

**March 2008 Management Article**  
**OEM Numbers: Are They Good For Writing Interchange? Part 2 of 2**

Some in our industry have been proposing a second interchange for some months now and that was the topic of last month's column (visit our web site if you didn't see part one). A bad idea. Part of their proposal is using OEM numbers to write interchange.

That's folly.

The OEMs have no interest in having the recyclers adopt their numbering system. Although they appreciate the "green" aspects of the recycling business, they also see the recyclers as competitors to one of their most profitable segments, the parts business. From my recent experience as an owner of GreenLeaf, and experience with OEMs, they are very concerned about the aftermarket and alternate suppliers of automotive parts.

The numbering systems of OEMs are designed to meet their needs, plain and simple, including their not-so-hidden agenda of having NO interchange. OEMs don't want aftermarket suppliers reproducing their parts or filling orders because these suppliers have figured out that fenders from one model actually fit four other models and that this same fender will fit 10 more models if one extra hole is drilled in it.

Forget that our interchange COULD be better. Why would you want to speak Swahili, when all of your customers, suppliers and other stakeholders speak English? Another numbering system is the same thing. We will **positively reduce our sales** if we start talking in a language different from the one our customers speak. Insurers won't be able to use our data, other recyclers won't be able to trade with us, and we will dilute our efforts in a big way. As discussed in last month's article, let's not forget history. Let's not forget the harm done to our industry when we did not have a single system of interchange to keep us speaking the same language as our customers, suppliers, and stakeholders.

Why is using OEM numbering even being discussed?

Perhaps because the existing interchanges could be improved? Of that, there is no doubt. I am one of only a handful of salvage operators who have actually written interchange for dozens of models for a decade. It's a LOT of work, and it's not an exact science. There is always room for improvement. The real reason OEM numbering is being discussed has very little to do with parts and a great deal to do with DATA. The value of our data is huge. If an alternate indexing system could be utilized, the licensing costs, and related data value could make many people rich. In my opinion, that is the true reason that using OEM numbering has been proposed.

The world is funny; it SHOULD reward a better mousetrap. However, we all know of cases in which better products have failed to take hold in the marketplace. Additionally, even if someone actually could come up with a better interchange, getting enough operators to switch to it fast enough to make it viable simply isn't likely. Here I'll interject a shameless plug. One of the primary differences between Pinnacle and Hollander is that Pinnacle leverages the interchange to help the operator run the business better. That includes buying, selling, inventorying—virtually everything. Hollander does a wonderful job of organizing the inventory and allowing yard owners to sell it, but that's simply not enough in

today's competitive marketplace. I know, I know, Hollander users howl that their system does these things, but one of my favorite sayings is, "You don't know what you don't know."

Imagine the future with me for just a moment. Insurers write estimates. They know what it takes to fix cars. Wouldn't it be nice if they could make decisions, real time, on what salvage parts are available to fix those cars? When a car is not going to be repaired, imagine a future where that same insurer could get reliable data on what the car could be worth for salvage, knowing which parts are undamaged, and more importantly, in demand. Quicker than I wrote this paragraph, our computers can provide those answers. In the blink of an eye. It's not a dream, interchange, **ONLY ONE INTERCHANGE**, will provide this and **SO MANY** more opportunities for all of us. **ARE YOU IN?**

Remember, only you can make **BUSINESS GREAT!**

Please visit our web site [www.autosalvageconsultant.com](http://www.autosalvageconsultant.com) to see the last 5 years' articles posted.

AutoSalvageconsultant.com was formed in 2001 to help recyclers improve their businesses. With over fifty years of experience in three staff members, the group is **THE** definitive source for recyclers' management and training needs. The founder, Ron Sturgeon, is past owner of AAA Small Car World. You can review his resume, with skills and experience, at our website. In 2002, his book *How to Salvage Millions From Your Small Business* was published to help small business owners achieve significant success. It was recently reprinted in the U.S. and published in China, Korea and the Czech Republic. You can learn more about how to help your business at [\*\*www.autosalvageconsultant.com\*\*](http://www.autosalvageconsultant.com). You can reach us at 5940 Eden, Haltom City, TX 76117.