



# Preparing for the future:

Understanding the skills & training needs  
of the automotive retail sector

Vehicle rental and leasing



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# Introduction

## Purpose

Each year the IMI, as the Sector Skills Council (SSC) for the automotive retail sector, carries out a Sector Skills Assessment (SSA). The SSA, which is commissioned and funded by the UK Commission for Employment and Skills (UKCES), gives a high level overview of the skills needs of the sector.

In order to enable employers to prepare for the future, the IMI initiated and conducted an extensive programme of in-depth granular research, building on the SSA, to fully understand the extent of the skills and training needs across each of the 12 sub-sectors within its footprint. The purpose of this research is to recognise, at job role level, within each distinct sub-sector, precise skills and needs within the existing workforce.

It is vital that the IMI, as the SSC and the professional association for the automotive retail sector, understand employers' immediate and critical skills needs in order to identify and/or formulate effective solutions to address these skills needs. We need to ensure that the automotive retail sector begins to improve its overall productivity and profitability. This will ultimately help businesses position themselves for economic recovery, when it comes, allowing them to compete in a globally competitive market.

## Methodology

To achieve our stated purpose the IMI engaged with employers, stakeholders, training providers and trade associations to ensure that the research findings were accurate, validated at each stage, robust and fit for purpose.

To accomplish this, a qualitative phase of research was carried out. This involved 170 in-depth telephone interviews, each lasting one and a half hours, with employers across each of the sub-sectors. The focus of these interviews was on skills and training needs within the business, the issues facing the employer and the future challenges they envisaged over the next 18 months – 2 years. This first qualitative element (i.e. the use of open questions to gain responses) successfully defined the broad skills needs of the sub-sector.

The second phase of the research, the quantitative phase, was designed to validate and expand on the issues raised in the first phase, by the use of a telephone survey which contained the summary findings and analysis from the first stage. The telephone interview asked respondents to confirm that the skills needs identified from the in-depth interviews were accurate, they were then asked to prioritise each of the skills and training needs identified. In total, 1,000 employers took part in the telephone interviews, 100 from each sub-sector, to enable accurate data to be collected and robust conclusions to be drawn. This stage was complemented by a web survey, which furnished 630 additional responses, to ensure that as many employers as possible had the opportunity to respond to the questionnaires in as many different ways as possible.

The final main phase of the research involved 12 focus groups with employers to benchmark their views on skills needs against the findings from the first and second phases of the research. This enabled us to arrive at a final set of core skills needs, covering technical, management and customer service job roles.

Once all the data had been collected it was analysed by channelling the responses from the initial in-depth interviews into a much more concise number of core skills needs, using the findings from each consecutive stage of the research as the starting point for the next. By doing this, we have achieved a high level of confidence in the conclusions we have arrived at.

For the rental and leasing sub-sector, the first phase of research involved in-depth interviews with 10 employers. While this may look on the surface to be a small number, the nature of qualitative interviewing allows conclusions to be drawn from small samples; essentially it is answering the 'what' and the 'why' question and not quantifying the response at this stage. In the second phase of the research 100 telephone surveys were carried out along with a focus group of industry experts to assist the IMI in prioritising skills needs, adding or refining the skills needs identified through the first phase. The web survey outcomes were used to assist in decision making should there be 'borderline' critical skills needs identified or where it was difficult to distinguish which skills needs should be categorised as critical.

# Background

Across the automotive retail sector as a whole, in 2008 the sector generated £146 billion or 4.7% of all UK turnover and contributed £25 billion or 2.8% of gross value added. The sales of motor vehicles sub-sector (SIC 50.10) generated the majority of turnover (70%) and contributed the most in value added terms (47%). Geographically England, as would be expected, generated the majority share in terms of both turnover and value added at 88%.

In the latest IMI State of the Sector Report (July 2011), businesses reported that trading conditions remain challenging, with 54% of companies experienced lower orders/sales over the last six months and 66% showing lower profit margins.

Predictions for the next six months are similar, with 41% showing reduced orders/sales and 21% predicting higher sales.

