



AUTOMOTIVE
RECYCLERS
OF MICHIGAN

► See more Road Show
photos on pages 18-19.

YARDTALK

Issue 3

The Official Publication of the Automotive Recyclers of Michigan

Spring-Summer 2023

The President's Message

I would like to start out this issue by thanking everyone who contributes time, money, and resources to ARM. There are so many members, vendors, and staff involved in keeping this association going that



Slater Shroyer

to thank each of you individually would probably take several pages. Please know that what you are doing gets noticed and it is appreciated.

This year's Road Show was a very different approach than we've had in recent years. It was successful in bringing people together and raising money for the association. It was a learning experience both during the sessions, but also from the conversations that happen outside of those sessions. The panel discussions were educational, and I would like to thank everyone who participated in them. I would also like to thank our guest speakers who shared their knowledge and experience.

We focused our sessions on owners and had a good turnout from owners and managers. The Michigan shows bring out more participants than many of the other state and regional

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ARM Road Show Recap

By Amber Kendrick

The 2023 Automotive Recyclers of Michigan Road Show & Business Networking Conference was held May 18-20 at the Hawks Hollow Golf and Banquet Center in Bath, Michigan. Beginning the weekend was a shot-gun start at the

beautiful Timber Ridge Golf Course for the Kent Utter Jr. Memorial Scholarship Fund Golf Outing on Thursday, May 18th. It was a lovely spring day with 68 degrees and barely a breeze. Standout players were Terri LaChance from Commercial Forms with the women's longest drive, Craig Snoeyink from Pete's Auto Parts won men's



Congratulations to Drew Ungrey from Grand Valley Auto Parts who had a hole in one!

longest drive, and Drew from Grand Valley Auto Parts had a hole in one! First place in the golf outing went to Complete Scrap, 2nd place to the Utter Family, 3rd place to the team who hosted our yard tour the next day, Schram Auto Parts. Blake Shroyer was winner of the men's closest to the pin and Jackie Schram was women's closest to the pin winner. Sam Utter won the putting contest. Good times were had by all, and everyone played for a great cause. Friday, May 19th brought

every member's favorite opportunity – a yard tour. Vendors, owners and employees piled in the bus and drove in their vehicles to meet at the Mason, Michigan location of Schram Auto Parts, an impressive facility. Schram Auto Parts is celebrating 100 years in business this year! They welcomed the group and allowed us to pore over their clean, modern facility, asking questions and taking note of their practices. Their people were kind and helpful even as they went about their business. Schram Auto Parts has another facility in Waterford, Michigan, and as they explained to us, they set up both yards to operate in the same way. They have indoor inventory areas that are painted white and have lots of lighting,



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CrashLink

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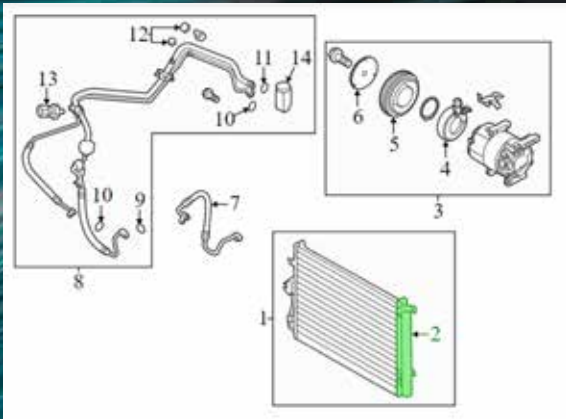
Labor, schematics, and more!

Hot Key Instant Search

Start	End	Manufacturer	Model	Part	Description
2014	2014	Honda	Accord	Engine Short Block	3.5L; EX-L; (J35Y1 engine); (6 cyl)
2014	2015	Honda	Accord	Engine Short Block	Touring
2015	2015	Honda	Accord	Engine Short Block	3.5L; EX-L; (J35Y1 & J35Y2 engine); (6 cyl)
2013	2014	Honda	Crosstour	Engine Short Block	3.5L; EX & EX-L; (6 cyl)

OE Interchange

OE Schematics



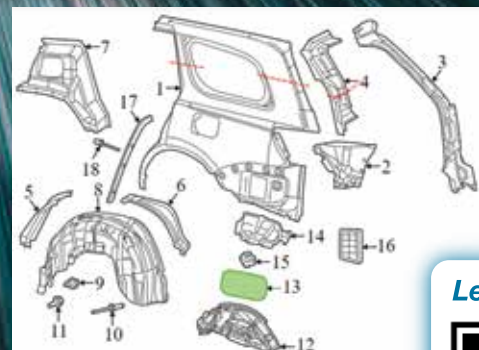
OE Price History

Manufacturer	List \$	Ctry	Core Fee	List \$
FORD		Canada		\$702.70 CAD
FORD		Canada		\$681.03 CAD
FORD		Canada		\$681.03 CAD
FORD		Canada		\$606.27 CAD
FORD		USA		\$0.00 USD

Labor Hours

	OEM	Labor	List \$
Limited & SEL; Exc Towing Package	Web I.P.	16.6 Avg	4398.67
Limited & SEL; Towing Package	Web I.P.	16.6 Avg	4398.67
Limited & SEL; From 11/30/2009	Web I.P.	16.6 Avg	5598.67
Limited & SEL; To 11/30/2009	Web I.P.	16.6 Avg	6026.60
EX	Web I.P.	16.6 Avg	4398.67
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Welcome Summer!

