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Steps your shop should be taking to fully document repair processes

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One of the most important questions that I think every shop owner should be asking themselves about each job in their shop right now is: Do I have a bullet-proof file on that job?

In other words, if a year from now there was a question about that job, could you easily turn over your file to someone like me or Mike Anderson or another auditor and have any one of us know exactly what transpired on that job? Would we be able to look through that file and understand what happened, from the repairs to your communications with all the parties involved, all without ever needing to ask you a question?

Why is this necessary? As the \$42 million judgment against a Texas shop demonstrates, anyone in this industry could face an oncoming bullet. That lawsuit wasn't based on a complicated repair. It was hail damage. And the lawsuit didn't involve the owners of the vehicle when it was repaired; it came after the car had been resold. So how many of the vehicles you've repaired are still out there on the road? Are your files on those jobs bullet-proof? Could you withstand a shot? You may think you are. But have you considered these types of scenarios:

- Chances are good that you are uploading all of your estimates and photo documentation and file notes to one of the Big Three estimating system providers, who stores that data "in the cloud." But have you asked them how long that data is maintained? If you needed a particular file five years from now, could you access it?
- What if you are using Brand A estimating system for 10 years, and you decide to switch to Brand B estimating system. Would you still have access to your data uploaded to Brand A?

- Think that after you sell your shop and retire into the sunset that all your working career hassles are behind you? Not so fast. Most business sales involve assets only; the buyer isn't taking on any of your liabilities. If a repair you did three years before you retired becomes a legal issue, would you have access to the complete documentation of what you need to defend yourself?

These aren't just abstract doomsday scenarios. They've actually been experienced by shops in the industry. I know an East Coast shop owner who has struggled for years to get access to his data from an estimating system provider he stopped doing business with.

Another former shop owner who is well-known in the industry faced a multi-million dollar lawsuit over a repair that eventually led to his decision to sell his business. But if that lawsuit occurred after he'd sold, much of his job file data may have been inaccessible.

And a friend who'd sold his multiple shops recently called me asking for help with a dispute that subsequently arose from one of the cars his company had repaired. It turned out that the vehicle itself was the only evidence he could produce of what his shop had done on that job.

The sad fact is that any car could put you out of business. But if I told you a certain job in your shop was likely to lead to a lawsuit, what would you do? You'd document everything like crazy, right? But you don't know which car in your shop could result in your "taking a shot." So you need to treat every job as if it could.

The good news is that you can build what I call "the bullet-proof file." My next column will explain how. (If you don't want to wait and are attending NACE / Automechanika in Atlanta in August, I'll be leading a session on the topic there.)