they have these two weeks off and all these things. It's really nice. I really enjoyed learning all the different little things that make them tick and make them who they are.

Chris Daglis

JC from we're talking about branding here, that obviously the VIN Match Pro has been out there for how long?

JC

About a year and a half

Chris Daglis

So a new-ish type of company? What do you do from a VIN Match Pro perspective? What does Vin Match Pro stand for?

JC

We came at this with a pain point and the pain point was the wrong part order. We said "Well, how do we solve this one problem"? Then from that point, how do we do data consolidation and get all the information to the recycler or to whoever is using our service? How do they get all the information they need at their fingertips? What are the things that they need at their fingertips? We started looking at what our original vision was. What it has turned into is very different. Because we had a vision of hey, we're gonna do this because we think it's a cool widget, we very quickly realized there was a gap in the market for this particular information. Then as we have captured more information and more feedback from our customers, we move and keep building, building the box bigger. For us, we sat back and asked "how do we solve this one problem"? How is the wrong part ordered? Is the wrong part ordered by the shop? Is the customer ordering wrong? Did we get the wrong interchange whatever that is getting the information so that the part that was incorrect? That singular problem in an auto recycling business is about 25% of the credits and returns written. So on a million dollar facility, we're talking dollars and cents wise physical dollars and cents on a 20% credit return rate. You're talking about \$200,000 in credit returns, you're talking about \$50,000 which is a \$600,000 possible savings by just having the correct information.

Chris Daglis

Okay, so that's the pain point. That's the piece that VIN Match pro's trying to deal with. How do you feel? And then again, just taking this discussion, sort of through that marketing cycle, how do you feel that VIN match Pro will trace that to the market? Do you think about the brand and not just the logo? Do people get VIN Match Pro now so they can fix that problem?

JC

So we started off with just seeing the information in one place, searchable. Verified. Correct. Enough data points, mileage history plate to Vin, we're doing recall history, we're doing a rerun of history, we are given everything about that vehicle so that we can give it all to the recycler without going to 14 different web pages. How do we more accurately inventory the car? Describe the parts and make less mistakes? When you give a salesperson the ability to answer a customer's question at a higher rate. Then with more confidence on the phone, we change the narrative. Rob has trained the sales person with the VIN Match Pro training classes, having the information correct upfront, it changes the sales process.

Rob Rainwater

It builds some of the trust with the customer. The key point of it, it's simple right? We don't want to have to go to a bunch of different places, right? We have salespeople that are trying to build a relationship, build trust and sell a part in two to three minutes. By doing this quickly and making the process of hitting a key, boom, there's the information, I can show you the information. And I can read a bunch of fancy stuff that you didn't even know about the part you need. It just increases that brand all of a sudden. Right? They're not just the junkyard, they actually know what they're doing.

Chris Daglis

If anything, you're armed with information. You are building trust immediately, the more you know, and the more you understand what a customer's need is. And by knowing the parts, the trust is there, because you're like, right did you can rattle off information.

JC

Then the second part of it is the ability to verify the information for the first time, as we've built these trade networks and exchange networks. The salesperson has the ability to verify the competitor's part or someone else's part before they ship it all the way across the country. So they're taking two VIN numbers, and they're able to match them right now with about 99% accuracy. And we can actually say this matches by VIN without getting into interchange without getting into part numbers without getting into a deep dive about a bunch of stuff that may or may not matter.

Chris Daglis

Rob, you know, your point there that, you know, you build that trust with the customer, because all of a sudden, you know more about the vehicle than they do. Right. I think that's a really important point. And we talked about marketing, that's the best form of marketing, I suppose to a degree you can do once you've got the customer on the phone, to be able to show them that you know what you're talking about. They embrace that, because all of a sudden, it's not that junkyard. These guys are pros; they know what they're doing. They know what size, they know what ratio, you know, differential I've got in my vehicle, I didn't do it. So that's really important, and it helps that sales process significantly. So Rob, how are your sales classes going?

