



Preparing for the future:

Understanding the skills & training needs
of the automotive retail sector

Distribution or sales of motor vehicle parts



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Contents

04	Introduction
04	Purpose
05	Methodology
06	Background
09	Vehicle parts and distribution business approach to staff training and development
13	Qualitative in-depth interviews
14	Job-role specific skills needs
16	Skills needs across the sub-sector over the next two years
17	Quantitative telephone survey
17	Focus groups and web survey
17	Focus group
17	Web survey
18	Conclusions
19	Prioritised skills and training needs for the vehicle parts and distribution sub-sector
20	Recommendations
22	Annex 1: Skills and training needs by job role and priority
26	Annex 2: Focus group attendees

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 parts and distribution sub-sector, the first phase of research involved in-depth interviews with 15 employers. The nature of qualitative interviewing allows conclusions to be drawn from small samples; essentially it is answering the 'what' and the 'why' questions and not quantifying the response at this stage. In the second phase of the research 152 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 and/or sales and 21% predicting higher sales.

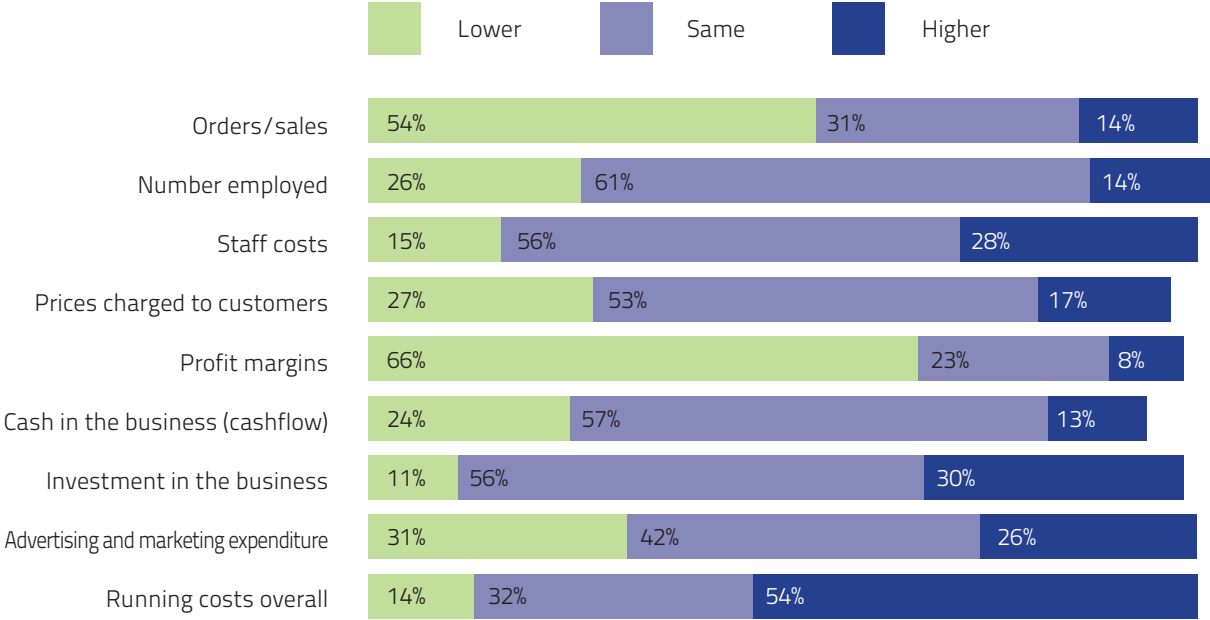


Table 1. Business performance in last 6 months, compared with previous 6 months
Source: IMI State of the Sector (July 2011)

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 whole automotive retail sector, 85% of businesses are micro, employing less than ten 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. See Table 2 (below). Given the make-up of the automotive retail sector, we are confident that our telephone research was targeted at 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 parts and distribution sub-sector there are approximately 11,500 businesses employing 71,096 staff. The breakdown of businesses by size in distribution or sales of motor vehicle parts is as follows:

	No. of businesses	% of all businesses
Micro (1-9)	8,910	77.5%
SME (10-249)	2,580	22.5%
Large (250+)	10	0.09%
TOTAL	11,500	100%

Table 3. Breakdown of 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.

