

CANADIAN TECHNICIAN

OCTOBER 2006

FOR AUTOMOTIVE REPAIR SHOP OWNERS, MANAGERS & TECHNICIANS

The State of Our Industry

A special report by Bob Greenwood

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- A racing obsession
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Taking stock

Your tools are your bread and butter. What are you doing to protect them?

By Allan Janssen

Like most technicians, Wayne Winchester spent most of his career amassing an impressive collection of specialty tools.

The foreman in the prep shop at Lewis Motor Sales in Barrie, Ont. figures he had about \$50,000 worth of tools in a two-section tool chest weighing more than two tons.

But that tool chest is gone now.

Recently, thieves broke into the building and rolled his tool chest away, along with other tools and shop equipment. They used a tailgate lift to load it all into the bed of a mobile service truck, and then made off with the whole works.

"The first thing you feel is shock. Your tool box is gone. It's like losing last year's wages," says Wayne. "Then you get mad. And when that dies down you get

Tony Auchincloss, left, checks a tool box at Ken Matheson's garage in Thornton, Ont.

depressed. Eventually you realize it's time to pull yourself together and get back to work. But it's not easy."

The loss is made all the worse because he had not taken out his own insurance on them. The cost he'd been quoted – \$6,500 a year – was prohibitively expensive. He took his chances... and lost.

Tony Auchincloss, president of Tool Inventory Appraisal System, says that scenario is all too common. Few technicians go to the expense of insuring their tools, because until now the insurance industry has not made it easy.

"Traditionally insurance companies don't like mechanics because they have a lot of tools and their tool boxes roll," he says. "They haven't been very accommodating because of the threat of fraud."

Tony knows what he's talking about because, like Wayne, he was the victim of a tool theft which crippled his business as a mobile Mac Tools dealer in central Ontario.

Over the next six weeks, he calculated the loss, figuring out what he had bought, what had been sold, and what

had been on the truck at the time.

Thinking about what happened, and talking to insurance companies and brokers, he started to flesh out a service that would document tool inventories. He went to the adjusters and police to find out what kind of information they require after a theft or fire. He started building a database of tool information, and even had a computer program written that would automatically update valuations, using tool company web sites.

The end result is an appraisal service specifically tailored to the automotive aftermarket, in which he touches everything in a shop, from wrenches to heavy equipment, photographing everything, and appraising their value.

The report he delivers on CD gives an insurance company a to-the-penny picture of what might have been lost. And that's made them more receptive to reasonable insurance rates for technicians. Tony says tool insurance can now be purchased for as low as \$8 per thousand.

"The real serious guys out there have always wanted to insure their tools but it

has traditionally been too expensive,” says Tony. “But they need it. They’ve invested a lot of money in this industry. They have their entire professional life right there in the tool box. If it gets stolen, or destroyed in a fire, a lot of them will just pack it in and get out of the trade because it’s so expensive to restock.”

Ken Copeland, a 22-year-old technician at Auto Centre Dufferin County, in Shelburne, Ont., has been in the trade for less than five years, but he has a tool chest that many veterans would envy. He got it for a great price from someone who was leaving the industry. The collection was recently appraised at \$72,000.

“It’s the thing of greatest value that I own,” he says. “I figure I should get it insured – not just for the peace of mind but also for my bank, so they know what kind of collateral I can bring if I want to buy a house or a car.”

He says knowing the value makes him all the more determined to protect them.

“Fire... theft... you worry about it a bit. This building is pretty secure but you never know what can happen,” he says. “And then what would I do? I can’t come up with \$72,000 overnight.”

Ken Matheson, owner of K. M. Repair in Thornton, Ont., says the insidious thing about not having an accurate inventory of tools is that you’ll probably never know completely what you lost.

“If you try to remember what you have after the fact, you find it’s not so easy. You reach for something and think, ‘Man! That went too!’ And that could be six months later, because you don’t use every tool every day.”

He decided to get a proper inventory and valuation done to prevent that headache. He figured he probably had about \$80,000 in tools and equipment. The number was closer to \$130,000.

“Mechanics tend to overvalue what they have,” says Tony. “Shop owners generally have no idea of the value of what they’ve got. They’ll wildly over-estimate sometimes three or four times what they actually have. If that’s the number they’re giving to their insurance company, they’re way overpaying for their coverage.”

In fact, an insurance company makes its money on the premiums, so it likely won’t discourage a technician or shop owner from buying lots of coverage –


even too much. When a claim is filed, it’s up to the client to prove that the amount they’re asking for is accurate.

Tony tells the story of a shop owner who saved \$5,000 a year in premiums because of an accurate assessment. He was able to invest that ‘found money’ in new tools to keep up with the demands of the industry.

In the wake of his theft, Wayne Winchester is facing some big questions.

“I’ll replace some of my tools,” he

says, “especially the ones I need to do what I’m doing now. Being a master truck tech, I had a lot of specialty engine tools but I won’t be getting back into that part of the business. I’m over 60 years old. I’ve been at this for 40 years.” Near the end of his career, it’s unlikely he’d be the victim of another theft. But the experience has left him bruised.

“Tool insurance would have helped,” he admits. “If I were a younger man I’d think about it very seriously.” 



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The AIA Young Executive Society (YES) invites you to join them for a unique morning of networking and professional development.


This year’s exciting line up features:

- **Rubin “Hurricane” Carter**
- **Cassie Campbell,**
Captain of Canada’s National Women’s Hockey Team

In addition, hear from leading experts **Gerry Merz** from Latticeworks and **Mike McCarron** from MSM Transportation (one of the Carrier of Choice Award Winners for outstanding levels of service) on the new profit center – Supply Chain Management.

When & Where:
Friday December 1, 2006
DoubleTree International Plaza Hotel
Toronto, Ontario

For more details and to register for this event, visit the Events section at www.aiacanada.com



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