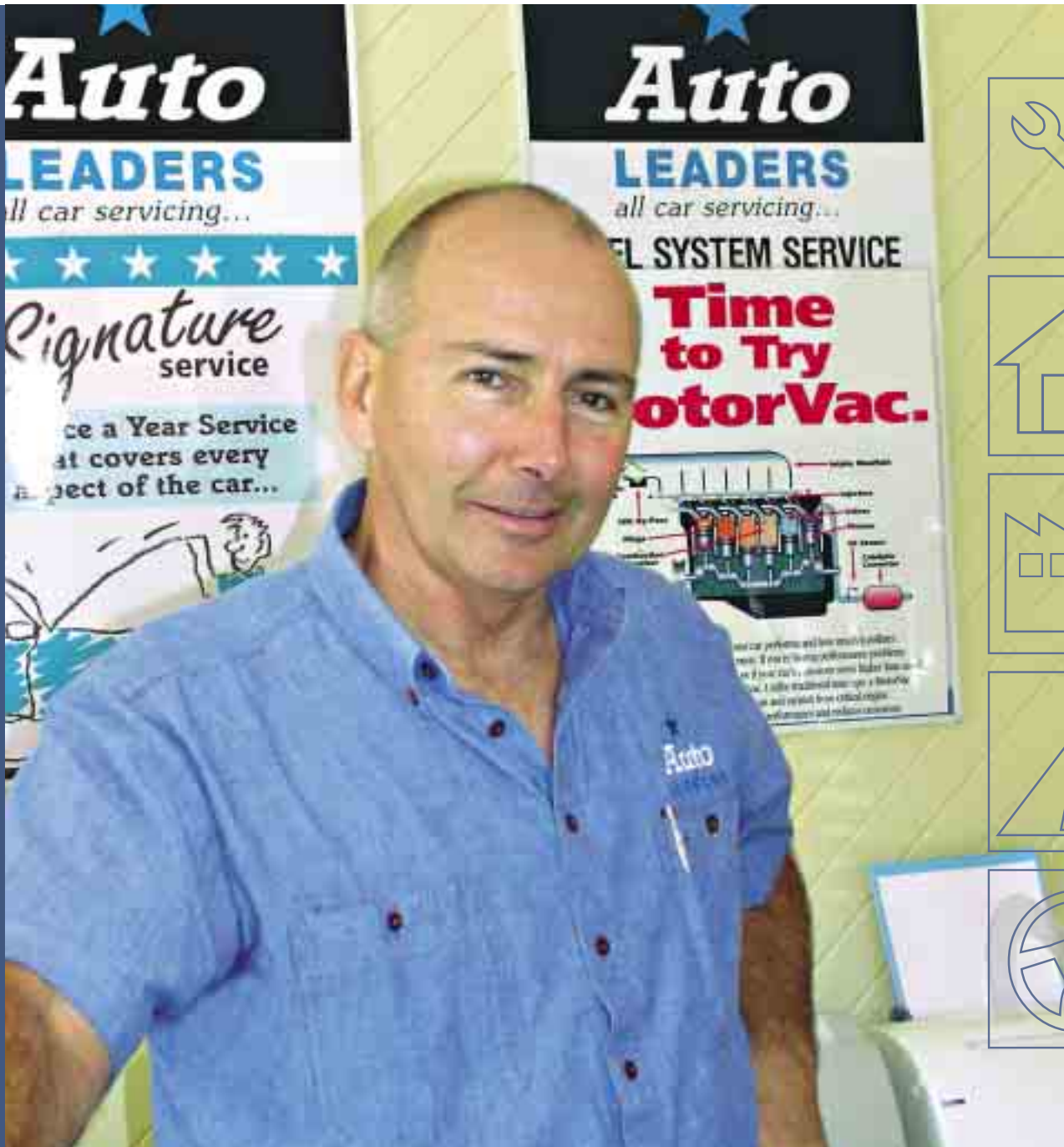


Your Choice

October 2004



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letters to the editor



Letters to the editor can be sent to David Lloyd.
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Dear Editor

I would just like to pass on our thanks to the staff at Capricorn Mutual. We had just been through the process of joining the Mutual when we were unlucky enough to have a break in. The staff at Capricorn Mutual could not have been more helpful and we found the claim procedure very straightforward.

We will be recommending you.

Sincerely

Russell Chrimes
TOODYAY AUTO CENTRE

tips caring for the customer

Customers' property is the reason why you are in business. Many professional automotive people treat customers' property as though it were their own. Here are some tips we have heard that might be useful in your business:

- Make sure customers' vehicles are parked so as to minimise any potential parking damage.
- Point out any pre-existing body damage to the customer before the vehicle is left with you and record the details.
- Ask customers to remove any property or valuables from their cars before they leave.
- Be certain service records on all lifting equipment are current and all operators know that any problem has to be reported immediately.
- Check the wheels of vehicles on hoists and ensure safety restraints are in place.
- Use fender protectors when you are working under the bonnet.
- If working inside the vehicle protect seats, carpets and controls from dirt.
- Treat customers' cars with respect when road-testing.
- If a vehicle is to be kept overnight ensure it is locked up and stored securely.
- If you have driven the customer's vehicle, ensure the customer adjusts the driver's seat and mirrors before driving away.