I'm sitting on my porch at my cottage, drinking my morning coffee while trying to get motivated to write my article for *YardTalk*. It is so quiet and peaceful as most



Barb Utter

people have returned home after an absolutely beautiful weekend. It has been a wonderful respite after an overly emotional and stressed past few months for all of us...full of highs and lows, challenges, both personally and business-wise, for sooo many of us. We seemed to be dealing with many levels of stress and they just

seemed to keep right on coming at us full force. But as I now look back, it did put things into perspective as to what is really important and what isn't. Once again, it was family that was important and what actually helped each of us handle the issues we were facing, whether it was our immediate family and/or our ARM family, we were there for each other day after day.

“Alone we can do so little: together we can do so much.”

— *Helen Keller*

In just a matter of a few short months we lost dear friends and longtime fellow recyclers Bert Hovencamp, former owner of Eagle Auto Parts in Three Rivers & huge supporter of ARM, Ted Dusseau, owner of Dusseau Auto Parts in Adrian and our long standing and outstanding Legislative Chair, and Carl Scholz, former owner of Scholz Auto & Truck Parts in Capac, our Kathy lost her Mom and I lost my sister-in-law just a week before the Road Show. If this wasn't tough enough, we have Board Members whose wives are battling cancer. (Fortunately, the good news on that front is that they are all progressing well through their long, what seems like unending treatments and their prognosis is positive, which is so terrific) There is definitely power in prayer so please keep them in yours.

And while all of this was happening, we were trying

to focus on our Road Show, which all of a sudden became insignificant in the bigger scheme of things, but nonetheless, a challenge we had to address. I once read a quote from Oprah that was a reminder to me as we moved forward. “Challenges are gifts that force us to search for a new center of gravity. Don't fight them. Just find a different way to stand.” And that we did! We went outside the box, took a leap of faith as we knew this was the year we were going to have to make changes so we moved forward with a different venue, a different agenda, a totally new focus but the with same goal: to provide our members with a Road Show that was of value and affordable while also providing non-dues revenue for the association. Fortunately, our dream came true. We just came off a great high with the success of our 2023 Road Show & Business Networking Conference. The changes worked well for us this year. We needed a slower pace, a more relaxed agenda that still gave all of us an opportunity to share thoughts, exchange concerns and look toward the future of the independent auto recycler with hope and a sense of togetherness and I think we accomplished our focus, thanks to so many. The management and staff of the venue were terrific to work with. They definitely made our job a lot easier. We all stepped up to the plate and were able to accomplish our individual tasks. We covered for each other. The vendors were terrific as always. Our speakers were everything we hoped and then some. Our fun activities were a huge success and everyone was so generous with their time and support. We were a family working together for a common cause and it worked!! We survived and to think we still have another six months in 2023 to accomplish even more.

There are so many people to thank that I would be remiss by naming them all in case I missed someone so please know from the bottom of my heart that I am so grateful to all of you who made our dreams come true. I do want to give a special thanks to our Kathy. As always, she went above and beyond, even when her heart was somewhere else, through it all, she was a real trooper. I truly don't know what I would ever do without her support and dedication. Not only is she a great

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YARDTALK is published quarterly.

Statements of fact and opinions are the responsibility of the author alone and do not necessarily imply any opinion on the part of the officers, director, or members of ARM.

Please address articles or letters for publication to:

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Suite 9

Grand Blanc, MI 48439

Calendar of Upcoming Events

August 26-27, 2023 **Tri-State Convention**
Hilton Indianapolis Hotel & Suites
Indianapolis, IN

October 12-14, 2023 **ARA 80th Anniversary Convention & Expo**
Kansas City, MO

April 4-6, 2024 **URG Conference**
St. Louis, MO

The President's Message

Continued from page 1

shows. I have also learned that our members are some of the most positive and engaging people in the industry. As I mentioned to several potential attendees, we're more fun.

We had a great fundraising auction with some awesome items. I would like to thank Scott Kooienga, Jayson Doren and Ron Elenbaas for the work they did putting together a successful auction. I would be remiss if I didn't mention Simon and Tom from Holbrook Auto Parts who were the highest bidder for Last Man Standing.

A special thanks for the extra work and dedication from Barb and Kathy. When we show up to party, the hard work has already been done. There are countless phone calls, trips to the printer, coordination and bookkeeping tasks to make an event work that most of us never get to see. We appreciate all of the work they put into this one!

Thank you to the Schram family for opening their facility to our tour group. One hundred years is a long time to be in business and they operate one of the nicest facilities in the country. We appreciate the opportunity to visit and see it close up.

Please make sure to give us feedback on the Road Show and the sessions. We've sent out surveys, but we will accept feedback in any form. Feel free to email Barb or me to give us your thoughts on the format and what you would like to see in future events. We hope to get some training sessions scheduled soon for next-level high-voltage batteries, airbag shipping/handling/recalls, and forklift operation.

By the time this issue gets through printing, June will be over and we will all be juggling our summer schedules. As I stare at the last few months of my tenure as your ARM President, I keep seeing so much work to finish. I cannot help but think that autumn will be upon us soon and there just aren't enough hours in the day to fit everything in. Accomplishing this year's goals will require some productive Board calls over the next few months, and I want to thank the Board Members for the work they put in.

