Preparing for the future:

Understanding the skills & training needs of the automotive retail sector

Fast fit

THE INSTITUTE OF THE MOTOR INDUSTRY

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Contents

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 business 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, 876 employers took part in the telephone interviews (100 from each sub-sector were targeted) 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 fast fit sub-sector, the first phase of research involved in-depth interviews with five 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 10 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 data on skill needs are based on 25 responses as a further 15 responses were completed online. 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 report that trading conditions remain challenging, with 54% of companies experiencing 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.

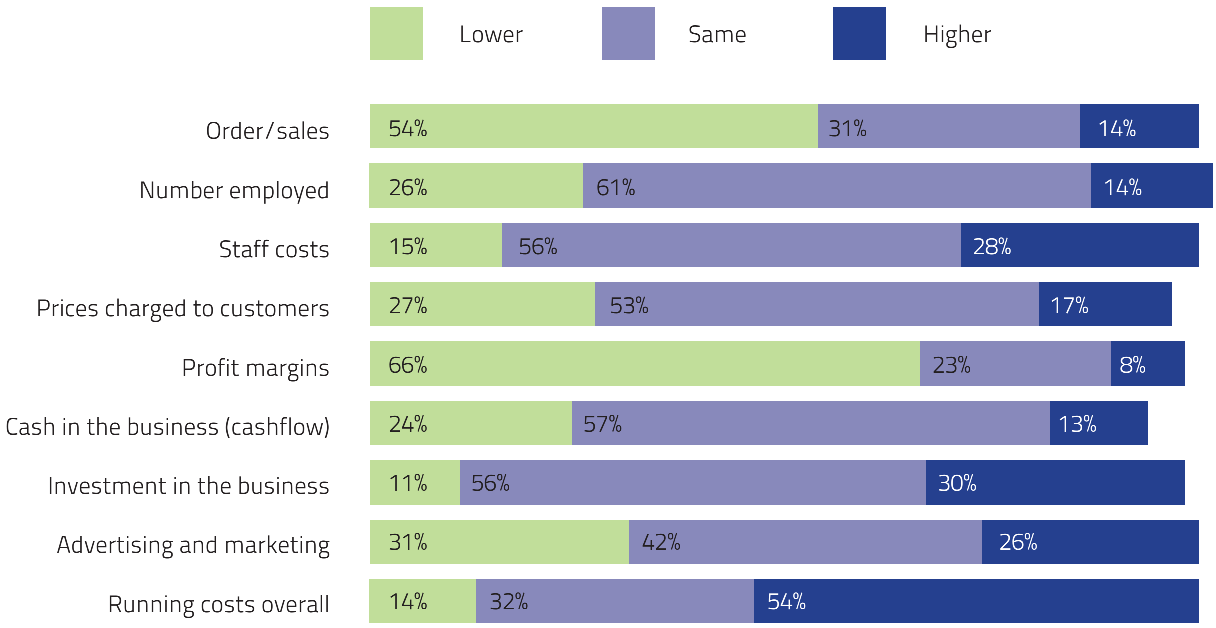


Table 1. Business performance in last 6 months, compared with previous 6 months
Source: IMI State of the Sector (July 2011)

Respondents to this research were asked which issues affected their overall business most. It was clear that three issues 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). However, a fall in car sales may have the impact of increasing fast fit sales.
- The relentless drive in technology development across all vehicle types.

Across the whole 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 that 1% of all businesses (See table 2 below). Given the make up of the 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)

Having experienced great difficulties in obtaining sub-sector business and workforce data in the format that the sector uses, e.g. the breakdown of vehicle maintenance and pair in to autoglazing, fast fit, vehicle inspection, roadside assistance and recovery, accident repair and light and heavy vehicle, it is not possible to state reliable government data on numbers of businesses and staff. According to the BMG telephone interview data, across the fast fit sub-sector there are approximately 2,000 businesses employing 12,000 staff[1]. Of those, surveyed, all are micro businesses employing between 1 and 10 people. However, there are a number of large national employers in the fast fit sub-sector.

