



Preparing for the future:

Understanding the skills & training needs
of the automotive retail sector

Motor vehicle sales



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Introduction

Purpose

Each year the Institute of the Motor Industry (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, 876 employers took part in the telephone interviews, with a target of 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 vehicle sales sub-sector, the first phase of research involved in-depth interviews with 27 employers. 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 132 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 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.

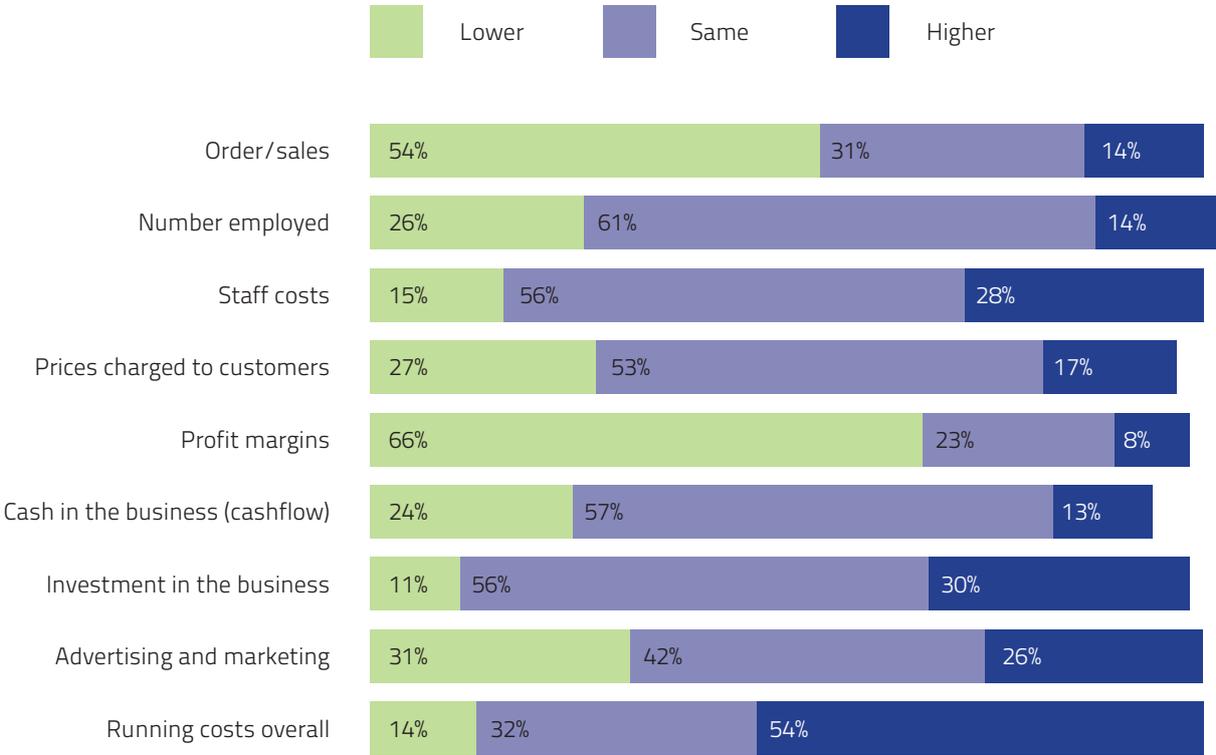


Table 1. Business performance in last 6 months, compared with previous 6 months
Source: IMI State of the Sector (July 2011)

Respondents to this current research were asked which issues affected their overall business, and 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)
- 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 – this accounts for just 38% of the total sector workforce. While 57% of all employment is concentrated in those companies that employ over 11 (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 vehicle sales sub-sector there are approximately 23,520 businesses employing 111,473 staff. The breakdown of businesses by size in vehicle sales is as follows:

	No. of businesses	% of all businesses
Micro (1-9)	19,230	81.76%
SME (10-249)	4,275	18.38%
Large (250+)	15	0.06%
TOTAL	23,520	100%

Table 3 - Breakdown of vehicle sales businesses by size. Source: IDBR 2010

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.

Just under half of vehicle sales automotive businesses interviewed employ no more than 10 people on site with 44% of vehicle sales businesses falling into this category. The number of people employed across the organisations interviewed within the vehicle sales sub-sector as part of the 1,000 telephone interviews (table 4 overleaf) shows that independents tended to be smaller with 69% employing between 2 and 10 people. Franchise companies tended to be larger with 82% employing 11 or more people. Of the sample, 60% of businesses operated from one site although this figure was 81% for independents and 38% for franchise operators. 51% of multi-site businesses surveyed in the automotive retail sector had more than 250 employees compared to 42% for the vehicle sales sub-sector businesses¹.

In vehicle sales 51% of businesses are independent².