I have approached a few of you about getting involved with ARM by joining the Board of Directors or serving on a committee. If you have considered it, please contact the office and let us know what you are interested in. The only way to steer the conversation is to have a seat at the table! Thank you! 🚗

From the Desk of Your Executive Director

Continued from page 3

assistant, but she's a very special person and I cherish our friendship. Thanks for being you my friend.

We both felt it was terrific and very comforting seeing so many of us gathered together in person in East Lansing. It was just what we all needed, lots of hugs, some tears, lots of laughs, and a comradery that only a "family" can share. So there is what has been happening in a nutshell. So far a year that is second to none, but also a time that proved there is nothing we can't accomplish when we do it together. There definitely is Power in Family. As Helen Keller said, "Alone we can do so little: together we can do so much."

Have a wonderful summer! 🚗

Love & Hugs,
Barb

Scrap Report

Foundry Steel.....	\$255.00	gt
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Batteries	\$.13	lb.
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Aluminum (clean).....	\$.54	lb.
Whole Aluminum Transmissions....	\$.20	lb.

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Selling More Parts to Body Shops

By Amber Kendrick

Kenny Whipple, formerly from Ken's Auto Parts in Muskegon but now the manager of a Caliber Collision, once again wowed recyclers with his insight into selling parts to body shops. He encouraged all of us to use as many pictures as we can, providing pictures of the vehicle ahead of time gives shops using Car-Part so much good information ahead of time, and sending shops pics of parts before delivery helps them decide and keeps from wasting everyone's time with delivering parts that can't be used for a job. Kenny is still shocked how many shops do not use simple online tools to find parts, and told a story about finding a backordered headlamp for a Caliber Collision in Colorado from Middleton. He encouraged all of us recyclers to utilize these tools and to educate ourselves on the tools the body shops do use and how they have to use them, such as OpsTrax and CCC's C-One.



Kenny said a body shop's highest profit stream is aftermarket parts, second is new parts, and they make the least money on used. The main reason a shop doesn't like working with used parts is because they don't make as much money. Insurance companies pay the least on used parts, they pay 25% on used, and the insurance companies push used saying they are "going green," but they don't pay as well on these parts. Techs love OEM because they bolt right on. Managers love aftermarket because of the profit. Techs are not as keen on aftermarket parts because they do not fit as well, the bumper covers and the grills don't pop in right, the

sheet metal isn't perfect. Kenny said "new is also not perfect – they pay us to fix it, but it's not perfect."

In regards to damaged parts, Kenny said almost every part is going to have some small amount of cleanup. Kenny shared real pictures of parts with damage and showed the cleanup he received. He explained at his shop, they charge \$25.00 per hour for cleanup to cover the body technician's time on a ding.

Spending some time going over specific parts, Kenny focused on some of the most common parts recyclers sell to body shops: doors. Last year when he spoke, one of the things Kenny explained was that most shops are not using the glass out of the doors we sell them. He went over this again, explaining that most shops gut the customer door and put the regulators, door window motors and glass into the door we provide, so when there is an issue with glass or a part that makes up the assembly, it's not an issue at his shop and probably won't be for most body shop customers like it is for a retail customer that is going to use the entire assembly. Kenny noted he recently purchased a door from Grand Valley Auto Parts and it arrived with a pool noodle used to protect the lip of a door – a smart move. "Anything you can do to protect your parts from when they leave our place to when they are delivered, the better," Kenny said, he also said "when it comes to delivering used auto parts, even when the car isn't being worked on yet, the quicker the parts are delivered the better, in case they are wrong or need to be replaced. Is a part ever damaged after you deliver it? Probably. You can protect yourself by protecting your parts and by taking pictures of your parts at deliver. That's a great way to protect everyone, to know how it looks when it's delivered."

In addition to sharing how to sell more specific parts, Kenny told us which parts not to waste our time on. Often you can't sell radars and backup cameras to body shops because they consider them safety parts. Of course recyclers can sell those parts to rebuilders and the general public and such, but insurance companies are going to buy those parts new. Kenny also explained that rarely are body shops doing insurance repairs using recycled bumper assemblies –

they are frequently using the rear bumpers for trucks. But most front bumper assemblies they are usually not using because the OEM/aftermarket bumper covers are so cheap. Kenny suggested maybe recyclers should consider breaking apart bumpers. Textured bumper covers usually cannot be used for insurance jobs, but reinforcements, foam pieces, sensors, wiring, cameras, etc. could be used if they were available for purchase separately.

Kenny said that the vast majority of shops do not use or care about ARA damage codes and probably never will. Of course, it helps recyclers understand damage, but shops do not understand them at all, service advisors don't understand them at all, and they just want to be paid to fix any – pictures help way more than the codes – Kenny stressed over and over that we really cannot take too many pictures of parts. He also recommended using a line board, which shows a reflection of lines on a body panel in a picture, any ding or dent shows up clearly and the depth of it is made clear. Many insurance adjusters aren't reading the notes, they don't necessarily have time, they just write the estimate,

and there may be notes like "work truck bumper spray painted black" and they will put that bumper on the estimate for a chrome bumper, then the body shop, if it's an insurance estimate, some shops will just order it, and you send the part and it's never going to work, but it was on the estimate. They may think they had to order it to get it and reject it, and a phone call can save you all the trouble of delivering it. Same thing with the wrong parts. Don't assume a body shop has the information on the estimate, for example the correct headlight – LED vs halogen – Kenny advises getting the VIN on every order. Your body shop customer is often working off an estimate written by someone with a tablet that does not know parts. Use the tools you have such as VINMatchPro, or you will be paying for their mistakes. For new parts, when the body shop goes to order, the dealer double checks the VIN every time and often it's not right.