[1] Source BMG telephone interviews September 2011

Fast fit 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 this sub-sector, with the main reason for recruitment difficulties being the lack of people with the right skills and for the fast fit sub-sector, the right pay and conditions.

The fast fit sub-sector offers services including tyre replacement and repair, exhausts, batteries, brake repair and replacement, vehicle servicing and MOTs.

General servicing is a growth area for the sub-sector with many companies expanding their offering to fleet managers.

The majority of automotive businesses surveyed employ no more than 10 people on site with all of fast fit businesses falling into this category. 50% of fast fit businesses have just one site, with the remaining 50% having more than one. Of those surveyed in the fast fit sector, there were no multi site businesses with 250+ staff. In the fast fit sector 90% of businesses are independent with the remaining 10% having a single franchise or dealership[2]. See table 3 overleaf.

[2] Source BMG telephone interviews September 2011

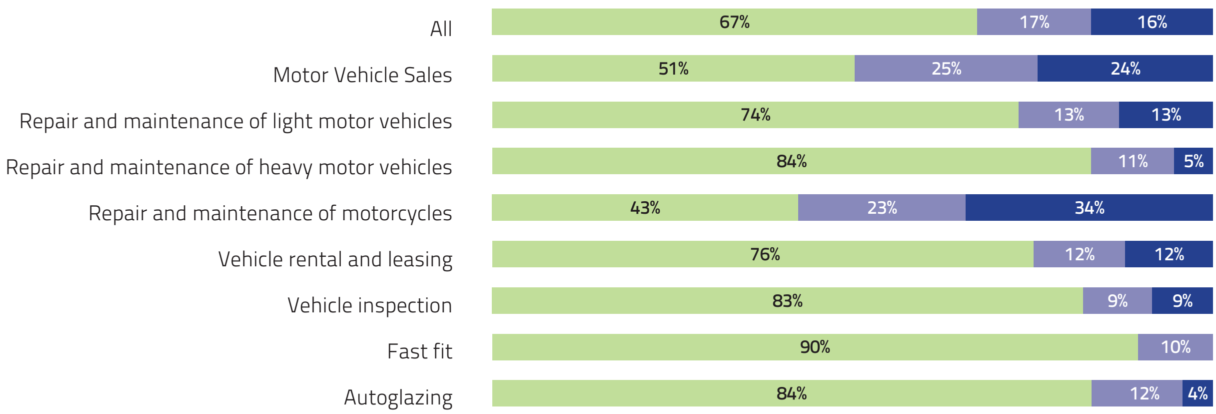


Table 3. Proportion of businesses that have franchise or dealership arrangements, by sector (excludes Parts distribution and Roadside assistance and recovery)
Source: BMG sample telephone interviews

Independent   Single franchise/dealership   Multiple franchise/dealership

When asked about training, an impressive 70% of businesses have provided some formal training in the last two years. 50% expect to provide training over the next two years.

Only 30% of the fast fit sub-sector has a structured training and development programme for their staff, and only 10% have a training budget.

Training occurs predominantly when it is felt necessary to train with 70% of fast fit businesses using this approach. Across the whole of the sub-sector relatively few organisations train staff informally and/or when they have to.