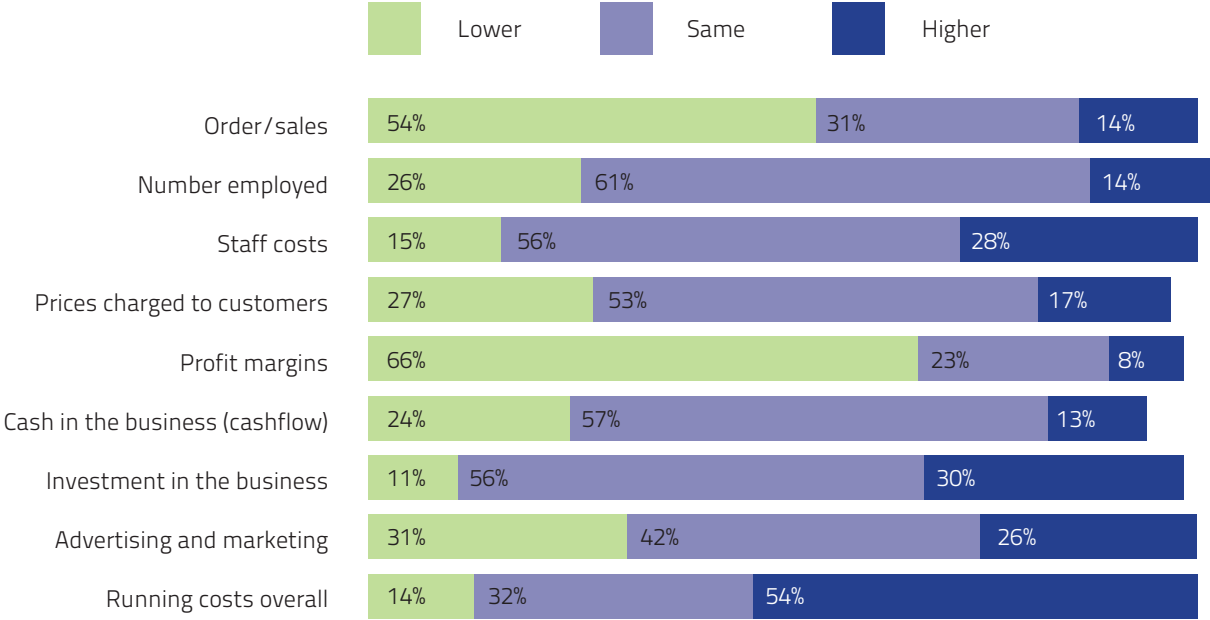


Table 1. Business performance in last 6 months, compared with previous 6 months  
Source: IMI State of the Sector (July 2011)

Respondents to this research were asked which issues affected their overall business most. It was clear that three areas were critically important:

- Impact of changes in legislation, and changes in legislation forecast over the next 18-months.
- Trading conditions – the fall in car sales in particular over the last two years and the sluggish revival (particularly important to the sales sub-sector).
- The relentless drive in technology development across all vehicle types.

Across the automotive retail sector, 85% of businesses are micro, employing less than 10 people. However, they employ only 38% of the total sector workforce. While 57% of all employment is concentrated in those companies that employ over 11 (this accounts for only 14% of all companies), with the remaining 5% of the workforce working for large employers who account for less than 1% of all businesses. Given the make-up of the automotive retail sector, we are confident that our telephone research targeted the appropriate range of businesses.

	% of workforce	All UK	Difference
1-10	38%	21%	16%
11-199	57%	47%	10%
200+	5%	32%	-26%

Table 2. Employees by business size  
Source: Annual Business Inquiry (2008)

Across the rental and leasing sub-sector there are approximately 5,050 businesses employing 29,985 staff. There are 4,280 micro businesses (84.75%), 570 small-medium enterprises and only 15 large businesses.

	No. of businesses	% of all businesses
Micro (1-9)	4280	84.75%
SME (10-249)	570	14.95%
Large (250+)	15	0.29%
TOTAL	5050	100%

Table 3. Breakdown of rental and leasing businesses by size  
Source: IDBR 2010

# Rental and leasing business approach to staff training and development

Previous research undertaken by the IMI (2009 Employer Survey) has shown a high proportion of 'hard to fill' vacancies within the rental and leasing sub-sector - the main reason cited for recruitment difficulties was the apparent lack of people with the 'right skills'. Furthermore, it is worthy of note that 'Rental' services are seen as different from 'Leasing' - this is largely based upon on the length of the rental period and this requires a distinct skill-set for each role.

The majority of automotive businesses interviewed employ no more than 10 people on site with 75% of rental and leasing businesses falling into this category. Some 40% of rental and leasing businesses employ more than 250 staff<sup>1</sup>.

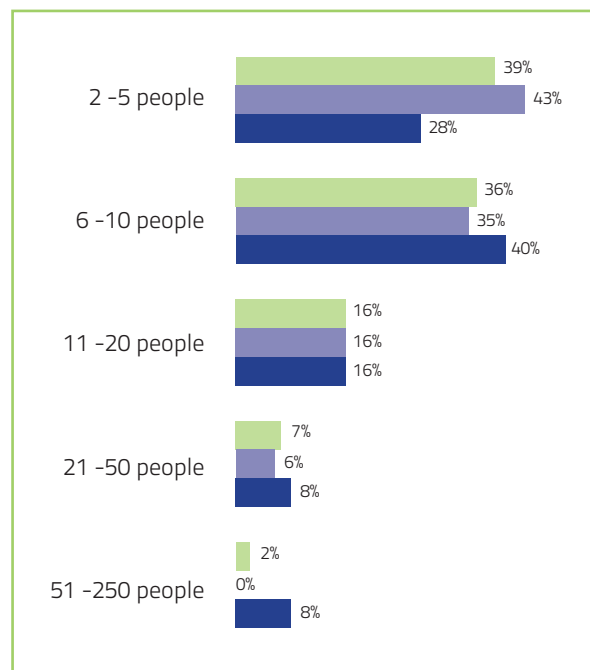


Table 4. Number of employees at that site.  
Source: IMI quantitative telephone interviews September 2011



<sup>1</sup> Source BMG telephone interviews September 2011



An impressive 75% of all businesses in the rental and leasing sub-sector reported having provided some formal training in the last two years and 50% expect to provide training over the next two years.

From the available statistics, there is a clear distinction between the franchise operator and the independents – structured training takes place in both but is dominated by the franchise organisations – see Table 4 (below).

The data in Table 5 (below) shows that 42% of the sub-sector has a structured training and development programme for their staff, compared with 52% of franchise organisations and 39% of independents. Across the whole of the vehicle rental and leasing sub-sector some 42% of organisations train staff informally and/or when they feel it is necessary.

Again this shows significant training activity across the sub-sector, some of which is planned and structured and some of which is more reactive and informal. Both types of approach are relevant to defining skills needs.