¹ Source BMG quantitative telephone interviews September 2011

² Ibid

Vehicle sales businesses are more likely than other sub-sectors to employ more than 20 people at their site (30% compared with an average of 19% across all sub-sectors).³

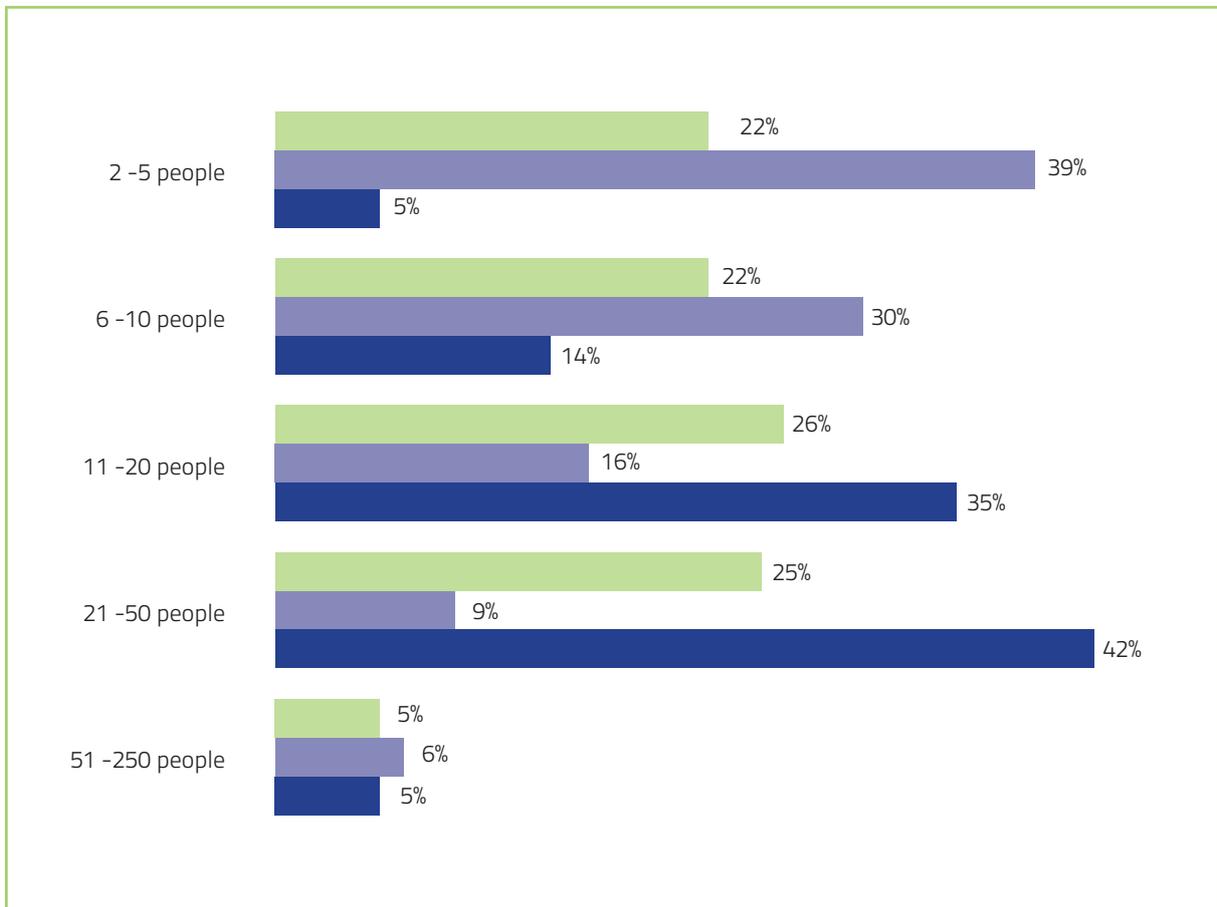


Table 4 Number of people at that site – Vehicle Sales sub-sector
Source IMI Quantitative Telephone Interviews September 2011

All
 Independent
 Franchise

³ Source BMG quantitative telephone surveys September 2011.

Vehicle sales 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.

The responses from the survey (Table 5, overleaf) show that business plans are more prevalent within franchise organisations, 82% compared to 49% for independents and 65% for the sample as a whole. The same breakdown applies to training plans, 85% of franchise organisations have a plan compared to only 33% of independents, and 58% for the sample as a whole. This again is reflected in the findings for organisations with a training budget, again 24% of independents and 77% of franchise.

Almost all (94%) franchise organisations have undertaken training in the last two years compared with 54% of independents. Finally 77% of franchise organisations plan to undertake training in the next two years compared to 37% of independents and 57% for the sample as a whole. However, this falls to only 26% for those businesses employing 1-10 staff.

