

Collision course

Terry Smith wants to build a \$500-million business fixing cars. But first he'll have to win over sceptical consumers

BY CAMILLA CORNELL

Show 100 entrepreneurs a slow-growth

industry with a reputation for shoddy work and surly service, and 99 would run the other way. Not Terry Smith, president and CEO of Winnipeg-based The Boyd Group Inc., the only publicly traded chain of auto collision-repair shops in North America. Smith sees an opportunity to stand out from the crowd by building a large and profitable chain of repair shops with a trusted international image for first-class work. "There is no Midas Muffler or McDonald's restaurants or Blockbuster Video in this business," he says. "That's what we hope to be."

Smith has put together 64 company-owned shops and eight licensed facilities in Canada and the U.S. by buying and upgrading successful independent operations. Boyd's sales reached \$97 million in 2000, with after-tax earnings of \$2.6 million. But to reach his goal of \$500 million in annualized sales by 2004, Smith will have to wrest market share away from the competition by delivering uniformly high-quality work and translating that quality into a strong brand. He'll have to overcome competition from other industry consolidators, consumer mistrust of repair shops, and a growing shortage of qualified repair technicians. But, he says, his solution will revolutionize how your car is repaired.

Smith, who once ran highway car and truck stops, got into auto repair in the late 1980s after a friend persuaded him to invest in a body shop. He saw a fragmented industry ripe for consolidation. The \$40-billion North American market was split among 60,000 locations, 97% of them independents. Smith saw many benefits of being bigger, including economies of scale and an opportunity to serve large clients such as insurers and leasing companies. By 1990, he was knocking on doors at boutique investment firms to raise enough cash to buy small, underperforming body shops. It was a

Boyd Group's CEO Terry Smith: Building the McDonald's of collision repair