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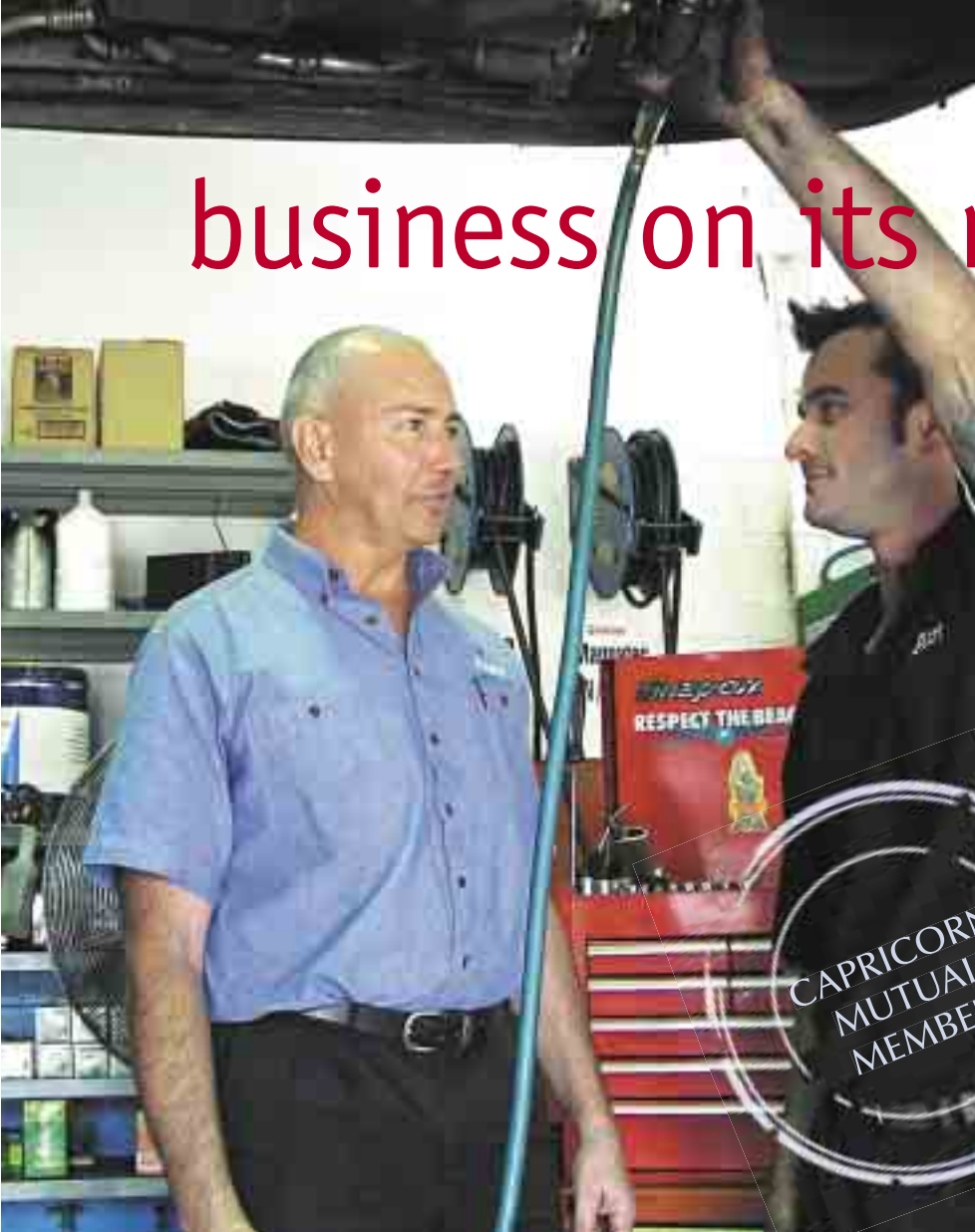
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business on its merits



Bob Day and Mechanic Duncan Pedarce in his busy workshop at Mermaid Beach.

▶ **Criticising one business in order to gain business for yourself is unacceptable to Bob Day, Managing Director of the Queensland-based Auto Leaders Group and Proprietor of Auto Leaders Mermaid Beach.**

“You either win the business on your merits or you don’t win it at all,” said Bob. His vehicle service franchise group, established in 1998, has quietly expanded from nine franchises to 12, and is continuing to grow as it matches the right people to the right sites.