The figures show training and business planning is more structured within franchised operators, which have the resource to plan ahead and schedule activity over longer time periods. On the other hand, the independents plan in a less structured way, possibly being more reactive to events and business pressures as they emerge. It should be noted that not having a training budget or plan does not preclude training activity from taking place within the vehicle sales sub-sector. (Table 5, below)

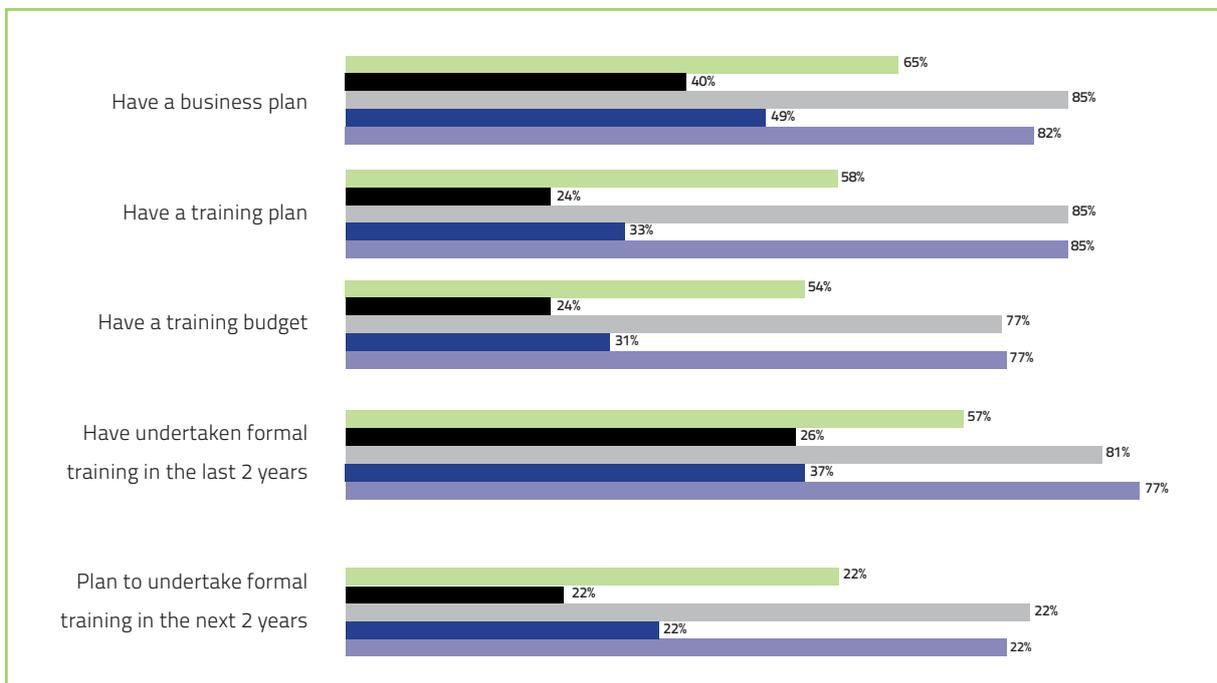


Table 5 Training practice – Vehicle sales sub-sector
Source IMI Quantitative Telephone Interviews September 2011

All
 1-10
 11+
 Independent
 Franchise

The data in Table 6 (below) shows that on average 35% of the vehicle sales sub-sector has a structured training and development programme for their staff, but this breaks down to 54% of franchise organisations and those employing 11+ staff and only 16% of independents. A further 40% of all organisations only train when it feels it is necessary (45% of independents and 35% of franchise).

Across the whole of the sub-sector relatively few organisations train staff informally and/or when they have to.

These figures show a sub-sector that displays a clear difference between the large franchise operator and the smaller independents. Structured training takes place in both but is dominated by the franchise organisation. Independents are far less structured in their training provision, providing development opportunities when the need arises.

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.