Rob Rainwater

Everything is well. We are getting ready to start my fourth quarter, my third quarter here and I'm booked solid in full and max classes and I believe I just did the totals the month of May and I trained \$17 million worth of sales through just the salespeople in my classes in the month of May. I think 38% of them had their best month ever in the month of May, which JC can tell you, May was not a super strong month for a lot of the yards in the US right now. Very kind of flattish. So that's been successful. And I think the part for me, Chris, with that is I'm retaining the same people. I've had people that have been in these classes for two and a half years, right. It's just like I have a group of probably a third of them that are "just I want to be in it every week, I want to just have that push." Or I also have a couple of groups that are like fraternities almost right there, these groups of 15 women and men, they get together every week and talk about their struggles and it's kind of like a chat hour type of thing with them. But it's a support system for them. So I get it from training new people, so you know a frat house atmosphere with some of them so it's going well. So yeah, Everything's fabulous. I have no complaints.

Rob Rainwater

Or I also have a couple of groups that are like fraternities almost right there, these groups of 15 women and men, they get together every week and talk about their struggles and it's kind of like a chat hour type of thing with them. But it's a support system for them. So I get it from training new people, so you know a frat house atmosphere with some of them so it's going well. So yeah, Everything's fabulous. I have no complaints.

Chris Daglis, Auto Partnered Solutions

So tell us, obviously doing this every day, every month, every week, you hear a lot of what's happening out there. And you listen to articles, right? Are you seeing any trends in what's changing with the customer request? I mean, we talk about the customer often does their research before they call us, right? Whether it's they're on socials, Georgia, or they're on the internet doing their Google review stuff, or whatever it is, or they're on more specifically on car parts or on our website. And they know that we've got that on eBay, and they know that we've got the part they ring us. What trends are you seeing there? Are you seeing more of that happening? And how are the recyclers? How are the salespeople more importantly, dealing with that? Or how can they deal with a customer that knows that we've got this and our competitors got that our competitor/our fellow recycler has that. How do you deal with it?

Rob Rainwater

I think the two biggest things that I've noticed and one of them was just recent. But number one would be that the biggest mistake that all people selling, you know, recycled parts all say because you know selling is selling, but is the recycler selling the part to the customer that the recycler wants to sell the customer? Not selling the customer what it is that they want? And the majority of the customers that are calling don't understand that there's different options. So I'm really good with my analogies or I think I am and all my students make fun of me and most of them are food related, believe it or not, but I say to them, If I said you know, JC let's go to lunch, and let's go get a cheeseburger. Right? There's a \$2 Cheeseburger at McDonald's, a \$12 Cheeseburger at a Five Guys or higher in Phat Burger or something. And there's a \$45 Kobe beef burger. Right? They are all cheeseburgers, which cheeseburger do you want? So presenting a part to someone saying what are your expectations of the recycled parts? Right? Some people want to look brand new, some people just want it to work. So even though I've gotten a call that says hey, I know you have cheeseburgers, I still need to say well, what kinds do you want Georgia? Right? You probably want some veggie black bean hippie burger or something. That's what you

Rob Rainwater

Some people want to look brand new, some people just want it to work. So even though I've gotten a call that says hey, I know you have cheeseburgers, I still need to say well, what kinds do you want Georgia? Right? You probably want some veggie black bean hippie burger or something.

Georgia Carver

No. I want the McDonald's cheeseburger.

Rob Rainwater

So it's posing that question. So, I try to train that the phone call from the tearing or the car part or that whatever, is a lead. Okay, I brought you in. We've got you that you need this cheeseburger. Let's talk about which one and what toppings they are. Right? Which extended warranties. What is the value? What are you doing?

Georgia Carver

Yeah, and in a perfect world Rob, what they could be doing is getting the email address and then they've got that lead forever.

Rob Rainwater

Try the \$35 Burger next time, right? Try this, or here's a coupon, right?

Chris Daglis

Maybe next time, maybe next time, they will feel like a chicken filet burger, filet of fish or something like that.

Georgia Carver

But they know that you do that, because they've had an email from you that tells them that you also sell those cheeseburgers.