Of the vehicle parts and distribution businesses interviewed, 47% employ no more than 10 people, 26% employed between 11 and 20, 26% employed between 21 and 50 and only 2% employed 51 to 250 people. Parts distribution businesses are more likely than other sub-sectors to employ more than 20 people at their site (28% compared with an average of 19% across all sub-sectors).¹

¹ Source BMG quantitative telephone surveys September 2011.

The number of people employed across the organisations interviewed as part of the telephone interviews (Table 4 below) shows an even split between smaller and larger firms, with 31% of the sample employing 2 - 5 staff, 26% employing 11 - 20 and 26% 21 - 50 staff.

Of the sample of vehicle parts and distribution business 52% operated from one site.

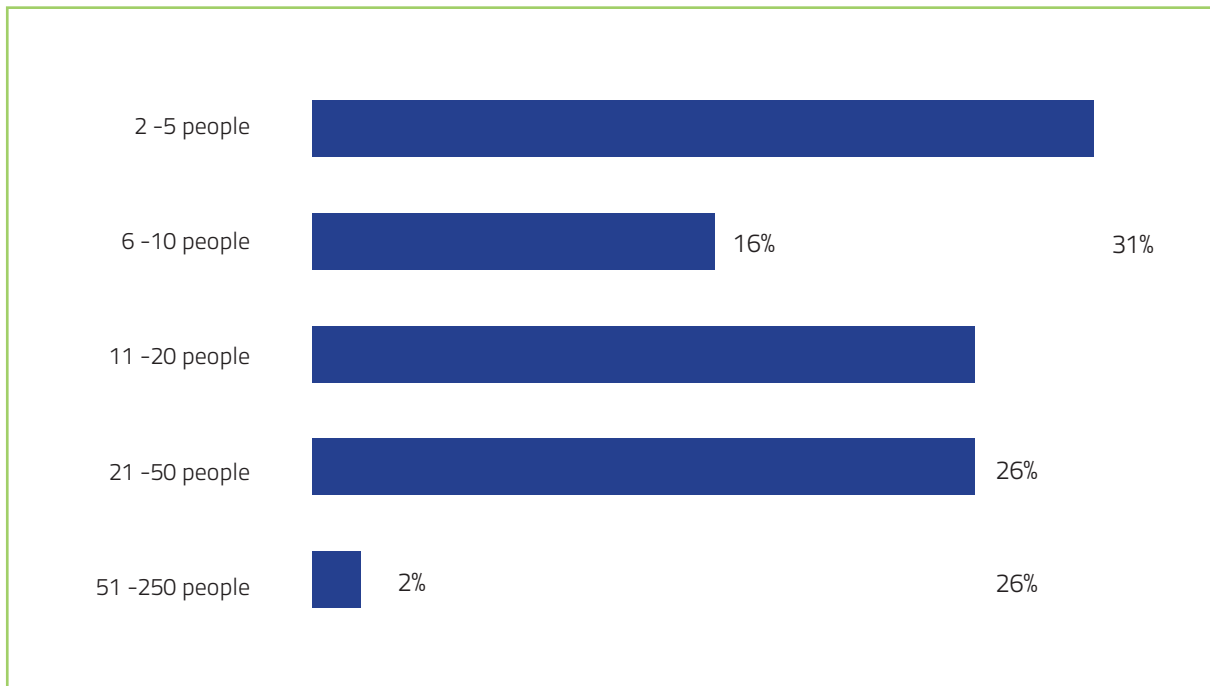


Table 4 Number of people at that site
Source IMI quantitative telephone interviews 2011

Vehicle parts and distribution 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.

Business plans are more prevalent within larger businesses with 79% compared to 37% for businesses employing 1-10 staff and 59% for the sample as a whole.

There is a similar split regarding training plans - 75% of larger businesses have a plan compared to only 35% of those employing 1- 10 and 57% for the sample as a whole. This is reflected in the findings for organisations with a training budget - 21% of smaller businesses and 57% of those employing 11+ staff.

Almost all (93%) larger businesses have undertaken training in the last two years compared with 66% of smaller businesses. Finally, 74% of larger businesses plan to undertake training in the next two years compared to 38% of those employing 1-10 staff. In summary, 57% of the parts distribution and supply sub-sector plans to provide training in the next two years. (Table 5 below)

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 sub-sector.