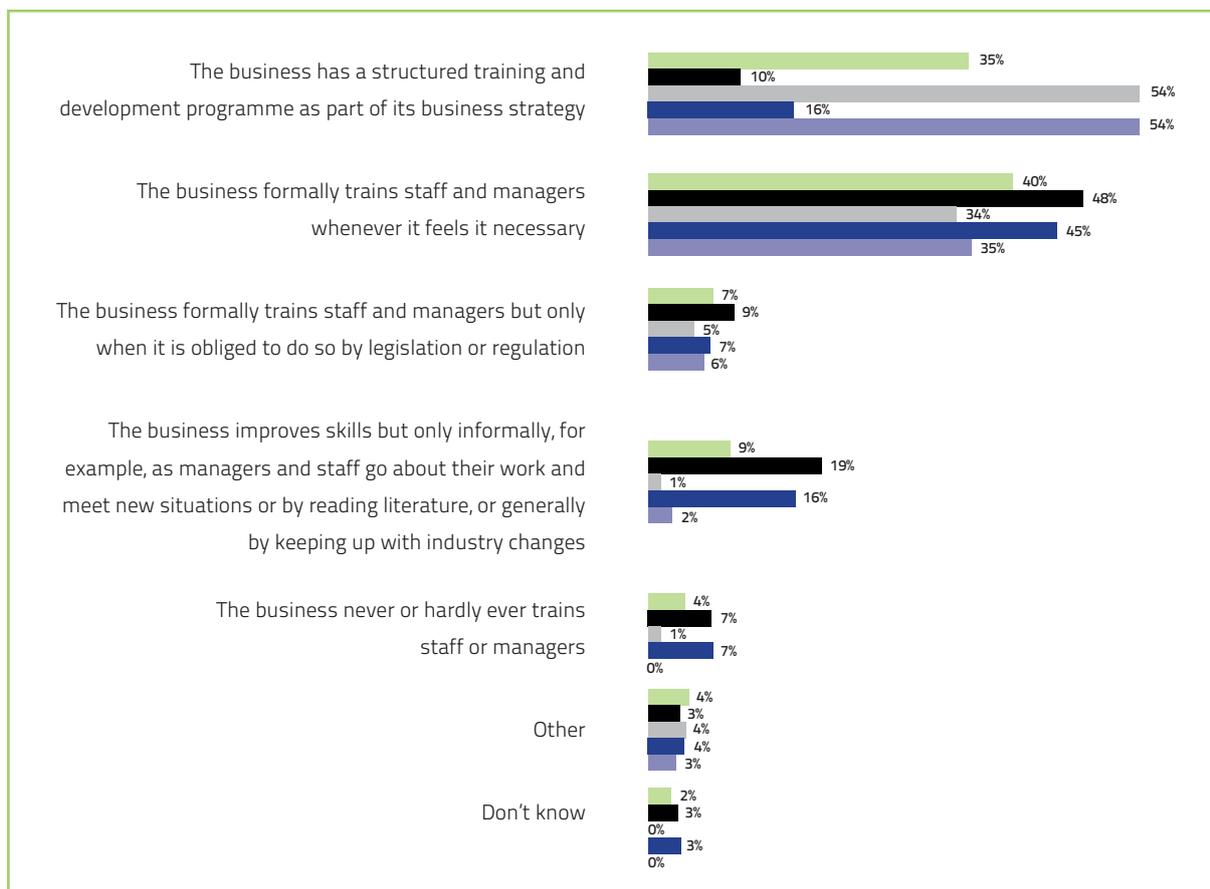


Table 6 Involvement in training – Vehicle sales sub-sector
Source IMI Quantitative Telephone Interviews September 2011



The main reasons given across the vehicles sales sub-sector for not training (Table 7, below) is that the business is small and staff are fully skilled (82%). This is followed by organisations that only recruit staff fully skilled (65%) and training courses being too expensive (47%). Interestingly 29% felt that training would not improve business performance.

These figures are difficult to interpret with 100% accuracy as the sample of employers not involved in training was relatively small, however they do show that some employers still need to be convinced of the business benefits of training within the vehicle sales sub-sector.