Chris Daglis

But look, I think that is really important. A lot of people think that it's all about price. And I talked to someone yesterday that we're onboarding as part of the eBay work we're doing and I asked them, okay, so what warranty are you offering on eBay? Well...90 days. So we went through the process of realizing and I call it the process of realizing not trying to make them understand but the process of realizing that "why am I not offering 12 months warranty on some of these items"? Oh, it's too far too much. Too long. Too long. Why is it too long? Because. Okay, when's the last time an alternator came back? Oh, I got one back two months ago. Okay. Why did it come back? Oh, they ordered the wrong one. Well, guess what? It's coming back anyway. Right? So how about we change the game here from a pricing deal to a quality deal? If we change that discussion now, and now we're talking about quality? Maybe we can charge appropriately for that. So we're selling warranty without selling warranty. Right? Now, a lot of people say to me, you can't sell warranty on eBay? Well, yes, you can. Because if you're offering 12 months or less, I've got some customers offering lifetime warranty and some parts.

Georgia Carver

Well, we had that on the bus, we had the Lifetime Aldi and Erie Vo-Vo. They both had lifetime warranties, which was really interesting. And part of that conversation on the bus was the other guys talking to these two about their experience with offering lifetime warranties. And that was a conversation and a chat that was really informative on the basis of firsthand experience.

Chris Daglis

So they're all selling the engine. It's the same engine, but one selling a Khobi Beef engine, the other one is selling a McDonald's cheeseburger, they are both cheeseburgers, right, it's just about how we offer that cheeseburger up, right? It's how we portray it, that's how we market that. And at the end of the day, both strategies can work. And I think from you know, again, another take out here, I want recyclers to start thinking about selling on quality and value, rather than selling on price, because price becomes a commodity. We're selling commodities, then commodities either go up or down depending on our labour market influences. We need to start thinking about how an automotive recycler can sell their product. And the value they're delivering to their customer warranty is one way of delivering that value. Warranty is another way of giving that comfort and building that trust with your customer so that we can get the right money for our parts that are not going to buck. JC what are your thoughts on that?

Chris Daglis

And the value they're delivering to their customer warranty is one way of delivering that value. Warranty is another way of giving that comfort and building that trust with your customer so that we can get the right money for our parts that are not going to buck. JC what are your thoughts on that?

JC

The strategy that you guys are talking about, I mean, the discussion is in current recycling space, 90% of the returns are going to come back in the first 30 days, and your base warranty whether it be 90 days, or six months, are the majority of the returns. So if they go over that if they go over that cliff, that 30, 60, 90 Day cliff, the odds of that part coming back are very small. And whether you go from one year to three year or five years, and Chris, you know the statistics as well as I do on any major repair on a vehicle: most customers sell the vehicle after they've had a major repair, that car is no good to me anymore, even though they put a new engine in it, even though they put a new transmission in it there, they've just decided that it needs to be somebody else's. So your your warranty, risk exposure could be significantly less. And when I think about it, Our perspective at Nieder, which was the company that we owned, was, can you as a repairer or a customer afford to do the job twice, we're gonna make it so for a limited increase in price, we're going to afford you peace of mind, and God forbid something did happen, we've got you. We've got you covered, we've got the labor covered, we've got the warranty covered, you don't have to worry about this vehicle. And Rob sells, teaches trains warranty sales, it doesn't matter what they use it for. Here's the amount of coverage just like an insurance policy that we're going to give you towards this product. And as long as it fits within that coverage, what do you care, and the odds are going to be the odds of the part or the odds or whatever. And everybody, everybody struggles with it. Because the salespeople want to sell the extended warranty on the part that they know goes bad the most. But they never really want to sell the extended warranty on the part that doesn't go bad very often. So it's when you're able to sell it across all platforms is when you see the true benefit. And when you're able to take care of your customer with no hassle, no headache and and you did get them a component that went bad and you're able to back it up. It's how you recover from a bad scenario which shows your composure not how you sell on a good day.

Chris Dagleis

Rob, did you want to add to that?