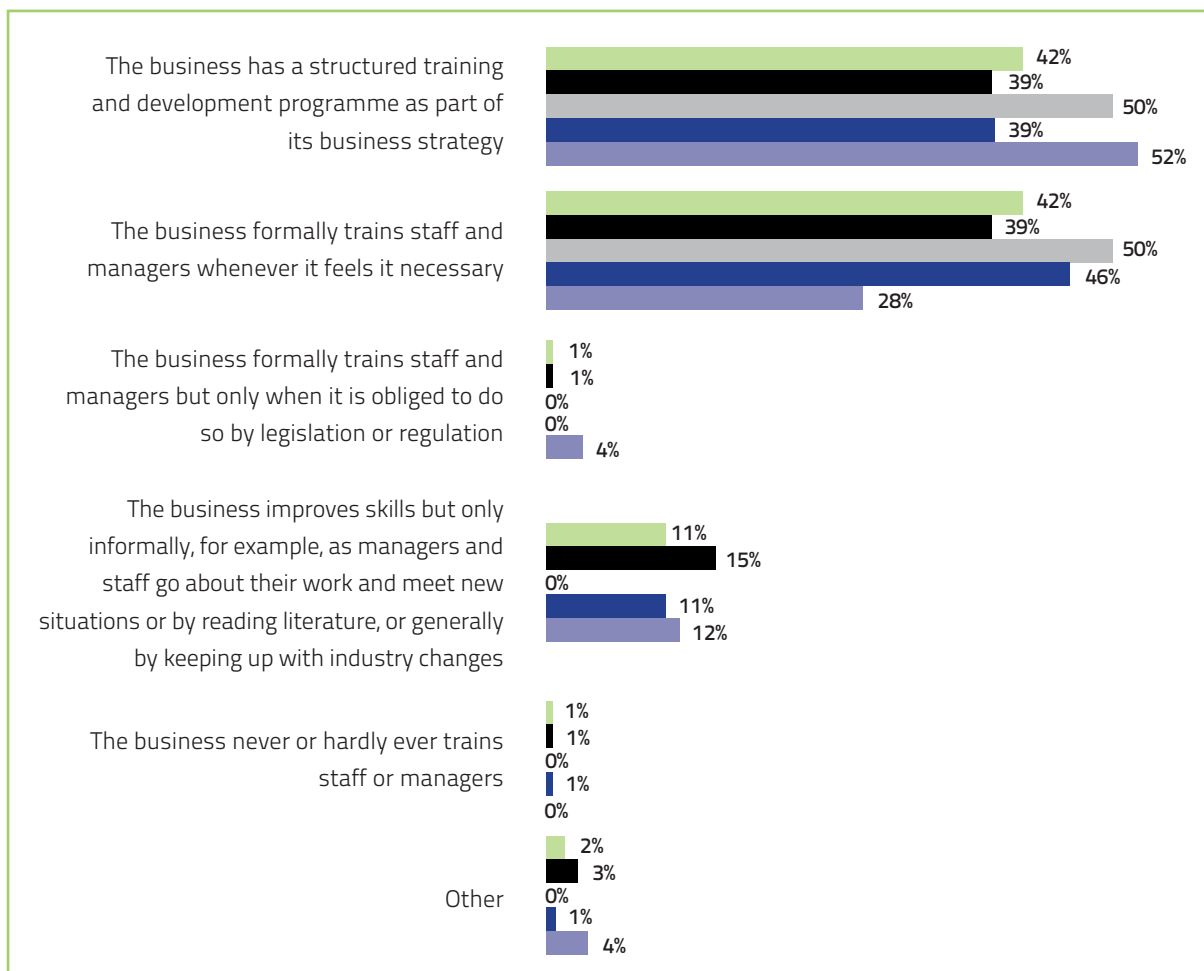


Table 5. Involvement in training  
Source: IMI quantitative telephone interviews September 2011



At 92%, the key reasons given across the rental and leasing sub-sector for 'not training' was the small size of the business and that the staff were 'fully skilled'. These are followed at 54% by organisations that 'only

recruit staff that are fully skilled', and 'training courses being too expensive'. Unfortunately, as many as 31% of respondents felt that training would not improve the performance of their business.



Table 6. Why the business does not get involved in training.  
Source: IMI quantitative telephone interviews September 2011

Our research indicates that business plans are more prevalent within franchise organisations, 84% compared to 60% for independents and 66% for the sample as a whole. Larger businesses (of 11+ staff) are also more likely to have a business plan at 73%

A similar quota is applicable to training plans; some 80% of franchise organisations have a plan compared to only 53% of independents and 59% for the sample as a whole. Again, the larger businesses are more likely to have a training plan at 65%. According to our findings, training budgets exist for 31% of independents and 40% of franchise.

Almost all (96%) of franchise organisations have undertaken training in the last two years compared with 69% of independent businesses. Again, larger businesses are more likely to have undertaken training at 92% compared to 70% of businesses with 1 – 10 staff. 56% of franchise organisations plan to undertake training in the next two years compared to 49% of independents, 62% of larger businesses and only 47% of those businesses employing up to 10 people.

It is fair to say, therefore, that training and business planning is more structured within franchised operations that, in the main, will have the necessary resource to be able to schedule activity over longer periods. Independents are generally more reactive in their approach – that said, the absence of a training budget or plan does not necessarily preclude training activity from taking place. The independent sector is more likely to train as and when necessary as opposed to having a structured training and development programme.