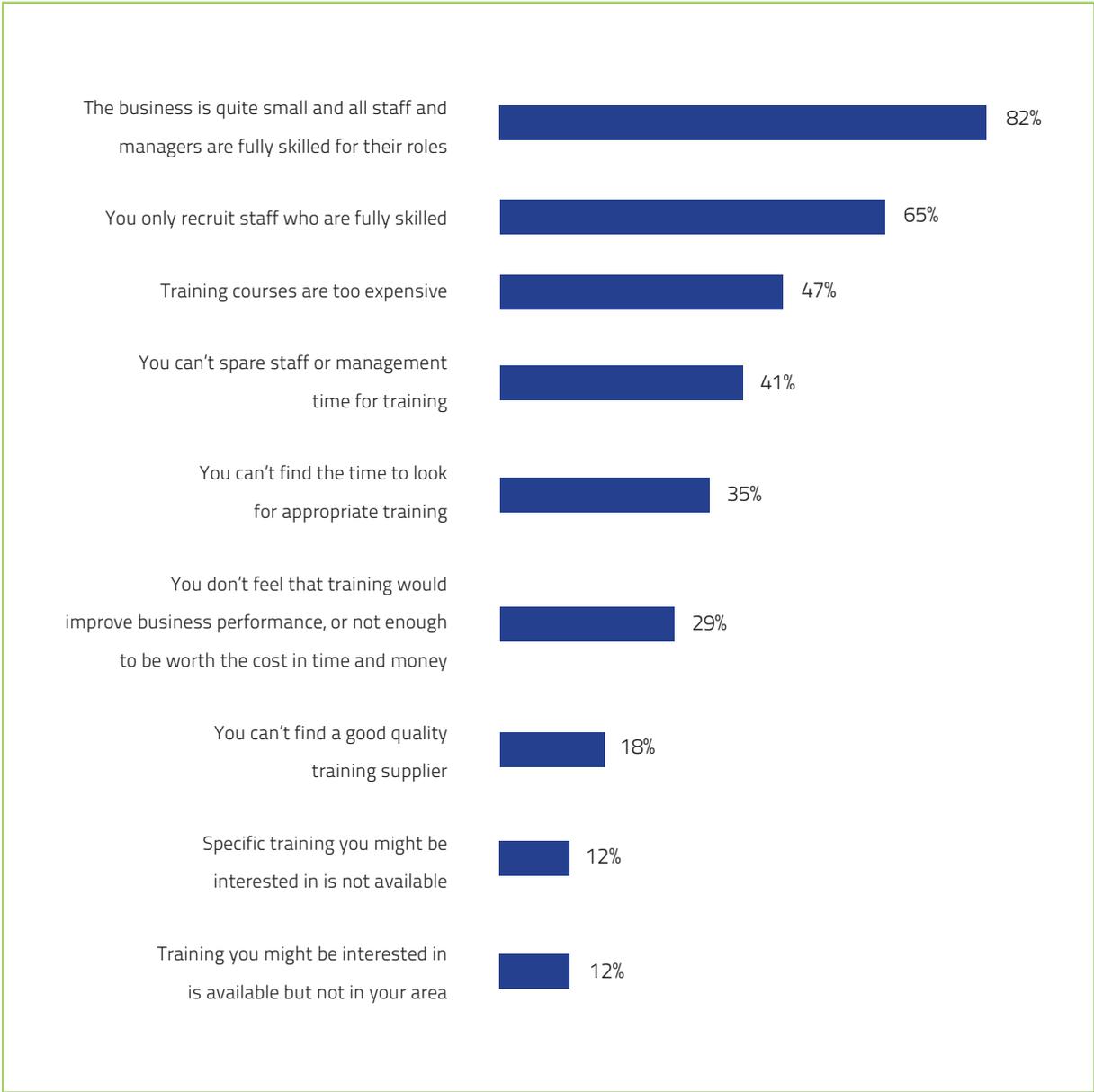


Table 7 Barriers to training – Vehicle sales sub-sector
Source IMI Quantitative Telephone Interviews September 2011

Qualitative in-depth interviews

Qualitative research was carried out with 27 businesses within the vehicle sales 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 a '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, Northern 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 vehicle sales sub-sector.

Sales executives

- Developing effective product knowledge – knowing the features, advantages, benefits and weaknesses of the product
- Efficient diary management
- Effective written and verbal communication
- Developing effective selling skills and ensuring the process is customer focused
- Understanding the limitations of telephone contact compared with face to face contact and how to compensate
- Developing active listening and linguistic skills, using clear, concise and compelling statements
- Working to time constraints and developing effective coping mechanisms
- Instilling confidence, trust and a willingness to proceed in customers via effective telephone techniques
- Developing an understanding of the value of part-exchange in the sales process, in terms of qualification, empathy, price and closing
- Understanding the importance of the part-exchange vehicle to the customer, in terms of buyer emotions and buying motives
- Effective coverage of legal, health and safety issues; accepting the part-exchange, the procedures and consequences involved
- Developing effective time management
- Effectively preparing the vehicle – what are the pre-requisites?
- Effectively defining the customer's expectations
- Effectively developing repeat and referral business
- Developing a general understanding of current finance and insurance models
- Understanding the legal implications of inaccurate or misleading information including issues regarding 'duty of care' and 'treating customers fairly'
- Understanding the features, advantages and benefits of finance and insurance products, for example customer purchasing power
- Understanding the financial importance of the finance and insurance products to the organisation e.g. targets, key performance indicators, customer satisfaction index and customer retention opportunity
- Understanding the opportunity presented by finance and insurance as part of the organisation earning potential
- Developing effective awareness and understanding of operating systems as appropriate including finance, prospecting databases and CRM
- Developing the ability to conduct structured disciplined data handling, including with regard to prospecting and order management

- Developing an understanding of Customer Satisfaction Indices and Staff Satisfaction Indices
- Developing effective knowledge of the competitor offer – the features, advantages, benefits and weaknesses
- Understanding of product positioning in the current market place with reference to emissions, tax, performance, safety and utility
- Developing cross selling techniques – the opportunity to promote the organization e.g. the service department
- Developing an awareness of the brand
- Effectively explaining the invoice
- Developing the ability to manage colleagues across departments
- Maximizing available resource through organisational skill and knowledge
- Developing an understanding of schedules and priorities across departments within the organization