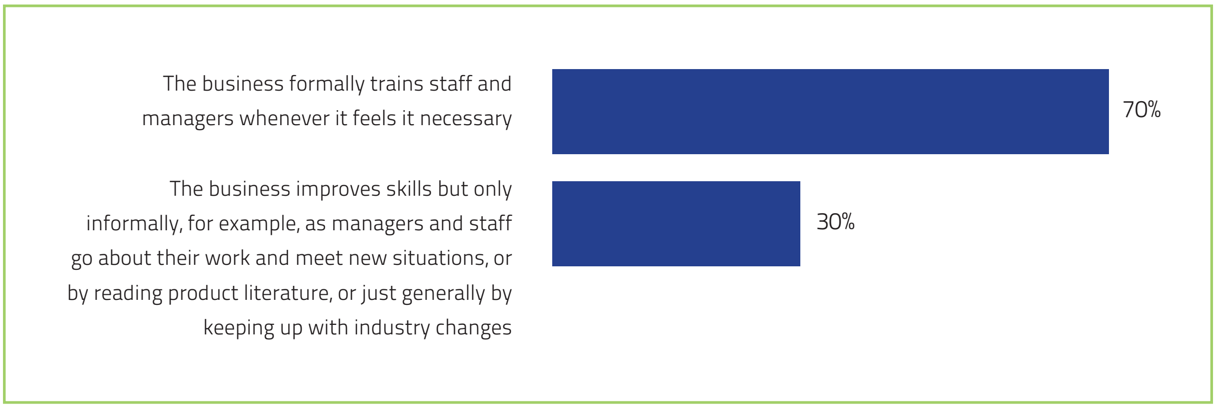


Table 4. Involvement in training
Source: IMI quantitative telephone interviews September 2011

This shows significant training activity across the fast fit 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.

Turning to business plans, only 40% of businesses in the fast fit sub-sector have a business plan, this is the second lowest incidence across the automotive retail sub-sectors. This is a similar picture to training plans with only 30% of businesses in the sub-sector having one. This is the lowest incidence of training plans of any of the automotive sub-sectors. Only 10% of businesses have a training budget, again the lowest figure across the sub-sectors.

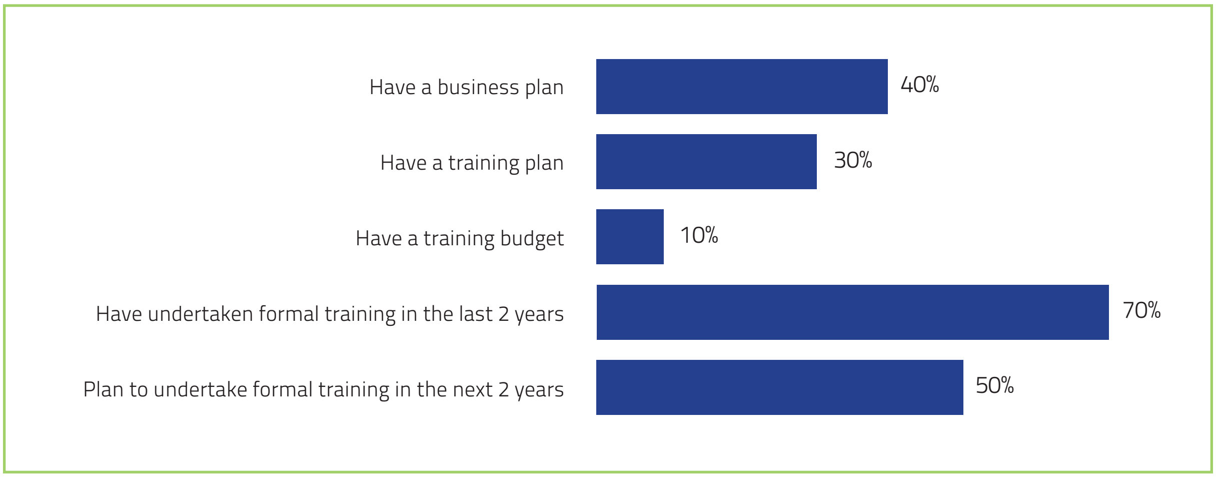


Table 5 Planning – fast fit
Source: IMI quantitative telephone interviews September 2011

It should be noted however, that not having a training plan or budget does not preclude training from taking place in the fast fit sub-sector.

Qualitative in-depth interviews

Qualitative research was carried out with five businesses within the fast fit 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 fast fit sub-sector.