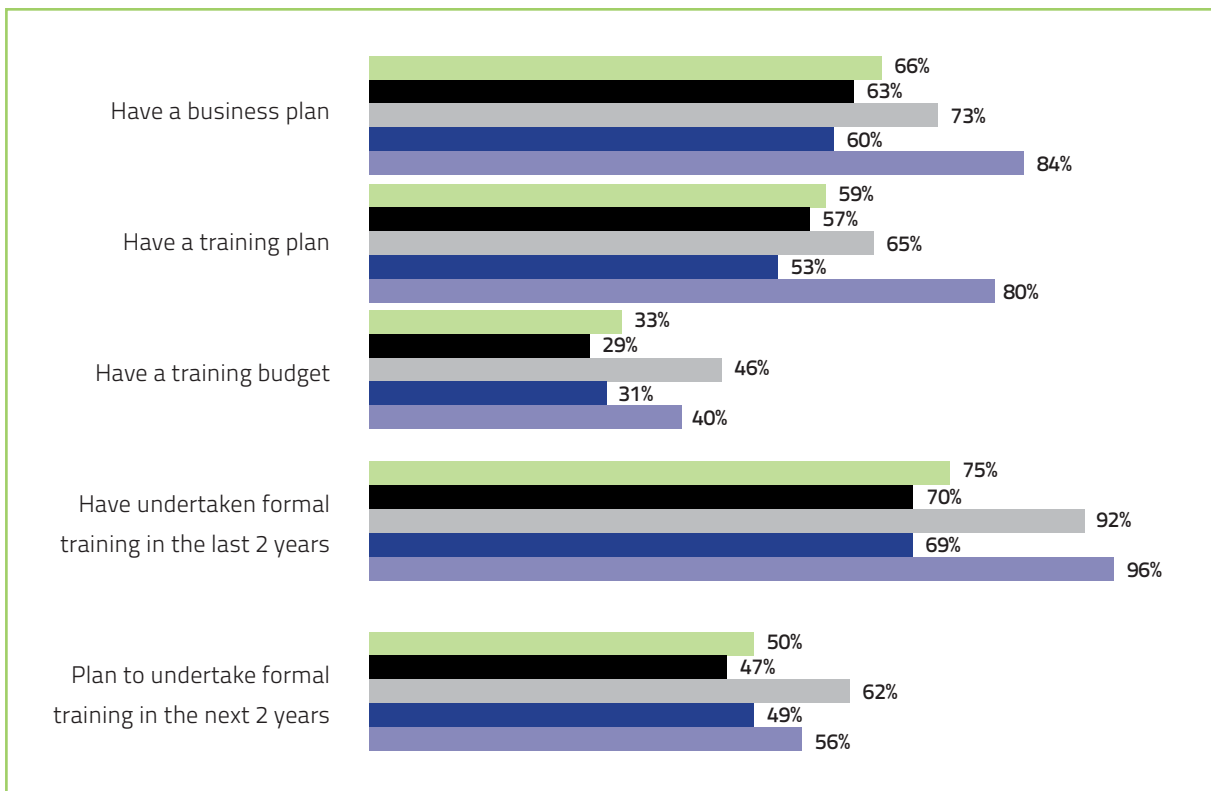


Table 7. Business Planning – Rental and Leasing.

Source: IMI quantitative telephone interviews September 2011



# Qualitative in-depth interviews

Qualitative research was carried out with 11 businesses within the rental and leasing sub-sector. These were pre-arranged telephone conversations with previously identified, appropriate staff who could comment authoritatively on relevant job roles within their business. These interviews lasted approximately one and a half hours and were conducted by researchers from BMG Research, Birmingham.

The interviews were mostly unstructured and used open questioning (i.e. they didn't ask questions where an 'yes'/'no' answer could be given), covering a range of different types of organisation, mostly independents employing up to 50 people, but with a small number of franchise organisations contacted as well. Interviews were conducted across all nations, England, Scotland, N Ireland and Wales in August 2011.

The following questions were asked by the researchers, who asked to speak to employers capable of covering at least two job roles within the interview:

- What job roles exist within the business?
- What are the current skills and training needs required by (each job role)?
- Which of these skills and training needs are particularly important or critical to your business?
- What skills and training needs do you anticipate you will have in the next two years?

The focus was on identifying skills needs related to key job roles. From the responses to the open questions, it was possible to identify the training and skills needs, which are listed overleaf.

# Job-role specific skills needs

The following skills needs were identified across the rental and leasing sub-sector.

## Vehicle assessor

- Developing effective budgeting and estimating skills in the workplace – having a knowledge of maintenance budgets
- Damage control – understanding the role of the Vehicle Assessor in managing the process in the workplace
- Determining if the estimates for repairs are fair and accurate
- Developing an understanding and awareness of the function of a body shop
- Understanding of the structure and materials used in modern vehicles and how this impacts on the work of a Vehicle Assessor.
- Using IT diagnostic and repair systems in the workplace and understanding their scope and limits
- Developing effective customer handling skills
- Awareness of the structure of the industry and how it operates
- Awareness of timelines and how long jobs will take
- A fundamental knowledge of servicing and the ability to assess whether additional work is required
- Developing sufficient knowledge and understanding of advanced electronic systems in order to be able to competently fulfil the role.
- Defining effective maintenance budgets within a contract
- Developing an effective understanding of contracts
- Developing effective negotiation skills
- Developing an effective understanding of health and safety procedures

## Vehicle rental service technician

- Developing effective routine inspections to VOSA standards
- Effective servicing for Technicians
- Understanding fly by wire technology, internal GPS, vehicle tracking
- Effectively identifying damage on cars

## Vehicle rental body repair technician

- Awareness and understanding of panel replacement techniques, repair and replacement
- 