Management staff

- Developing effective communication within the sales team
- Understanding customer legislation within the sector
- Awareness and understanding of new models and changes in technology e.g. Hybrid / electric vehicles
- Understanding how the different parts of the business link together to ensure the business is effective
- Effective decision-making for managers, understanding the business base
- People management – team working, motivation, recruitment, appraisals, delegation, discipline, prioritising, 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
- Maintaining positive customer relations/dealing with complaints
- How to make a profit running an efficient department
- Developing effective IT skills for managers
- Developing awareness and understanding of company law, laws that affect the business
- Having good product knowledge and awareness – new car and technology
- Understanding the business – how this fits in the industry structure
- Managing accounts/books
- Understanding customer finance routes, credit checks
- Effective report writing
- Effective handling/procedures for staff shortages
- Effectively managing wages and bonuses of staff
- Effectively managing company-wide targets through the daily targets of staff
- Effectively managing meetings – conference calls
- Understanding health and safety legislation and applying it

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 sales skills for customer advisers
- Effective communication for customer service advisers
- Awareness and understanding of IT in the workplace, general computer literacy invoicing, accounts, booking
- How to deal effectively with complaints
- Effective counter service skills for customer advisers
- Developing an understanding of customer service satisfaction measurement and reporting
- Effective telephone skills for customer advisers, how to collect the right information and link with other teams
- Understanding and awareness of costing principles for repair
- Understanding new car technology
- Background understanding of new cars being introduced, product knowledge and awareness

Skills needs across the vehicle sales 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

- Future changes in legislation (in terms of controlling the sales process)
- Changes to the regulations laid down by the Financial Services Act
- Higher levels of customer service expected for more cost conscious customers
- Time management (to ensure staff/systems become professional)
- Keeping abreast of technical changes to vehicles
- Dealing with more informed customers used to accessing information from the internet
- Higher expectations from manufacturers
- More concentrated focus on training for sales managers to reflect the trend towards more involvement.

One of the most striking features of the survey has been the references to new technology made in the in-depth interviews, across all sub-sectors. It is clear that respondents are aware of a significant change in the underlying make up of vehicles, in particular the impact of advanced electronics both within the overall management and performance of the engine, and also across the brakes, gearbox, suspension and interior 'comfort management systems'. This development impacts on how the modern vehicle works, how it needs to be maintained and serviced, and how it needs to be repaired in the event of an accident. For people working within the sector this development has significant implications.

For managers modern employment law is expected to change quite dramatically, especially human rights, discrimination and bribery policies. There are also likely to be changes in the way organisations communicate with customers, for example, internet, web, apps etc. There is expected to be a greater emphasis on sales across all levels and roles and a growing requirement for managers to keep up to date with human resources legislation and health and safety.

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 vehicle sales 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 132 interviews were conducted with employers and business owners across the vehicle sales sub-sector.

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

Focus groups and web survey

Focus group

The vehicle sales focus group was held in September 2011 and comprised representatives from vehicle sales employers and training providers. The main agenda for these group meetings was to confirm the validation of the findings from the qualitative and quantitative telephone interviews. For the vehicle sales sub-sector, this particular focus group raised no issues with the outcomes of either sets of interviews. The focus group confirmed the skills and training needs of the vehicle sales 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 vehicle sales 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 vehicle sales sub-sector there were very clear and unambiguous outcomes in terms of criticality and therefore the outcomes of the web survey were not needed.

Prioritised skills and training needs for the vehicle sales sub-sector

As a result of the three-stepped approach outlined above, the following sets of skills and training needs were identified as critical to the vehicle sales sub-sector. They have been ranked in order of criticality with 1 seen as the most critical.

Vehicle sales executives

1. Developing effective selling skills and ensuring the process is customer focused
2. Understanding the legal implications of inaccurate or misleading information including issues regarding 'duty of care' and 'treating customers fairly
3. Effective written and verbal communication
4. Effectively developing repeat and referral business
5. Use effective telephone techniques in order to instil confidence, trust and willingness to proceed with a sale

Management staff

1. Maintaining positive customer relations/dealing with complaints
2. How to make a profit running an efficient department
3. Effective ways to gain repeat business – driving a customer care culture in the business

4. Understanding how the different parts of the business link together to ensure the business is effective
5. Understanding health and safety legislation and applying it

Customer service staff

1. How to deal effectively with complaints
2. Effective problem solving – dealing with customers to ensure their needs are addressed
3. How to effectively undertake follow up calls following service/sales
4. Effective telephone skills for customer advisors, how to collect the right information and link with other teams
5. Effective communication for customer service advisors

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 annum⁴.