Kenny emphasized at his shop and at many shops they are willing to work with used parts even with damage they just want to be paid to fix the parts. One thing a

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By Nate Love of Kelley Cawthorne

Legal & Government Relations Counsel to ARM

House and Senate Democrats quickly got to work as session began this year. In addition to priorities that Gov. Whitmer identified in her State of the State address, in the first six months of governing, legislative Democrats identified and acted on multiple issues, including:

- Adding protections for LGBT individuals to the Elliot Larsen Civil Rights Act
- Repealing Right to Work and Prevailing Wage laws
- Implementing universal background checks and safe storage requirements for firearms
- Repealing the state's abortion statute
- Implementing a \$1.6 billion tax cut by updating the retirement tax and Working Families Tax Credit

Similar work is expected to continue after summer break, when the legislature is expected to take up energy and environmental legislation, among other things.

ARM is monitoring SB 87, sponsored by Sen. Jeremy Moss (D-Southfield). The legislation would extend the time period for the payment of nondealer vehicle transfer titling fees from 15 days to 21 days. The bill would also increase the fee for a late title transfer from \$15 to \$50. This would bring nondealer provisions into line with

provisions regulating dealers. The legislation passed the Senate on a 32-6 vote and is currently in the House Transportation Committee.

Gov. Whitmer appointed Brad Wierich as director of the Department of Transportation. He previously served as the acting director of the department, and prior to that served as the department's chief operating officer.

Right to Repair legislation impacting farm equipment and a broad range of electronics has begun moving through the legislative process. HB 4673, sponsored by Rep. Reggie Miller (D-Van Buren Twp.), and HB 4562, sponsored by Rep. Kevin Coleman (D-Westland), are the two bills on this topic that are expected to move forward in the legislative process. While the legislation currently does not include automobiles, ARM will continue to monitor all legislation involving Right to Repair.

Gov. Whitmer signed HBs 4250, 4251, and 4252 into law. The bills, sponsored by Rep. Matt Koleszar (D-Plymouth), Rep. Tyrone Carter (D-Detroit), and Rep. Mike Mueller (R-Linden), update the state's distracted driving laws to prohibit holding or using a cell phone or other mobile device while operating a motor vehicle, beginning June 30, 2023. 🚗

Road Show Report: Selling More Parts to Body Shops

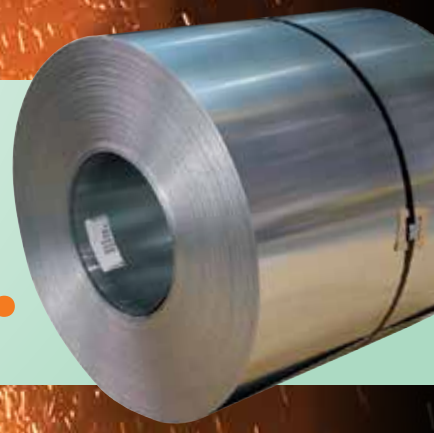
Continued from page 7

body shop cannot abide is rust. Kenny said "rust is a strict and flat out reject. Customer pays are different but still they avoid it. Caliber doesn't do rust repair, they just do not do it. Rust is cancer, if it's in there, there is no way to get rid of it. How to get rid of it or prevent it? Move to Arizona. It will come back. They don't want to clean it up because it's guaranteed for life and it's going to come back. We don't do many customer pays." This is another example of where pictures can save you a lot of trouble, because sending pictures of the seam of a part will save you from delivering a part that would otherwise be rejected.

If you want to make more money, Kenny suggests making more friends. "People order from people." Kenny says he uses the computer system Ops Tracks and that

is how most parts are ordered from shops these days, but relationships still matter, especially when it comes to used parts. Service advisors can order from who they want, as long as they are within the price the insurance company has written it for. What's on the estimate they can follow or they can order elsewhere. Backordered parts are getting caught up, Kenny is seeing many less now than there were 6 months ago.

All in all, Kenny has a bright outlook on the future of body shops and recyclers working together, especially as technology improves and we can utilize pictures and VIN decoding so recyclers can get the right parts to the body shops in conditions they expect! It is refreshing to hear Kenny talk about the industry from his perspective and to gain insider knowledge from the customer's perspective. 🚗



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Surviving a Michigan Unemployment Audit

By Amber Kendrick

After detailing several different types of inspections including the IRS audit of our 2020 taxes for *YardTalk*, Pete's Auto Parts recently went through another kind of examination through the State of Michigan: an unemployment audit for the year 2020. This was not as easy breezy as a MICAR audit, but it was not as lengthy or cumbersome as the federal level inspection we endured for our taxes. Most of it was done over email and by uploading documents to the secure MIWAM portal, but the experience is still worth sharing in order to prepare fellow ARM members in case there may be others who will be audited.