Rob Rainwater

Yeah, I mean, it's just again, to me, it's brandy. Right? I'm trying to say to you, Hey, I am not a junkyard and I am not just here to screw you. And I'm going to give you your money back if there's a problem. We have to start with that as the perception of most of the customers, right? We want to see where auto recyclers are, we want all these fancy names, right? I've spent 37 years of my life trying to explain to my friends and my family what I do and I still have to, right so I'm good. This is why I'm so enamored by the branding part of it, I'm trying to train the salespeople every day. I'm trying to convince my customers I am not a junkyard and we will take care of you and we are going to warranty our parts and if there is a problem I'm giving you all of your money back. When I go to Walmart I don't walk in and they say hey, everything has a warranty, but aisle five and aisle seven. Everything at Walmart has a warranty. Everything at JC's auto parts or easy pull auto has a warranty this is what it is. We are here to take care of you, even better than the OE, or even better than the remanufacturer. Now, there's a lot of yards that don't play into that, Chris, they don't want that liability. Because, again, in this industry, from as far back as you know, we go, no one's making database decisions. We are making emotional decisions. We're not making database decisions. What is my true? I will honestly say, I don't know but I'll have a good guess that the engine of a car that has been bought through an insurance auction, the **actual fail rate of that engine being no good, is less than 3%.**

Chris Dagleis

Very, very low. In my book,

Rob Rainwater

I'm not saying it might not have an issue, but bad knocking, no good that kind is less than 3%. So when JC was talking about the numbers, right, if 90% of the failure rates happen at installation, where you are giving them another one for free anyway, not only have 10 cent liability on the backside, if I could get 90 to 10, I'd start that Casino. Right, I'll take 90/10 to me. So all the back end time I'm selling has to be a no brainer to buy that. It's so cheap, I'd be a fool not to buy it. But we're on a tangent here. But it's still a point. So, you know, in essence, Chris, that was my one point. The other point is I see now that I think I have 168 salespeople, I'm training weekly. What I'm really seeing is how important the management of the facility and the culture is, hey, this yard, every one of their guys is 8% warranties, this yard, every one of the warranties are 2%, this yard, the broker gross profit is terrible. This yard, it's crazy. I can now see by combining 116 sales people's data where I can look at the influence now and then go to the management and say, how are you getting that? Yeah, but you know, so I'm seeing trends there, that again, back to the culture, right? What is the emphasis at that yard? And how important the management and the culture is at that yard to be successful in all these different categories. Those are the two things that have jumped out to me in the last 12 months.

Chris Dagleis

Yeah. So you mentioned 116. It's just triggered something here that I want to share very, very quickly about what someone mentioned before. I think it was you Rob, how much do the people you employ that brand, what do you stand for as a business? How much does that attract people to your business? And I'll just talk very quickly about what I'm doing in my business very quickly at Auto Partnered Solutions. We, and Georgia will know, we don't advertise for staff. We don't run any ads for staff, whether that's on Facebook, or whether that's on Indeed, or whatever it is that you're using, we don't advertise, it's all referral. So everyone that works with us, has a friend, has a cousin, has a sister, has a brother, has a husband or has whatever. Everyone that comes to our door or into our email inbox saying, "Here's my resume, I'm interested in working with Auto Partnered Solutions", it's through referral. I'd like to think that's because we do things pretty well as far as you know, our culture and how we treat our people and the benefits they get.

Chris Daglis

But that's the reality, that if you can build an environment where your team refers their friends and family to work with you and for you, not only are you building a workforce, you're building a brand in your market that is of high value.

Georgia Carver

There's accountability, because if your brother gets you the job, you're not going to stuff your brother up, cause he is going to clock you one. So there's accountability there as well. Because you don't want to let your brother down. And your brother doesn't want to make himself look like an idiot by saying I'm gonna get my brother in here and he is no good. So you need to do it. Most people associate and hang out with the same kind of people, you know what I mean? Like a mechanic probably has another mechanic friend. People tend to stick with people that have similar, you know, similar trade and similar backgrounds and similar careers. So I think that there's value in doing that and doing that well and you can get into that as a result.