It seems that the commitment to train and develop staff is engrained within the vehicle sales sub-sector, as the demands of changing technology and legislation are ever present. Incidence of formal training is high at 73% 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 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.

For sales executives the following were critical skills needs.

- Developing effective selling skills and ensuring the process is customer focused.
- Developing an understanding of schedules and priorities.

For management staff the following were critical skills needs.

- Developing an awareness of company law and laws that affect the business.
- People management.

For customer service staff the following were critical skills needs.

- How to effectively undertake follow-up calls following service/sales.
- Effective sales skills.

⁴ www.theimi.org.uk/information/roi-ata.html

In addition, for management staff the following were critical skill needs across all automotive retail sub-sectors.

- Developing awareness and understanding of company procedures.
- How to make a profit running an efficient department.
- Understanding and awareness of health and safety legislation.

For customer service advisors 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 vehicle sales sub-sector, 77% of those businesses surveyed had a training budget (the highest incidence of any of the sub-sectors), however, this falls to 33% for independents and 24% of those businesses with 1-10 staff. 29% of all businesses surveyed felt that training would not improve business performance. 47% of those surveyed felt that training was too expensive.

We commit to work with partners to

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

64% of businesses would use online training delivered via the internet, 44% would use distance learning using manuals or CDs.

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.

58% of all vehicle sales businesses have a training plan but this reduces to only 24% for small and medium sized enterprises.

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

The vehicle sales sub-sector demonstrates a high awareness of IMI at 85%.

- As the SSC we will work to build on the awareness of the IMI in the sub-sector and the awareness of skills solutions as being necessary for successful businesses.

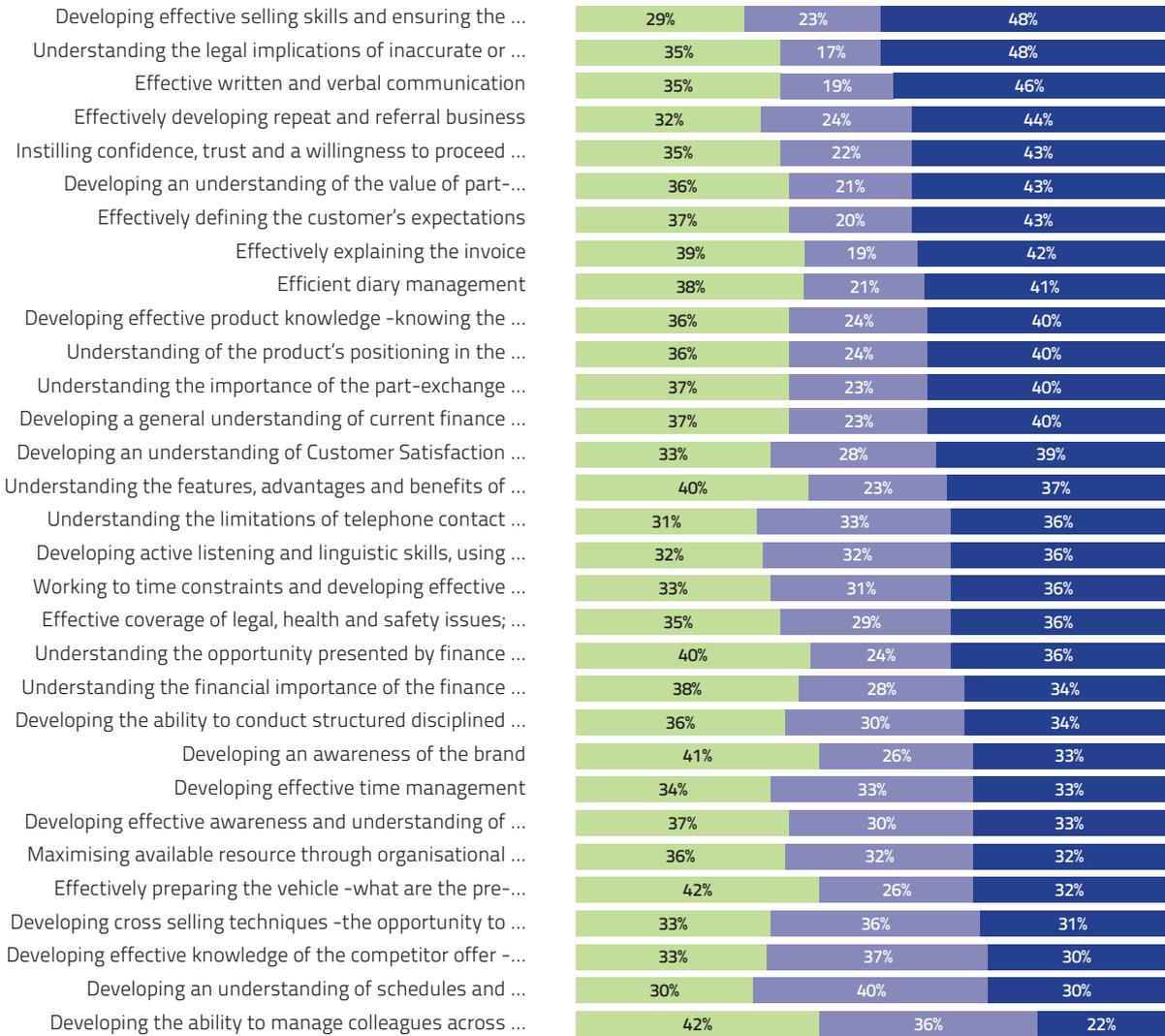
We would like to express our gratitude to the employers and stakeholders who committed time to participate in the vehicle sales part of this research project.