It started out as a document heavy process. Some of the major documents we were asked to upload were our complete payroll register records with all wages by employee and details of all deductions of any and all pretax items, federal forms 1096 and all 1099s, we also had a spreadsheet we had to fill out that included adding the types of services for all 1099s performed and proof of those being businesses (websites, liability insurance, schedule C, etc.), all rental agreements, federal forms 940 and 941, all W2's and W3's, federal tax returns, financial statements and trial balance, our general ledger including all expense accounts, Michigan sales tax form 5081, minor employee work permits and documentation (proof of age such as birth certificates, etc.), and petty cash records. Once all the documents were uploaded, then we received an email asking for more supplemental documents clarifying certain things. Some were easy, and we simply emailed

our accountant for a form or explanation. With our 1099 payments, the State really dug in and requested extensive documentation proving our cleaning person works as a true independent contractor, asking if we provide instruction on when where and how the work is performed, if we provide training, if they are an integral part to the business or contribute to our common objective, if their services are rendered personally, if they hire/supervise/pay assistants, if we dictate their schedule/hours, if we determine payment amount/frequency, if we furnish equipment or if they provide the materials (who provides cleaning supplies was specifically looked into!) if their services are available for other clients, and what liability is incurred by our company if the relationship is terminated by either party. This set of questions was answered for any contractor identified and requested by the State. We had two people who filled in as delivery drivers for us when we were shorthanded, each of them for less than a week, over two years ago, and these were drilled into extensively. What was for us, a very brief and unmemorable blip, became important to have documented and retain the contract and contact information so we could prove independent contractor status.

Non-payroll compensation is looked for very closely by the State of Michigan in an unemployment audit. For example, to celebrate hitting a sales goal, Pete's Auto Parts had purchased and distributed a series of grocery store gift cards in the time period the unemployment audit was conducted for, and this was deemed to be wages and should have been subject to unemployment taxes. Because they were found in an audit, the company is responsible for both the employee and employer portion of the tax on the amount. Luckily since the amounts were relatively small, the taxes were also very small, and there were no penalties on it because of the small amount. Any compensation, such as a gift card, is still taxable income, and should be taxed as such, to stay in compliance with state and federal law. The state also looked very closely at any non-payroll check written to an employee, in our case we had a situation where I had given my company credit card to someone to purchase a snowblower, the store wouldn't let him buy it with a card that didn't have his name on it, so we wrote him

a reimbursement check, and the State wanted the snowblower receipt.

Employee discounts were also investigated. We were within the allowable limits, which are 20% or less for services and more than gross profit percentage for merchandise. As we sell parts, and do not perform any services at Pete's Auto Parts, they only looked at our gross profit percentage and employee discounts. They determined our gross profit percentage by taking our total Sales Price for the time period minus Cost of Goods for the time period divided by the Sales Price. Depending on how you have your balance sheet set up (whether or not you put towing/buyers fees in your cost of goods, whether or not your inventory adjustments affect the COG, etc.), this is usually a very generous number. Depending on which numbers I went with off my profit and loss statement, I could have argued for anywhere between 51% or 73% would be fair, by including or excluding specific numbers. I simply had to present why certain numbers should be in or out and why our P&L is set up the way it is, and what sort of purchases employees received discounts

on, why that specific gross profit should apply to them. The Pete's Auto Parts gross profit percentage as calculated by the State of Michigan for the audit purposes was 53%, and all invoices to employees were within the acceptable range. Basically, from the State's perspective, if you discount goods more than they cost you, then the remaining amount becomes taxable. It's complicated with used parts, as we do not pay \$1,000 for an engine, but on average we have X% into that engine. So if you have a 50% gross profit percentage and you sell an employee a headlight that is in stock for \$100 for \$50, you are just within your limit, you sold them the part for what it "cost" you, but if you sell it for \$40, now you have technically given them \$10 in taxable income through a part discount!

The audit we went through resulted in a tax difference for us of \$3.30. There was some tax to pay for gift cards but we had also overpaid some other tax so the difference came out to less than four dollars. We had to pay the State of Michigan literally \$3.30. We also had about seven hundred dollars in professional services

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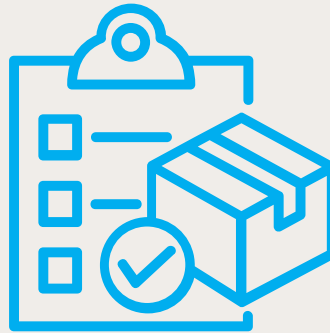
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ROAD SHOW REPORT:

MAXIMIZING YOUR INVENTORY

By Nate Burgenmeyer, Inventory Specialist
Pete's Auto Parts, Jenison MI

Representatives from URG, Car-Part and Morris Rose Auto Parts made up a stellar panel on tiering at the ARM conference. They explained the specific rules, that you must choose partners to tier with that are minimum of 100 miles away from your yard but can still provide parts next day with a cutoff time of noon. The distance requirement is so hopefully the parts you are tiering don't show up right under your own for a cheaper price in the search results for end user customers. The next day by noon requirement is important for the customer experience, as Car-Part wants end users to feel as they are getting it from you and not a middle man that ordered it in.



The panel encouraged recyclers to know what your tier partners will and won't sell. For example, some yards will not ship hoods due to a higher probability of damage on hoods in transit, so if that is the case with someone you are tiering with, make sure to exclude any parts they will not ship from your tiers.

URG and Car-Part both allow you to tier parts where they display your parts online in search results, and they both have similar services and settings such as the ability to set a flat rate mark up, a percentage mark up or both at the same time. Utilizing a flat rate mark up is helpful on lower priced parts to make profit minimums and ensure you don't lose money shipping a low-cost part like an alternator for a small amount of money; utilizing percentages is helpful for higher priced items, or a mixture of both can be used. Freight charges can also be set in both URG and Car-Part as well.