Technician

- Health and safety methods/procedures when working with oils – environmental considerations
- Identifying different grades of oil – selecting the right oil (applying technical data for specific vehicles)
- Understanding new technologies for braking system – electronic handbrake
- Using diagnostic fault code readers – understanding fault codes associated with ABS / ARS
- Effective glass repair / installation skills
- Understanding new battery and testing technology (as well as new vehicle charging systems/ SMART charging systems.
- Working safely with hybrid and high voltage electric vehicles
- How to identify worn/unserviceable components across a range of different system types (vehicle inspection/appraisal)
- Effectively using wheel alignment equipment (Understanding vehicle wheel alignment, the principles, measuring, diagnosing)
- Understanding new technologies in suspension systems – electronic control
- Identifying faults through tread wear patterns
- How to balance wheels
- Understanding advanced technologies used in exhaust systems, EGR, catalytic converters
- Understanding new tyre technology
- Safety aspects in fitting and repairing
- Understanding tyre type information – fitting the right tyres, explaining tyre makes to customers
- How to balance wheels
- Understanding the causes of uneven tyre wear – particularly tread patterns

Management staff

- Developing effective communication within the team
- Effective decision-making for managers
- People management – team working, motivation, recruitment, appraisals, delegation, discipline, managing targets
- Developing effective time management for managers
- Developing an effective marketing function
- Effective ways to gain repeat business – driving a 'customer care' culture in the business
- Effectively managing company-wide targets through the daily targets of staff
- Maintaining positive customer relations/dealing with complaints
- How to make a profit running an efficient department
- Understanding health and safety legislation and applying it
- Developing effective IT skills for managers
- Effective report writing
- Effective handling/procedures for staff shortages
- Effectively managing wages and bonuses of staff
- Developing awareness and understanding of company law, laws that affect the business
- Effectively managing meetings – conference calls
- Having good product knowledge and awareness – new car and technology
- Understanding the business – how this fits in the industry structure
- Managing accounts/books

Customer service staff

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

Skills needs across the fast fit 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 the development of new electronic applications particularly relating to shock absorbers, electric vehicles (particularly the engine and gear box), air conditioning developments, emissions (as the law changes), exhaust training (as the law changes), new gas recirculation valves, nitrogen filled tyres, rolling resistance tyres, gel filled batteries, diagnostics relating to electric handbrakes.

The relentless drive in technology development 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 fast fit 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: critical need, some need or no need.

This survey quantified the initial set of responses and identified a potential set of skills and training needs that were seen as (i) critical, (ii) of some need, or (iii) 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 10 interviews were conducted with employers and business owners across the fast fit sub-sector. The vast majority were independent organisations employing between 2 - 50 people. Data on skill needs is based on 25 interviews as a further 15 questionnaires were completed online.

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

Focus groups and web survey

Focus group

The fast fit focus group was held in September 2011 and comprised representatives from employers and one training provider.

The main agenda for these group meetings was to validate or not, the findings from the qualitative and quantitative telephone interviews. For the fast fit sub-sector, the main changes highlighted by the focus group were in the technical areas, with management and customer care roles remaining virtually unchanged.

Some of the other main issues from the group included concern over literacy and numeracy skills for new starters, skills needs being concentrated within smaller companies, and the requirement to invest in technology to keep pace with the rapid changes within the sector. The group also discussed the requirement for technicians to have improved customer care skills.

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 fast fit 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 fast fit sub-sector there were very clear and unambiguous outcomes in terms of criticality and the web survey responses have been collated into the telephone survey results.

Prioritised skills and training needs for the fast fit 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 fast fit sub-sector. The top five have been ranked where more than five skills needs appeared. They are been ranked in order of criticality with 1 seen as the most critical.

Technician

1. Understanding new technologies for braking systems – electronic handbrake.
2. Using diagnostic fault code readers – understanding fault codes associated with ABS and/or active suspension.
3. Suspension and wheel alignment: How to identify worn or unserviceable components across a range of different system types.
4. Oil changes: health and safety methods/procedures when working with oils – environmental considerations.
5. Oil changes: identifying different grades of oil – selecting the right oil (applying technical data for specific vehicles).