Annex 1:

Skills and training needs by job role and priority

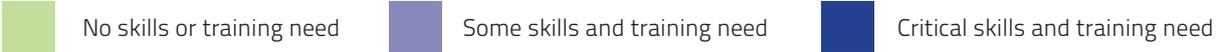
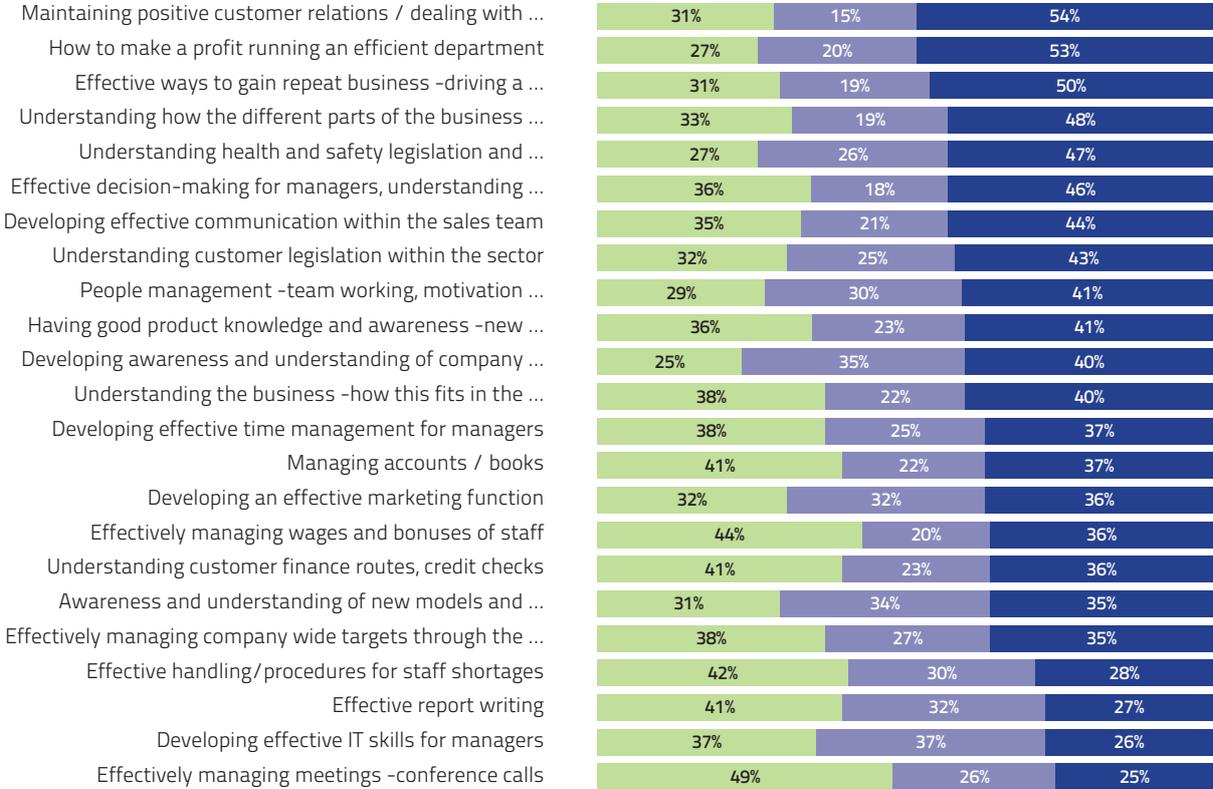
Given below are the detailed percentage results of the quantitative telephone survey carried out for vehicle sales sub-sector.

Sales executives



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

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 vehicle sales took place in September 2011 and comprised of representatives from the following organisations:

- RIVE Software Solution Limited
- EMARBY Consulting
- Manheim Auctions
- BULSTRODE Garages Limited
- Par Training