It's important to review your markup settings and who you are partnering with regularly, the panel recommended as frequently as once a month to ensure you are still maximizing your tiering ability and your partners are still fitting each other's needs. They also encouraged taking the time to review all forms and fill out all categories completely, and then test the setup by searching for parts on the platform, as your parts could be omitted in search results. For example, if you

did not include your warranty information and someone is searching using a filter to only show parts with a one-year warranty your parts will not be included in the search results. The only way for you to know that if you missed it on the paperwork would be to do some test-searching on the website.

Both URG and Car-Part are "mobile friendly" as most retail customers are shopping from their phone. URG can send your data to third parties such as MCI, RAS, CCC, APU and others to check your inventory for cores and select the highest paying option, and get your parts in front of insurance companies and onto estimates. The panel advised regularly checking the URG

exceptions list to see which parts are being omitted from search results and correct them if necessary.

While Car-Part.com is for general public, Car-Part Pro is for shops and businesses, and it can be integrated with other repair software such as Mitchell On-demand, so Car-Part is not just for the retail public, many yards are moving body parts, electronics, mechanical parts and more to shops through Car-Part. The company also has some of their own interchanges; approximately 100 part types, mainly for parts that have no interchange data from Hollander. Car-Part can list your non-interchange parts (regardless of your inventory management system, it works with Powerlink and Pinnacle Professional through a hotkey in addition to being integrated in Checkmate) with the interchange data they have. This means a non-interchange air shutter can be displayed on Car-Part.com using their interchange information, so a salesperson can sell the part with confidence that it fits the customer's vehicle without having to go through VIN matching or extra work they would need to do otherwise.

The panel was very informative in parts tiering and members were grateful to Morris Rose Auto Parts, URG and Car-Part for their time and information. It was a productive hour for all! 🚗



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ARM ROAD SHOW RECAP

ARM Road Show Recap

Continued from page 1

where inventory personnel evaluate each vehicle and designate which parts will be entered and warehoused, they have a fluid evacuation bay where each vehicle is drained of gas, oil, coolant, refrigerant, etc, they have dismantling bays where techs remove parts and place them on temporary racks and carts, and they have an extensive and organized warehouse and racking system, indoors and out of doors, where they stock their parts and turn over parts and vehicles in an efficient manner. Lunch was served, and recyclers and vendors did what

they do best: shared in social and business discourse. Back at the Hawks Hollow Golf and Banquet Center, the conversations continued during the exposition hours, where 22 vendors came to appeal to the recyclers. There were many familiar faces, of course we saw Katrina and Mark from RAS Core, Julie from Buddy, as well as some newer sponsors such as Accurate Converters. Many vendors like Brian from Commercial Forms are basically family to us after all of these years. The time we spend with these people is precious and they truly have great goods and services to offer us, as well. If you can, support the vendors who spend their hard-earned money supporting ARM! We are so thankful to our awesome vendors that made Friday night such a joy, we had incredible and fun outdoor items in our live auction like an inflatable movie screen, as well as three different entries of smooth bourbon, it seems Woodford Reserve is the most popular whiskey



for automotive recyclers in our fair state. Andrew Gray of Doug's Auto Recyclers was the high bidder for one of the most exciting auction items – a Silver Lake Sand Dunes Off-Road Experience donated by Scott Kooienga of Premier Auto Parts. Now that will be a blast! Another highlight was the awesome 23015 Polaris Sportsman SP570 4X4 ARV that was donated by Premier Auto Parts, and won by Grand Valley Auto Parts. That quad drew a lot of attention and was our biggest ticket item of the evening. Friday night's food was delicious and the auction was a hoot! The cornhole tournament was

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tons of fun, it was bracket play, single elimination, with simple backyard rules, and many recyclers and vendors got competitive. The Michigan Counties auction was a hit, and was won by Scott Kooinga from Premier Auto Parts. It's always fun to pick a county! The 50/50 drawing had our youngest winner yet, an 8 month old won that 50/50 drawing, it was Barb's great granddaughter, Lauren's daughter, and they are putting the \$250 prize into her educational fund! One highlight of the night was the "Last Man Standing" event, where generosity was truly on display, and Simon Savaya & Thomas Poullath, owners of Holbrook Auto Parts, were this year's high bidders for the event in which everyone willing to make a monetary donation to ARM stands up and as the

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ARM Road Show Recap



Continued from page 15

bids get higher and higher, the “Last Man Standing” receives half off their annual ARM membership dues, a 30 day website advertisement, a trophy, and a feature article in *YardTalk*. It’s a wonderful way to support the association, we’re very grateful to Holbrook Auto Parts for their donation and we hope you will enjoy the article on the business in the next issue of *YardTalk*!