Management staff

1. Having good product knowledge and awareness – new car technology within the sector.
2. People management – team working, motivation, recruitment, appraisals, delegation, discipline, managing target.
3. Effective ways to gain repeat business – driving a customer care culture in the business.
4. Understanding health and safety legislation and applying it.
5. Developing awareness and understanding of company laws, laws that affect the business.

Customer service staff

1. Effective telephone skills.
2. Effective communication skills.
3. Effective sales skills.
4. Effective counter skills.
5. Effective problem solving – dealing with customers to ensure their needs are met.

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 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[3].

It seems that the commitment to train and develop staff is ingrained within the fast fit sub-sector, as the demands of changing technology and legislation are ever present. Incidence of formal training is still high at 70% across all businesses. However, this is the second lowest rate of formal training across the sub-sectors. Predicted training levels are also low at 50%. Anecdotal evidence suggests that this may be related to a high staff turnover in the fast fit sub-sector.

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 this research to ensure that training is relevant and up to date, meeting the needs of the whole sector.

As the SSC the IMI will focus on developing skill solutions across job roles, against 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. Therefore, solutions to the following skills needs will be progressively developed over the next 12-months:

Technician

- Suspension and wheel alignment: Understanding new technologies in suspension systems – electronic control.
- Brakes: Using diagnostic fault code readers – understanding fault codes associated with ABS and/or active suspension.

In addition, for management staff the following was a critical skill need across all automotive retail sub-sectors.

- Understanding and awareness of health and safety legislation.
- People management/how to keep staff effective (eight sub-sectors including fast fit).

[3] www.theimi.org.uk/information/roi-ata.html

For customer service staff the following were critical skill 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.

In the fast fit sub-sector only 10% of businesses had a training budget.

We commit to work with partners to:

- Develop high quality, cost effective training.

The fast fit sub-sector has the lowest incidence of training plans at 30% and the second lowest incidence of business plans at 40%.

- We will continue to work with businesses to advocate the use of business and training plans.

In the fast fit sub-sector, 67% of businesses surveyed feel that training is not available in their area. The same percentage felt that training would not improve business performance.

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.

The fast fit sub-sector has a high awareness of the IMI at 80%.