Bob chose to join Capricorn Mutual and applied for the discretionary protection for both his business and personal protection needs.

Now the other members of the Auto Leaders Group are following Bob Day’s lead and are applying for Capricorn Mutual membership. If anyone asks him why he joined Capricorn Mutual he tells them that not only does he think that the Mutual’s protections complement the Auto Leaders’ businesses, but that the claims service is good as well.

He has made a claim on the Mutual and found it was handled quickly and efficiently. Once the Board exercised its discretion to pay the claim, rectification happened to the satisfaction of all parties.

Auto Leaders is an organisation with expertise that is backed by no-nonsense management, quality and training principles.

Each franchise is a servicing operation only that features impressive diagnostic and tuning equipment. Clients’ vehicles are given a before and after dynamometer performance check that has become a group trademark.

Great care is taken when selecting new sites for franchises and care is also taken when matching the site to the right franchisees.

There is ongoing training provided in all areas of operations. Franchisees are also given training on how to be successful in business. Most operators, while top performers in the workshop, need some guidance in achieving similar performance levels behind the desk.

The business performance of each one is regularly checked via a custom-designed programme that signals any trends that might need adjustment before they become issues.

There is also the Auto Leaders way of operating that is standardised across the group. Franchisees and their staff work every job according to preset checks and balances. These are noted as the work proceeds and explained to the customer for a final quality check.

Franchisees have regular visits from Bob Day and Technical Director, Mark Gibbs. These visits are a combination of quality, training and getting-to-know-you meetings. It keeps operating standards and morale high.

It ensures every franchisee has the right tools for now and the future, a principle familiar to many other Capricorn Mutual members.

three years on repairer mu

▶ A recent court decision is a sombre lesson to repairers.

The lessons?

- If a customer tells you what they want to use their vehicle for, especially if it is out of the ordinary, make a note of what was said and your response.
- If you accept the job knowing what the customer wants, the customer is entitled to expect that when it is finished it will be suitable for that purpose.
- If you have not finished a job, especially the diagnostics, explain this to the customer. Explain that if the vehicle is taken you will accept no responsibility if it does not perform adequately. Get the customer to sign a release.
- Keep all your records and the release somewhere safe. They may prove invaluable if, down the track, a legal action for breach of consumer law is launched against you.

The facts of the case

In January 2000, a truck engine repair shop was asked to rebuild an engine for a customer. After the rebuild, drivers reported engine difficulties, including excessive oil consumption and emission of black smoke.

The truck was returned for repair several times.

In June 2000, the customer asked the repairer whether it would be prudent to use the truck on a trip to far north Queensland.

In August 2000, eight months and 18,682 kilometres after the rebuild, when the truck was returning from a trip to Mackay, the engine suffered what the magistrate described as “a catastrophic failure”.

The truck owner sued the repairer for damages, interest and costs. In June 2003, the magistrate found in favour of the customer although he was unable to decide why the engine failed.

The magistrate held that the repairer was aware of the business of the plaintiff and the purpose for which the vehicle was to be used. The magistrate found that there was a conversation between the repair shop and the customer where the repairer said that he could see no problem with the truck going to Mackay.

He was satisfied the customer had expressly brought home to the repairer the fact that he was relying on the repairer’s skill or judgement in deciding whether to take the vehicle and use it in the normal course of business or to leave it for further investigation and rectification of the engine problem.

He said: “I am satisfied the services were not fit for the purposes for which they were sought nor did the defendant use due care and skill in as much as

Just pay \$20,000+



that he conveyed to ... that he could see no problems if the vehicle was driven to Mackay.

“In those circumstances, I find that the defendant has breached section 92 of the Goods Act 1958 and the Trade Practices Act 1974–1978.”

The Law

Section 92 of the Goods Act 1958 (Victoria) says when there is a sale of services in the course of business and the buyer makes known the purpose the services are required for or the result sought, there is an implied condition that the services are reasonably fit for that purpose.

There are similar laws in other Australian states and territories.

The Trade Practices Act 1974 is a Commonwealth Act. Section 74(2) says there is an implied warranty given by a company when it supplies services to a consumer who makes it known that there is a particular purpose or result the services are required for.

The implied warranty is that the services will be reasonably fit for that purpose or are of such a nature and quality that they might reasonably be expected to achieve that result.

The repairer appealed, but in February 2004, the Victorian Supreme Court dismissed the case.

The Court found that even though the evidence did not establish the underlying cause of the engine failure to the satisfaction of the magistrate, it was established that a material and not

insignificant cause of it was the repairer’s failure to proceed with the process of diagnosis.

The repairer did not warn the customer not to use the vehicle until the diagnosis was complete and the fault in the engine identified and rectified.