Saturday was more work and less play, although plenty of smiles were seen on recyclers faces. It was a day packed full of seminars, round tables and panel discussions, with topics ranging from how to be a better salesperson and how to sell more to body shops, to how to better list your parts online and get more out of your vehicles and your trading partners by how you display them in tiers, to the past and the future of the industry. While we had some speakers that were not able to attend, we had others fly in from afar and join us, such as Dan Snyder, Team PRP President and owner of Snyder’s Auto Salvage in Holland Texas. It was a productive weekend of networking and learning, and because Kenny Whipple returned with a session on selling to body shops, we all picked up some boots-on-the-ground knowledge we’ll use in everyday life. There are several other articles in this issue of *YardTalk* that get into the details of some of the learning sessions, and into the MICAR/CAR changes that were discussed over the weekend. While some recyclers commented and said the Road Show just isn’t the same when it’s not held at an actual automotive recycling facility, it’s hard to convince a member to sign up every year to host a Road Show – though if you ask previous Road Show hosts, they will tell you it’s a great excuse to sweep the floors and dust the cobwebs! You don’t have to have a Taj Mahal to host a Road Show, the requirements may be simpler than you expect, especially when we can rent tents and have a hotel nearby, so if you are interested in being a Road Show host in the future, don’t hesitate to talk to Barb about the possibility. It’s always a wonderful weekend, regardless of the location! 🚗



See more Road Show photos on pages 18-19.

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A special thank you to speaker Dan Snyder, Team PRP President and owner of Snyder's Auto Salvage in Holland Texas, for coming from afar to join us this year.



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ARM ROAD SHOW RECAP



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The World of Precious Metals: Q1 and Beyond

By Becky Berube

This past week over two hundred members of a worldwide organization representing every aspect of the precious metals supply chain, from mining and refining to fabrication, recycling, and investment met in Orlando, Florida. The International Precious Metals Institute promotes excellence through education, research, and networking opportunities that drive innovation and advance sustainable practices. The group met for its winter meetings to discuss topics such as security and anti-money laundering, Platinum Group Metals (PGM) supply and demand, mining, refining, recycling, the prevention of auto catalyst theft, and precious metals sampling and analysis. Here are some key takeaways from the week.

Cyber and socially engineered crimes continue to rise. If you have not been a victim of a customer initiating a new bank account and sending money to the wrong recipient, consider yourself lucky. Most companies now require a verbal confirmation with someone that is known to them to make any changes to banking information. These crimes can be a disaster to a company making it worthwhile to pick up cyber and business continuance insurance.

Knowing your business (KYB), knowing your customer (KYC), and knowing your material (Responsible Sourcing) – knowing who you are transacting with and where your goods are coming from and being sold to is paramount. You do not want the FBI or IRS to pay you an unannounced visit and seize your assets. Nor do you want a claw-back lawsuit for buying from or selling to a company that was not acting ethically and got taken down. This is happening at alarming rates especially with catalytic converter theft in the national spotlight. If you are selling to a less-than-credible outfit and your payment is “untraceable,” beware. Your payment is likely being documented. Therefore, you are being watched.

The committee for the prevention of auto catalyst theft which comprises industry leaders representing the processing, smelting, and refining of precious metals recovered from end-of-life catalytic converters also met during the week. These committee members who contribute their time, expertise, and financial

resources to address this significant public concern, hope to offer realistic solutions to combat catalytic converter theft while protecting legitimate recyclers contributing to the global supply of recycled critical minerals.

Leaders convened even as precious metals prices continued to fall like a knife, especially rhodium as one Chinese glassmaker announced a change in the alloy. Even so, most of the precious metal researchers and analysts remained bullish on PGM prices in the short term: Platinum (Pt) range \$850 - \$1,150 per troy ounce; Palladium (Pd) range \$1,350 - \$1,950 per troy ounce; and Rhodium (Rh) range \$9,000 - \$17,000 per troy ounce. Compare that to January 2019 when the metals were at Pt \$800, Pd \$1,330, and Rh \$2,300 per toz., today's prices are remain strong.

On the supply side, most processors, smelters, and refiners agreed that recycling volumes are off somewhere between 25 and 50 percent at the start of 2023. Recyclers holding material may be due to a desire for a psychological price point that is no longer attainable or a rise in part sales, a rise in the price of steel, or some combination of the three.

Today recycle supplies one-third of the PGM market and is set to grow to nearly two-thirds in the next 15 - 20 years with Pd from palladium-rich gasoline catalyst growing from almost 2.7 Moz. out of a total of 4.6 Moz. to nearly 7 Moz. out of 10 Moz. With fourteen million less cars being produced since COVID and the average life of a vehicle increasing to 20 years (some calling this the “Cuba effect”), combined with a constriction in primary mining supply, we can expect 4 million less ounces of precious metals between last year and this year. This would be good news for the price of PGMs if it weren't for high inflation, a strong dollar, lackluster demand, and above ground stock. Auto manufacturers appear to be producing cars to fit demand versus mass producing cars and continue to charge a premium for models with high preference. Despite high inflation and recessionary concerns, consumers are still paying above sticker prices for the vehicles they want.

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Road Show Report: Surviving a Michigan Unemployment Audit

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bills from our accountant in preparing and uploading forms and reviewing our work before we sent it off to the State, even though we were able to do a lot of it ourselves, and of course the time of the owner (me) and General Manager of the business that could have been spent working on or in the business. The main takeaways for us at Pete's Auto Parts were to continue to document everything we can even more than we think we need to and save all documentation to the cloud in case we need it years down the road, and that we may as well give bonuses through payroll and not as gift cards since they are taxable income. Also, that governmental audits can be cumbersome but as long as we are doing things properly, they are nothing to be feared, the greatest expense is in the professional services we hire to help us prepare for and navigate the audit, not in the result of the audit itself. 🚗

NEW ASSOCIATE MEMBER:

Please welcome the following new associate member to the ARM family:

Schlipp Scrap Solutions, Benton Harbor, MI – Nick Schlipp

CONDOLENCES

We send our deepest sympathy to:

Kathy Cooper, ARM Administrative Assistant and her daughter Brenna Cooper, on the March 28, 2023 loss of their mother & grandmother Judy Engleman.

the family of Ted Dusseau, ARM legislative Chair and owner of Dusseau Auto Parts, who passed away on May 1st,

the family of Carl Scholz who was former owner of Scholz Auto & Truck Parts in Capac, who passed away May 2, 2023,

the family of Glenaleen "Lavell" Dusseau, widow of Ted Dusseau, who passed away June 14, 2023.