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

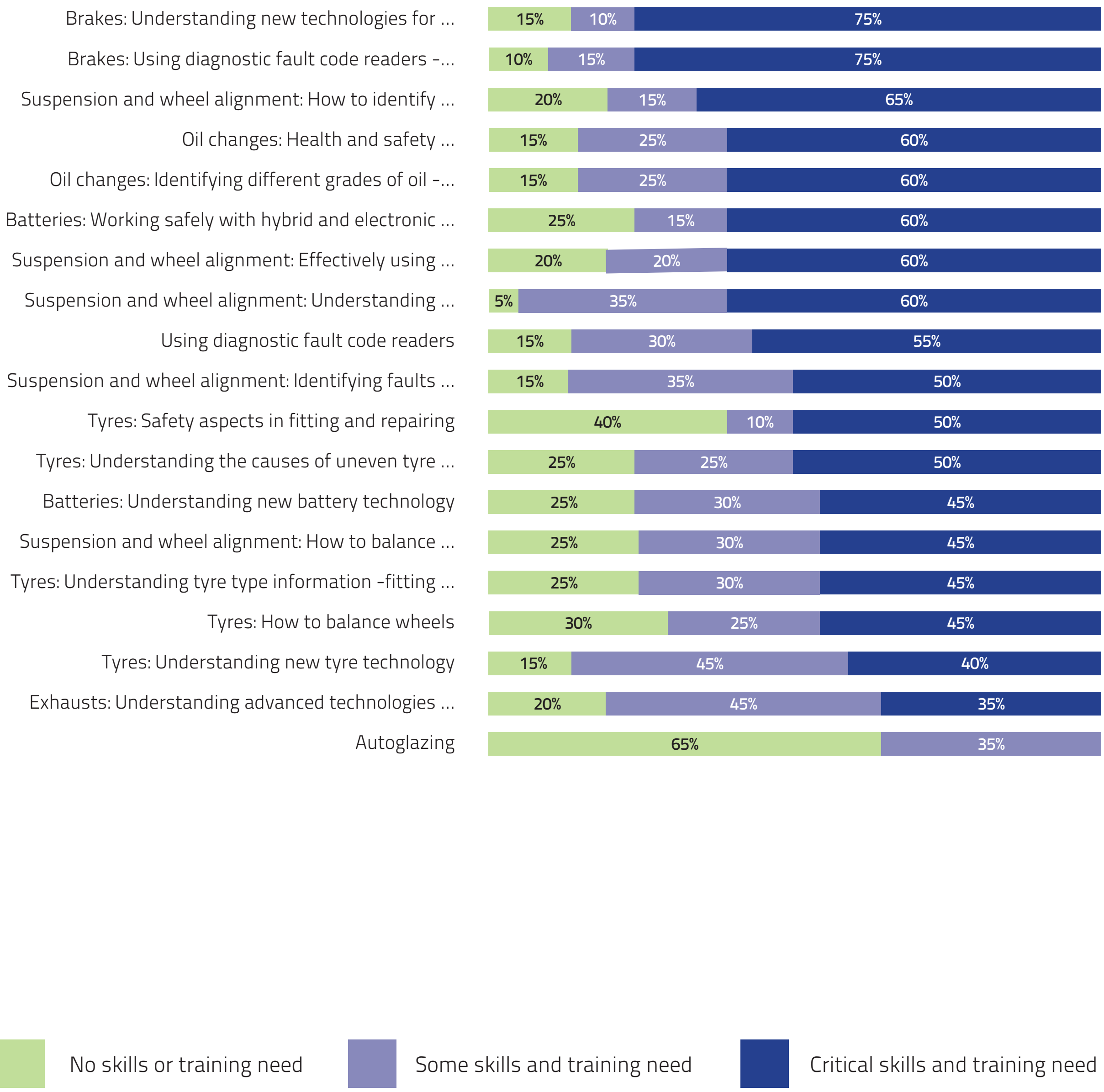
We would like to express our gratitude to the employers and stakeholders who committed time to participate in the fast fit part of this research project.

Annex 1:

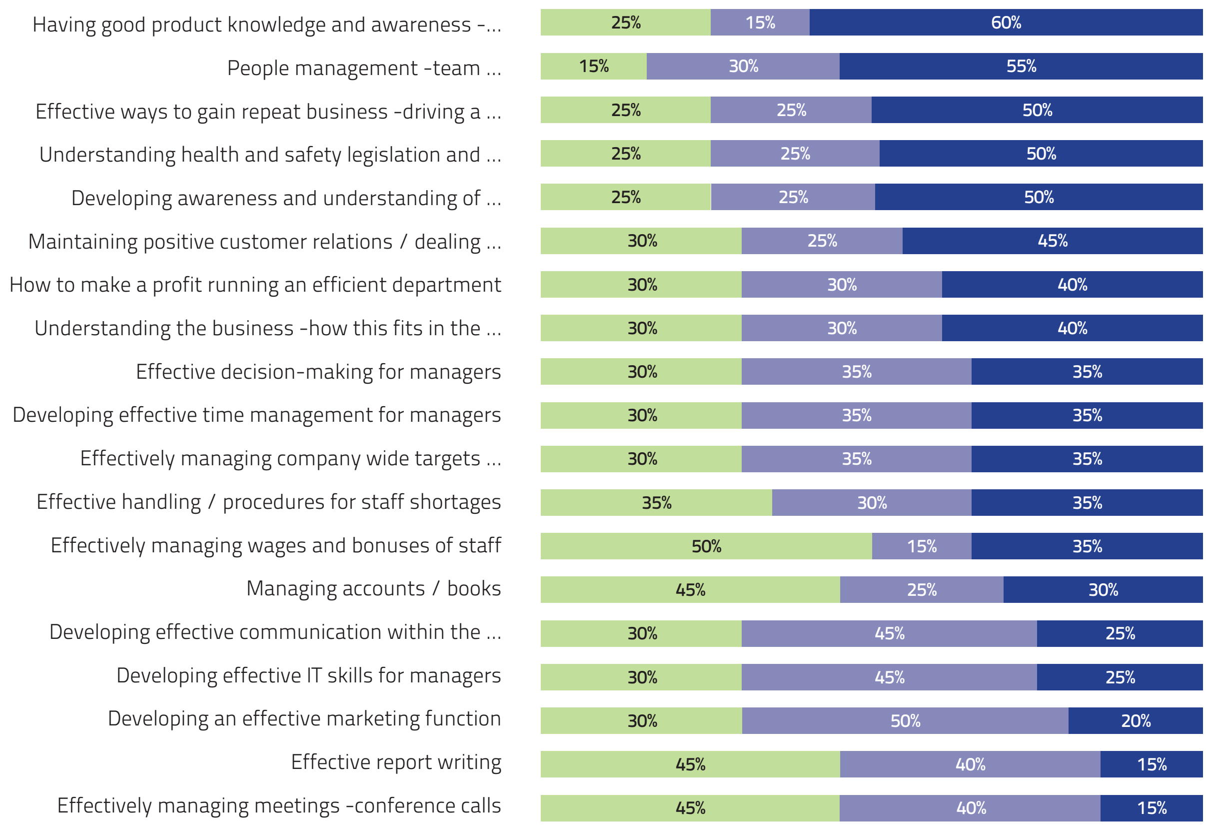
Skills and training needs by job role and priority