Four years after the first repair work, the original magistrate’s judgement of \$20,491.12 plus interest and costs was upheld and the court called for submissions on costs of the appeal.



Lee and Nicky Burridge in the CarPro surroundings they helped create.

chasing quality yardstick

▶ **Lee and Nicky Burridge's passionate advocacy for the New Zealand motor collision repair industry is reflected in their efforts to improve the industry's professional standards and its public profile.**

In their business they continually strive to improve on their level of professionalism using every management tool available to them, including membership of Capricorn Mutual and applying for the discretionary protections that it offers.

"In the past," says Lee Burridge, "when insurance was the only choice available, there was often difficulty obtaining a quote." The launch of Capricorn Mutual and its discretionary protections has given Capricorn Society members additional choices on how to manage their risks.

The Burridges are big on training and they work to tough quality control standards despite the cost and profits squeeze that characterises motor collision repair work.

Lee believes that only by maintaining the highest standards will the industry get the voice and recognition it deserves.

His business meets its professional targets by working to the international and Australian ISO 2002 standards.

The qualification was the strongest yardstick Lee could find to use to ensure his own business was in order.

He is not alone in seeking high levels of professionalism. Some years ago he joined the quality ideals in place at his Penrose-based company with those of Ian Hackett and Peter Jones, who operate from the Auckland suburbs of Milford and Howick. Together they formed CarPro, with its own distinctive colour scheme, logos and shared quality and customer satisfaction targets.

It was an arrangement that drew a new line in the sand that has become a quality yardstick by which the CarPro alliance and their clients can evaluate their quality standards.

It has also been a valuable 'three heads are better than one' sort of deal, with Lee describing it as a very useful way for sole operators to benefit from shared communication with like-minded peers who are seeking to position their businesses as leaders in the field.

Membership of Capricorn Mutual has become an important ingredient in the constantly changing factors that characterise the flexible management style at CarPro Penrose. Joining the Mutual fits well with the business philosophy of 'taking advantage of every opportunity'.

One such opportunity that came Lee's way has been the work that comes from New Zealand's Land Transport Authority,

which oversees many factors that impact on New Zealand's automotive world.

Lee is one of a small number of New Zealanders authorised to carry out inspections on the structural repairs carried out on imported vehicles to ensure they comply with New Zealand vehicle standards.

This important adjunct to his repair business reflects the dominant position of used imports in the New Zealand market and the Government required standards. As part of their commitment to the collision industry, both Lee and Nicky Burridge have a heavy commitment to apprenticeships and training.

Lee is a former branch chairman of I-Car, an international not-for-profit organisation that is dedicated to training in the collision industry. It delivers technical training to industry professionals with the aim of increasing the technical expertise of the industry in order to provide quality repairs with reduced liability exposure. It is an organisation that Lee says the nation's industry members have come to respect because it aims to provide complete and safe repairs to consumers.

It is another tool in the long-term prosperity of an industry working to the principle that 'organisations that succeed in the commercial world are those that help themselves to all the opportunities that are available'.

protecting the potential



Lance Henwood, New Zealand's most recent Liaison Officer gets a buzz out of dealing with members on a daily basis.

▶ **Lance Henwood, long-time insurance industry professional, IT expert and now Capricorn Mutual's Auckland-based Liaison Officer, enjoys going to work every morning. More than most he appreciates the difference between insurance and the benefits that membership of a not-for-profit discretionary mutual owned by its members brings to the auto industry.**

His work satisfaction comes from the personal contact he has with existing and potential Capricorn Mutual members regarding their membership and their discretionary business and personal protections.

"Since becoming a Capricorn Mutual Liaison Officer, I have met many enthusiasts of the Mutual — people who are so keen about Capricorn Mutual they are approaching me," he said. "Capricorn Society and Capricorn Mutual members make you very welcome."

Lance says face-to-face meetings with members provide a daily buzz.

"Before I joined Capricorn Mutual I was so busy with life behind a desk I overlooked the people beyond it."

A highly qualified insurance industry professional, Lance also has investment, training, business management and IT qualifications.

He has spent 13 years in sales and senior management roles in the investment,

and the life and general insurance industries, during which time he received a number of performance-related industry awards. Lance, then responsible for management, training and profitability factors, later transferred to the freight industry and then to IT.

He and his wife Debbie established an IT organisation that became a New Zealand success story.

Lance holds a number of professional memberships and is Vice President of the New Zealand Scandinavia Business Association.

For Capricorn Mutual, Lance covers the North Island from Taupo northwards, keeping him in touch with both the Mutual's members and his beloved bush. In contrast to his largely metropolitan-based business roles, Lance likes to spend substantial time walking some of New Zealand's most famous tracks.

Lance's hobbies reflect his love of New Zealand, while his work reflects his love of people.

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Capricorn Mutual works for me



... and me

... and me

... and me

... and me

... and me



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