Please keep all of these families in your thoughts and prayers during this difficult time. Their loved ones will be sorely missed by all of us. 🚗

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The World of Precious Metals: Q1 and Beyond

Continued from page 22

Demand for PGMs is not all doom and gloom. Several factors bode well for the precious complex even if palladium ends up in surplus in the future. Increased emission standards in China, India and Europe represent higher loadings of PGMs in catalytic converters. On the road to electrification, hybrid converters use 10 – 15 percent more PGMs. It appears that the European internal combustion engine (ICE) ban fails to address material and power constraints as well as consumer preference. A strong case for the hydrogen economy, especially in long-haul commercial vehicles, represents a huge opportunity for platinum-rich fuel cells. Many experts predict that the platinum price will cross over and exceed the palladium price once again as its uses grow and will once again be the long-term winner in the PGM complex.

In summary, recycling plays a crucial role in the recovery of critical minerals, key to the U.S.'s economic and military strength, as evidenced by Executive Orders

from the last two Presidential Administrations (Executive Order 13953 and Executive Order 14017 respectively). These Orders address the threat to the domestic supply chain from reliance on critical minerals from foreign adversaries and support a “Made in America” Supply Chain to be accomplished through domestic mining and processing of secondary materials.

To learn more, or to stay informed on these topics, you can subscribe to our daily e-newsletter or get Platinum Group Metal prices texted twice daily to your phone, TEXT “Daily” to 844-713-PGMs (7467). You can also call us or email us at sales@unitedcatalystcorporation.com. 📧



Becky Berube serves the recycling community as President of United Catalyst Corporation, is a Member of the Automotive Recycling Association's Educational Programming Committee and is a Past President of the International Precious Metals Institute.

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How to Access the Members Only Section of the ARM website:

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- Once your membership status is verified by the ARM office, you will have access to all Members Only Content.



If you have any questions, please contact the ARM office at 810-695-6760 or arm@mi.automotiverecyclers.org

This Might Be My First and Last Converter Article

Musings on Converters, Inventory, and Money

By Paul D'Adamo – RAS "Core Hunter"

I'm a buy it now, sell it now kind of guy. When it came to crushed auto hulks, converters, aluminum wheels, cores, and any other commodity, we never had the money or space to hold material and play the market waiting for prices to rise again, nor did I ever think I was smart enough to time it. Remember, we did a 180 turnaround at Bill's Auto Parts, taking an old-school junkyard and turning it into a profitable, award-winning operation. A huge shout out to those industry associations (ARA, ARARI, URG) and insiders who accelerated our progress with good advice like turn cash and re-invest in more inventory.



Yet, over the last few months, while I watch the price of rhodium dropping like a lead balloon, I've heard recyclers talk about trends, turnarounds, and other mind tricks to allow them to hold material while the direction of the market has been quite clear. There is a time to "cut your losses" and move on. My musing is that everyone looks like a financial genius when we are in the boom times but become timid when the market inevitably convulses and takes away the instant gratification of selling a load of converters at a high dollar value. In fact, it's not all gravy as the prices of converters have driven up the cost of buying salvage. Hopefully, someone has figured out a way to determine the overall net profit of converters.

But during this boom time, were you reinvesting your returns into your business? Many recyclers still have 1st generation websites. Curb appeal and/or upgrades for parts prep and shipping? Many recyclers need a "Bar Rescue" of their facilities. This is not a doomsday article but more of a "wake up" call. I have seen other recyclers continually improve facilities, systems, and staff to make them poised for continued growth or possible acquisition candidates. I love this industry because of the owners' raw entrepreneurship and grit to build incredible businesses.

There are no surprises here. The times are changing, and between consolidations, labor challenges, technology, and scale, you either lead, follow, or get out of the way.

An incredible amount of opportunity is often overlooked when it comes to Cores, Commodities, and Non-Parts revenue. However, like any part of your business, it must be organized with good systems and people and have adequate space to be productive. It starts with refining your P&L to categorize each of these products so you can better understand the percentage of revenue it contributes to your overall income. Build efficiency with your people and processes to make it streamlined as part of your business model. Consider a payroll program that incentivizes your team to extract maximum value from your inventory to benefit the company, with a little extra going into their paycheck for contributing to the bottom line.

I am NOT a Core Expert, but a Recycler working at a Core Company. This has advantages because I have become the Recycler's "Inside Guy." Let's put a laser focus on your inventory in 2023. Contact me at pdadamo@coresupply.com or call my cell at 401-458-9080. Let's make change together. 🚗

F.Y.I. The deadline for the next issue of the Automotive Recyclers of Michigan *YardTalk* newsletter is August 16, 2023. If you would like to place an advertisement or submit an article, please call the ARM office at 810-695-6760.

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