## Rental operator/receptionist / reservation agent

- Developing a broad technical knowledge and understanding of vehicles on the road
- Developing time management skills for rental operators
- Identifying the needs of customers through effective listening and communication skills
- Identifying sales leads and potential revenue generating opportunities
- Developing effective telephone techniques
- Effectively identifying damage on cars
- Developing effective customer service skills for front line staff
- Understanding legal principles e.g. contract law
- Taxation – understanding the bandings
- Financial products – awareness and understanding of new products and how they impact on the sector
- Using online technology to develop links with customers (converting prospective clients)
- Using apps/mobile phone technology within the workplace to communicate effectively with customers
- Selling contract hire packages within the sector
- Long term leasing and up selling – understanding the principles and selling to the customer
- Vehicle identification – understanding the different makes and models and awareness of customer expectations
- Congestion charging – understanding the principles and explaining to the customer
- Taxation – how the system works and how this impacts on rental and leasing operations
- Low emission zones – understanding the principles and explaining to the customer

## Management staff

- Understanding Health and Safety regulations for the workplace
  - Understanding anti-corruption policies and how they impact on companies within the sector
  - Understanding discrimination law and developing policies to address this in the workplace
  - Understanding employment law
  - The effective use of IT systems in Finance
  - Effective payroll management and how to deploy within the workplace
  - How to effectively utilize credit checking/credit control/debt management practices in the workplace
  - General aspects relating to HR (internal)
  - Progression planning – how to implement in the workplace
  - Leading teams – best practice and how to effectively implement it
  - Negotiation skills and how to develop competent staff
  - Presentation skills and how to enhance staff skills to ensure presentations are effective
  - Time management for senior management – how to ensure staff manage time effectively
- 

## Customer service staff

- Effective problem solving, dealing with customers to ensure their needs are addressed
- Effective telephone skills
- Effective communication for customer service advisors
- How to deal effectively with complaints
- Effective sales skills for customer service advisors
- How to effectively undertake follow up calls following servicing or sales
- Effective counter skills for customer service advisors
- Awareness and understanding of IT in the workplace, invoicing, accounts, booking
- Understanding and awareness of costing principles for repair
- Understanding new car technology
- Background understanding of new cars being introduced

# Skills needs across the rental and leasing sub-sector over the next two years

Respondents to the quantitative telephone survey were asked what they felt that the changes to skills and training needs would be over the next two years.

## The key areas reported included:

- Keeping up to date with changes in diesel particulate filters.
- Fly by wire technology.
- Vehicle trackers (internal GPS).
- Development in electric vehicle technology.
- Coping with longer service intervals within the maintenance schedule.

For managers, modern employment law is expected to change quite dramatically – this is especially true for human rights, discrimination and bribery policy. There are also likely to be changes in the way that organisations communicate with customers e.g internet, web, apps etc. Greater emphasis will be placed upon 'sales' across all roles - there is also an increasing need for managers to keep abreast of human resources legislation and health and safety regulations.

The relentless drive in technology across all vehicle types was noted across all sub-sectors, with the impact increasingly being felt within sales, technical and customer service roles within the sector (data taken from the IMI State of the Sector Report 2011).



## Quantitative telephone survey

Once the qualitative in-depth interviews had identified the skills needs of the rental and leasing sub-sector, the quantitative series of telephone interviews were carried out. Respondents were prompted with the skills and training needs identified in the previous stage of research and were asked to rank them in order of priority: i) critical need, ii) some need or iii) no need.

This survey quantified the initial set of responses and identified a potential set of skills and training needs that were seen as critical, of some need, or of no need. This phase of the research was pivotal in identifying those skills and training needs that were in need of priority action.

In total, 105 interviews were conducted with employers and business owners across the rental and leasing sub-sector. The vast majority were independent organisations employing between 2 - 50 people.

The final outcomes of this process are detailed in the Conclusions section of this report.

## Focus groups and web survey

### Focus group

The rental and leasing focus group was held in September 2011 and comprised representatives from rental and leasing employers and training providers.

The main agenda for these meetings was to validate the findings from the qualitative and quantitative telephone interviews. For the rental and leasing sub-sector, this particular focus group raised no issues with the outcomes of either sets of interviews.

The group confirmed the skills and training needs of the rental and leasing sub-sector.

### Web survey

The web survey was conducted across the entire automotive retail sector, with respondents identifying which sub-sector they worked in and was able to comment on. Due to some sub-sectors having a small number of respondents, the outcomes of the web survey were only factored in, if the outcomes of the qualitative and quantitative telephone interviews, along with the focus groups, did not produce an unambiguous outcome in terms of identifying the criticality of skills and training needs for the sub-sector.

# Conclusions

The aim of this research was to be able to identify and prioritise the skills and training needs of the automotive retail sector at a 'granular' level, which has never been achieved before. We have been able to achieve this by looking at each individual sub-sector across the whole of the automotive sector footprint.

For the rental and leasing sub-sector we have achieved this aim, through a blended approach of telephone interviews, focus groups and web surveys. The methodology applied was as follows:

- Taking the skills needs identified by the in-depth telephone survey at the beginning of the research project as the basis for the analysis.
- Taking the focus group and telephone responses and comparing the skills needs identified by the group with the results from the in-depth telephone survey, to arrive at a more refined set of skills, set in a priority listing.
- Taking the website results and applying these to the outcomes of the previous stages to either confirm or change the list.

In the rental and leasing sub-sector there were clear and unambiguous outcomes in terms of criticality. The web survey results were then used to place the fourth and fifth priority skills need for vehicle assessors.