JC

But there's also a culture of family, right? I mean, if you sit back and say, think about your friends group, right, Chris? Hey, you gotta meet my friend Chris and my friend George and my friend Rob, they're all great people, they're all a little different but you want to introduce them because you'd like Chris and you like, Rob, you like Georgia. And you understand that Georgia brings this to the table and Rob brings this to the table and Chris brings this to the table. And we all get along well, because we see the value in each difference in, you know, excitement, entertainment, whatever that is. And so you bring that into a business, you say, I want to bring in these quality people and when we own the company, we had a \$1,000 signing bonus for people that brought in other people. Right? And we did that because we wanted, you know, we wanted a culture. I wanted a place that Rob could bring his friend. When I first started with Rob, he was like family to me because he knew my father. I knew the owners of the business, I worked with Rob, lived with the owner I mean, it was a fraternity style. It was a fraternal group. And that's how I learned the business . It was from almost older brothers, not necessarily managers or owners. And if you remember Rob, early, early days at Jerry Brown, that's what it was like.

Rob Rainwater

Like I said, you can feel the culture. Chris, you go to a lot of places. JC, you go a lot. I go a lot. I can walk in the door and I can feel it even though they know someone's coming to visit. I can feel it. Neider always had an upbeat young, you know, kind of culture. But when you guys were talking about it, I thought why are all my friends Grumpy Old Men?

Chris Dagleis

We had a good chat. We've done probably nearly an hour. I know these discussions usually go for a fair amount of time and if you were a real, I suppose specialist in the podcast world, you'd probably say hold on, you can't go more than half an hour on the podcast. Bad luck.

Georgia Carver

I think we make our own rules here.

Rob Rainwater

Team though, listen, how's that?

Georgia Carver

Yeah, we keep bringing this up, but you add value and you're sharing your IP, people will listen. You guys are pretty informative, you know a lot. I always learn something by listening to you.

Chris Dagleis

So before we finish off, we say goodbye to everyone, and thank them for listening. One key takeaway that we can offer to the listener? What can they take away today, Rob, that you'd like to say, do this tomorrow, it's going to make a difference to your business.

Rob Rainwater

On a management level, something else I picked up on that bus is time management. Right? As a manager, as an owner, as a GM, how are you spending your minutes during the day? Right? I can earn more dollars? I can't buy more minutes. Right? So I would say one thing to look at is where's your time management? Is your time being spent in the most important places? Because on that bus, what we did hear was everyone's running around a million miles an hour. And I'd love to do your idea, JC I just don't have the time. Georgia, I'd love to do some of your stuff. I just don't have the time. Right? So time management to me is the key. Right? And it all comes and goes with us. Sometimes we have it really good. But to me, I would sit back and look at do I have the right people doing the right jobs? Am I getting the best ROI from those people in those positions? And how am I spending my minutes every day?

Chris Daglis

Yeah. And I think you're right. Rob, I think there's a whole hour, two hours, two days, that that could be another one. There's a whole semester of what we can do there

Georgia Carver

Would that be a good use of time management?

JC

Mine was looking at some of the things that were anecdotal. I heard a lot of people say this went wrong or this went wrong and then when we asked the question well how many times did it go wrong and it was very little. They had a very significant pain point on a process or procedure or person and they made very significant business changes off one bad employee or one bad customer or one bad thing. So safety is something that we never passed up in any of our facilities, we always have a safety first culture. So you can't pass up on safety. But if I had a bad salesperson, it doesn't mean I'm going to get rid of all my salespeople, I have a bad customer doesn't mean we get rid of all my customers, if I have a bad delivery driver, not gonna get rid of all my drivers. And I heard a lot of anecdotal, you know, stories that people told that weren't necessarily their business model, they had just taken a pain point and they had pushed it across the enterprise. And before because it was so painful, and it was so engaging to them they made a business decision based upon one really significant pain point. And that's what I would really try to take away. It was looking at the decision at a global scale of your business, not necessarily in the vacuum of what just happened.

JC

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Chris Daglis

And I think a perfect example of that. It came up again yesterday. And that is a discussion I was having with this facility here in Australia, actually, when we were talking about, have you thought about, you know, a longer warranty period, because it actually increases conversion rates on eBay and perception, blah, blah, all the other things. And they kept on going back to that one alternator that came back three years ago, that cost them \$300, when the alternator was only worth \$80, or blah, blah, blah. But, how many alternators have come back? Oh, it's the only one we can remember. So we're making all these decisions around this business. Because of that one alternator. Let's get over the alternator and think about a strategic approach to how we're going to market our business to our customers that are already calling us. How do we take it to the next level? So don't look at the data. Analyze it, but don't just focus on that one thing that goes wrong. All right, by the way, you need to look at it across the board and say, How is this going to affect your business? So I think that's a good one. Georgia what was the one thing that you can say?