Given below are the detail percentage results of the quantitative telephone survey carried out for the fast fit sub-sector.

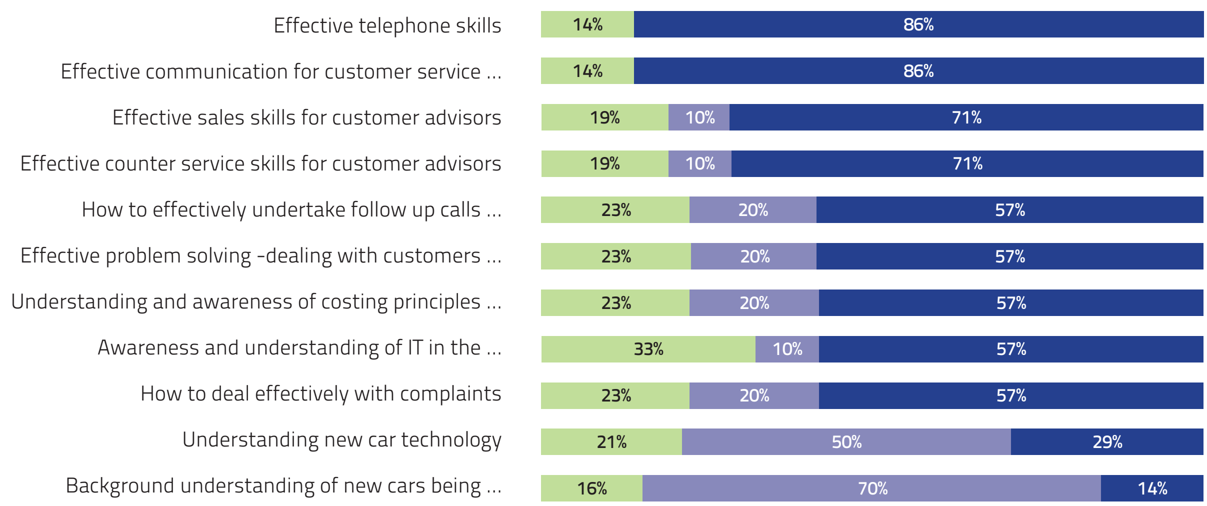
Technicians



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 fast fit met in September 2011 and comprised of representatives from the following organisations:

- Babcock
- KWIK FIT
- Profit from Training Partnership Ltd
- MICHELDEVER

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