# Prioritised skills and training needs for the rental and leasing sub-sector

As a result of the three-stepped approach outlined previously, the following sets of skills and training needs were identified as 'critical' to the rental and leasing sub-sector. The top five have been ranked where more than five skills needs appeared. They have been ranked in order of 'criticality' with 1 seen as the most critical.

## Vehicle assessor

1. Damage control – understanding the role of the Vehicle Assessor in managing the process in the workplace.
2. Developing effective customer handling skills.
3. Developing an effective understanding of health and safety procedures.
4. Determining if the estimates for repairs are fair and accurate.
5. A fundamental knowledge of servicing and ability to assess whether additional work is required.

## Vehicle rental service technician<sup>2</sup>

1. Effectively identifying damage on cars.
2. Developing effective routine inspections to VOSA standard.
3. Effective Servicing for Technicians – understanding manufacturer standards and warranties.
4. Understanding fly by wire technology – internal GPS, vehicle tracking.

## Vehicle rental body repair technician<sup>3</sup>

1. Awareness and understanding of panel replacement techniques, repair and replacement.

## Rental operator/receptionist /reservation agent

1. Identifying the needs of customers through effective listening and communication skills.

2. Developing effective customer service skills.
3. Developing effective telephone skills.
4. Effectively identifying damage on cars.
5. Vehicle identification – understanding the different makes and models and awareness of customer expectation.

## Management staff

1. Understanding health and safety regulations for the workplace.
2. Time management for senior management – how to ensure staff manage time effectively.
3. Understanding discrimination law and developing policies to address this in the workplace.
4. Negotiation skills and how to develop competent staff.
5. Leading teams – best practice and how to effectively implement it.

## Customer service staff

1. Effective problem solving – dealing with customers to ensure their needs are addressed.
2. Effective telephone skills.
3. Effective communication for customer service advisors.
4. How to deal effectively with complaints.
5. Effective sales skills for customer advisors.

<sup>2</sup> Only four skills needs were identified for vehicle rental service technicians

<sup>3</sup> Only one critical skill need was identified for vehicle body repair technician

# Recommendations

The skills and training needs listed in this report are those that employers have reported as being critical for their business. Numerous reports have identified the link between training and business performance. The IMI itself has recently conducted ROI studies across a number of sub-sectors that have identified significant increases in business performance from rolling out training and accreditation programmes. The studies show that up-skilling in the automotive retail sector delivers a conservative gross value added (GVA) of £4,000 per person per annum<sup>4</sup>.

It seems that the commitment to train and develop staff is ingrained within the rental and leasing sub-sector, as the demands of evolving technology and legislation are ever present. The incidence of formal training during the past two years is high at 75% across all businesses.

The value of this project is the underlying understanding and knowledge in granular detail required to direct provision across the sub-sector and all job roles. Our challenge is to use our findings in order to ensure that training is relevant and up to date – it must constantly strive to meet the needs of the entire sector.

As the SSC the IMI will focus upon developing skill solutions in line with the 'priority' skills needs highlighted in this report.

The IMI commits to prioritising the development of solutions to meet the skills needs where employers have identified their need as being either 'critical' or 'of some need'. With this in mind, solutions to the following skills needs will be progressively developed over the next 12 months:

<sup>4</sup> [www.theimi.org.uk/information/roi-ata.html](http://www.theimi.org.uk/information/roi-ata.html)

#### Rental operator/receptionist/reservation agent.

- Identifying the needs of customers through effective listening and communication skills.
- Developing effective customer service skills.

#### For management staff the following was a critical skills need across all automotive retail sub-sectors.

- Understanding and awareness of health and safety legislation.

#### For customer service staff, the following were critical skills needs across all automotive retail sub-sectors.

- Effective communication skills.
- Effective problem solving – dealing with customers to ensure their needs are addressed.
- Effective telephone skills.
- How to deal effectively with complaints.

Citing the reasons for 'not training' in the rental and leasing sub-sector, 54% of respondents thought that training courses were 'too expensive' and 31% thought that 'training would not improve business performance.' Only 33% of rental and leasing businesses have a training budget.

#### We commit to work with partners to

- Develop high quality, cost effective training.
- Ensure that the link between business performance and training is clear.

31% of businesses in the rental and leasing sub-sector said that they can't find the time to look for appropriate training. A significant number, 30% and 34% said that they would use online learning or distance learning.

#### As the SSC we commit to

- Further develop the innovative online CPD management system for the sector.
- Create a common template for training in the sector by ensuring that all provision has clear and measurable learning outcomes that link training to increased business performance.

An impressive 80% of franchise rental and leasing businesses have a training plan – by contrast, only 53% of independents and 57% of smaller businesses (employing 1-10 staff) follow suit.

- We will continue to work with SMEs to advocate the use of training plans.

The rental and leasing sub-sector has the lowest awareness of the IMI at only 48%.

- As the SSC we will work to raise the awareness of the IMI in this sub-sector and the subsequent awareness of skills solutions.