Georgia Carver

Well, I think my big thing was always how blown away I was by how open and transparent everyone was, I think that really, really hit a nerve with me, it really will stuck with me. And I think more businesses need to operate like that. And I think the recycling industry in America should be really proud of themselves, of how they're doing that, because I think it's very impressive. And I think it actually helps them all make a lot more money by doing it.

Georgia Carver

Well, I think my big thing was always how blown away I was by how open and transparent everyone was, I think that really, really hit a nerve with me, it really will stuck with me. And I think more businesses need to operate like that. And I think the recycling industry in America should be really proud of themselves, of how they're doing that, because I think it's very impressive. And I think it actually helps them all make a lot more money by doing it. But if I was going to say, I guess the other takeaway from that is that, they all need to be doing email marketing. These guys, I didn't really speak to anyone who was doing it. And if they are doing it, they're not doing it right. They're doing a tiny little bit here and a bit here. There's no strategy. And I think if they could implement one thing, from this podcast from tomorrow, even if they start collecting email addresses, you don't even have to do anything with them yet, but just start collecting them, then get a strategy. But as of yesterday, people need to be getting those email addresses of those customers.

Chris Dagleis

Excellent. All right. So we've been through a fair bit there, I appreciate everyone's time. I hope the listeners that are listening to this on their way home, or they've just gone to bed and they've put their air pods in and they want to sleep or going for a run, I know Georgia loves listening to the podcasts on a run. But yes, thank you for listening. Rob, and JC and Georgia, thank you for being on the podcast, as always very informative and helpful. So Oh, the other one thing for me, I forgot the one thing for me, the one thing for me is get out there, get out there and go to the conferences, visit different parts of the world, go and see facilities in the UK and Australia, wherever it is. Or on the other side of the US, right? Or in Canada or whatever the case is. Go and see and you'll learn stuff, you'll meet people, you'll pick up little bits and pieces that you didn't know before I can guarantee that. So get involved and go and do stuff. We're going to be at PRP. Georgia and I, we're heading out to PRP in August, I think Rob, you're going?

Rob Rainwater

Yeah, I'll be there. But you know, Chris, I think we plan on doing this again next year at URG. And you know, reach out to Chris if you want to be a part of this, we need to get the list better and quicker, and bigger and have more people and have a bigger event. Yeah, you know, pre pre convention.

Chris Daglis

Well, if you think of Terry Charlson from the UK, I spoke to him three weeks before URG. When I landed in the UK, he saw that I had just landed on Facebook and he called me. I'm driving down to Charles Trent, literally from Heathrow Airport. He said, so Chris, you're in the UK? I said, yeah, Terry, how you doing blah, blah, blah. And I said to him, I asked him are you going to do URG? He said, No, no, I'm not going. I told him, yeah, I'm going and we're organizing this field trip. And you know, Rob and JC and Georgia are going to be on the bus. But it's not just about going to visit yards, we want to use the time traveling because we're going to be on the bus with one another for probably over the three days, a good six to eight hours. So we're going to pull that knowledge and we're going to use the time traveling, to actually talk about stuff that we've either seen, or what about some new ideas, you know. Kelvin from Idrive was interested in outsourced sales assistance. So we had a good discussion on that. And we're developing some stuff there around that. So not only is it good to share ideas at the facilities, but one of the things that we did with the field trip was do it on the bus. And Terry Charlton from the UK actually booked. He came, he couldn't stay for URG, he wasn't coming because he had another commitment but he came just for the tour, All the way from the UK. So if you're there, if you're around the corner, if you're in the US, get involved, people are traveling from all over the world to attend these things.

Georgia Carver

Rob's an expensive man to have one on one time with and you can have all that one on one time with Rob. Thanks, Chris. Have a good weekend, guys. Bye