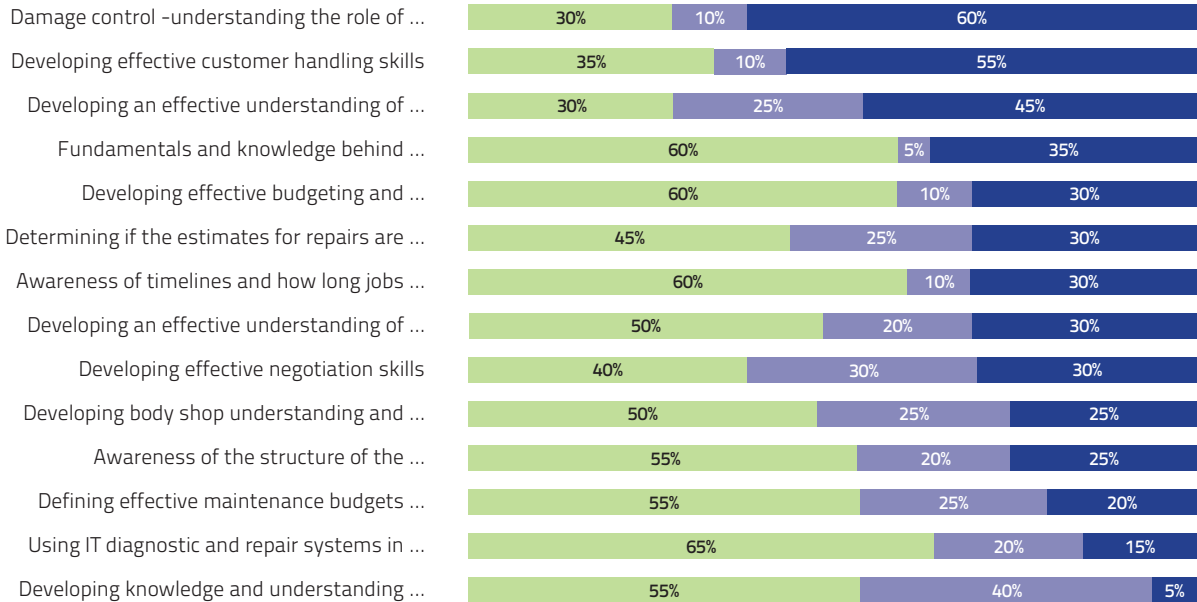
We would like to express our gratitude to the employers and stakeholders who committed time to participate in the rental and leasing part of this research project.

# Annex 1:

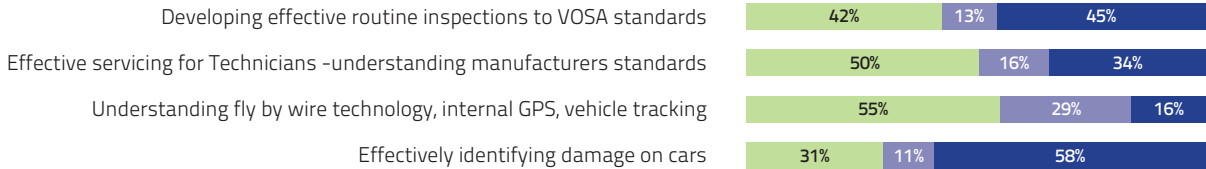
## Skills and training needs by job role and priority

Given below are the detail percentage results of the quantitative telephone survey carried out for rental and leasing sub-sector.

### Vehicle assessor



### Vehicle rental service technician

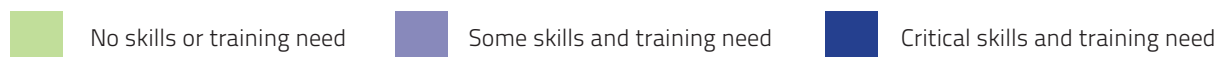
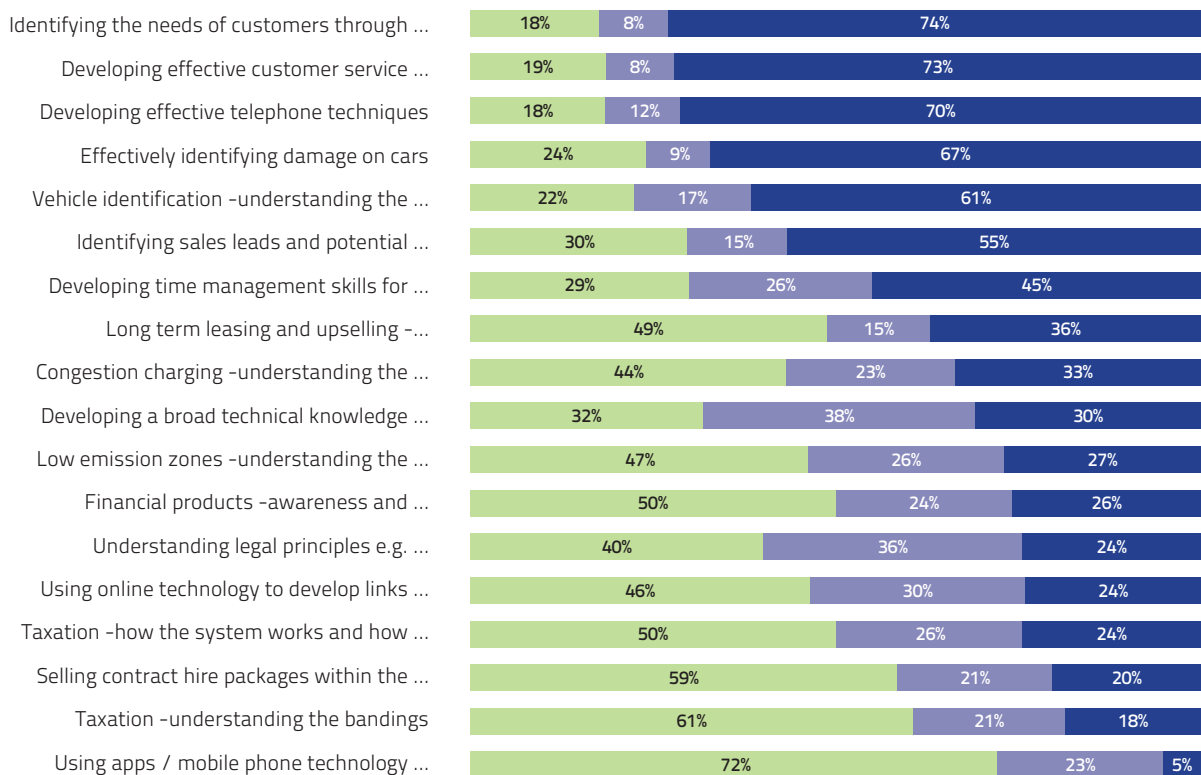


No skills or training need
  Some skills and training need
  Critical skills and training need

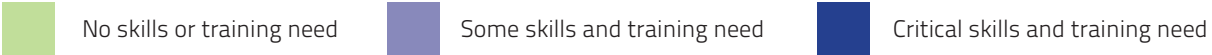
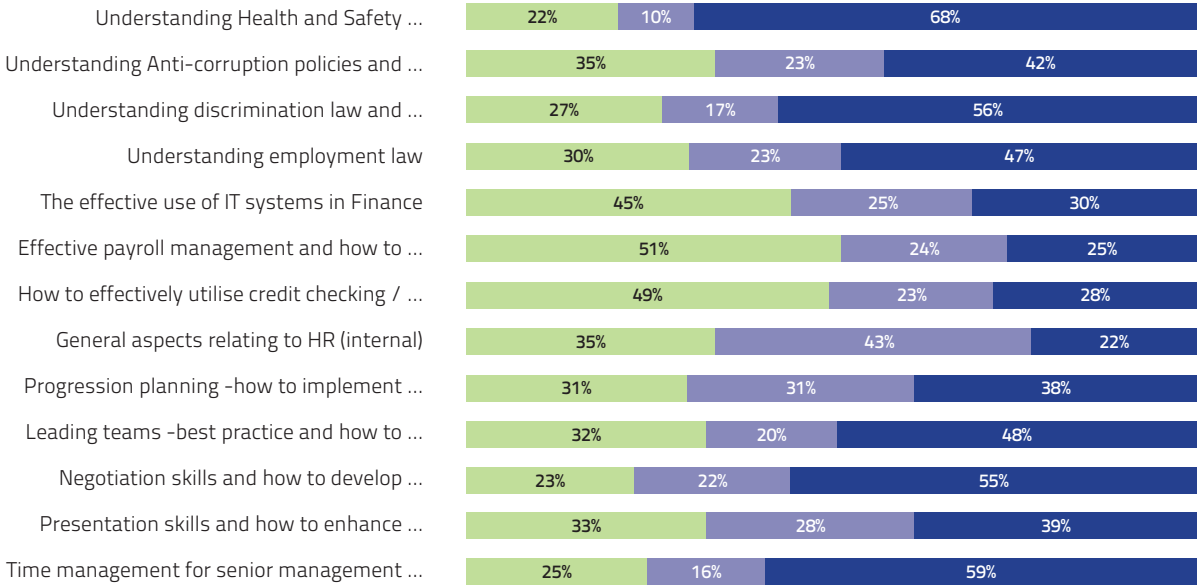
## Vehicle rental body repair technician

Awareness and understanding of panel replacement techniques repair and replacement was the only skills and training need identified against this job role.

## Rental operator/receptionist/reservation agent

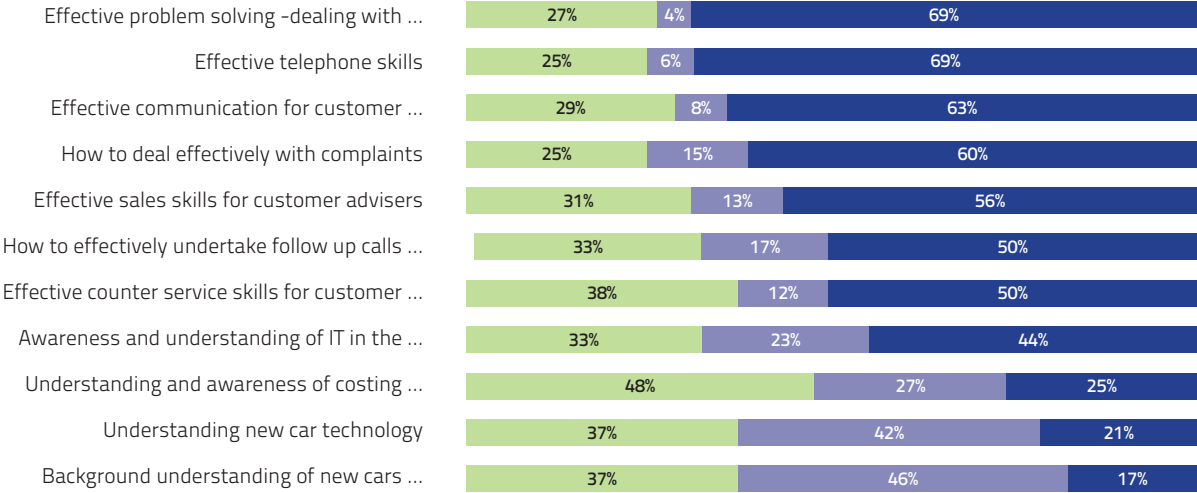


# Management staff





# Customer service staff



No skills or training need
  Some skills and training need
  Critical skills and training need

# Annex 2:

## Focus group attendees

The focus group for rental and leasing met in September 2011 and comprised representatives from the following organisations:

- INCHCAPE Fleet Solutions
- Practical Car & Van Rental
- Ryder UK
- FIMTRAC