The data shows that training and business planning tends to be more structured within larger operators who will have the resource to plan ahead and schedule activity over longer time periods. On the other hand, the smaller businesses plan in a less structured way,

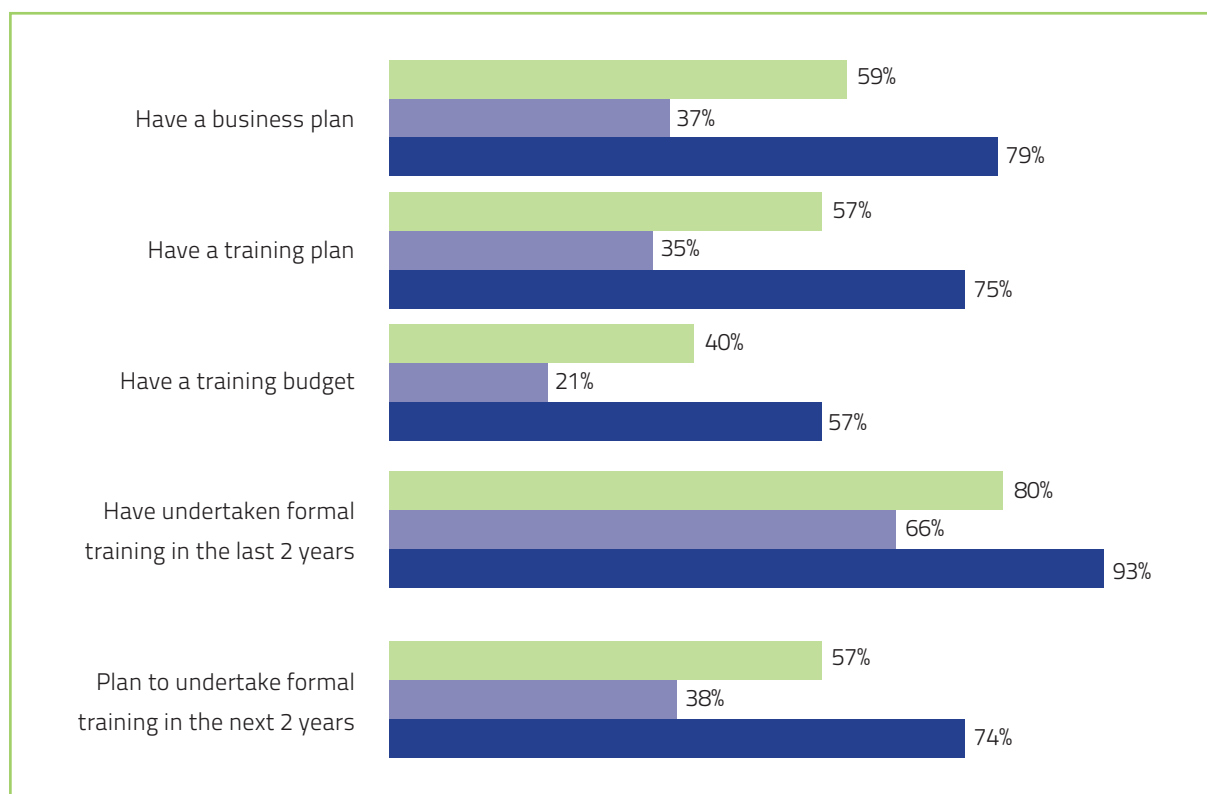


Table 5
Source IMI quantitative telephone interviews September 2011



The data in Table 6 (below) shows that 41% of the vehicle parts and distribution sub-sector has a structured training and development programme for their staff, compared with 60% of larger businesses and only those employing 1-10 staff. More smaller businesses formally train when it is necessary (42% of independents compared with 28% of franchise).

Across the the sub-sector, 24% of independents train informally compared to only 2% of franchise companies.

This data indicates that this is a sub-sector in which there is a clear difference between the larger and smaller businesses – structured training takes place in

both, but is dominated by the larger businesses.

Businesses with 1-10 staff are far less structured in their training provision, providing development opportunities when the need arises.

By sub-sector, the propensity to have provided formal training is higher than average in the vehicle parts and distribution sector at 80% against an average of 76%.

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.

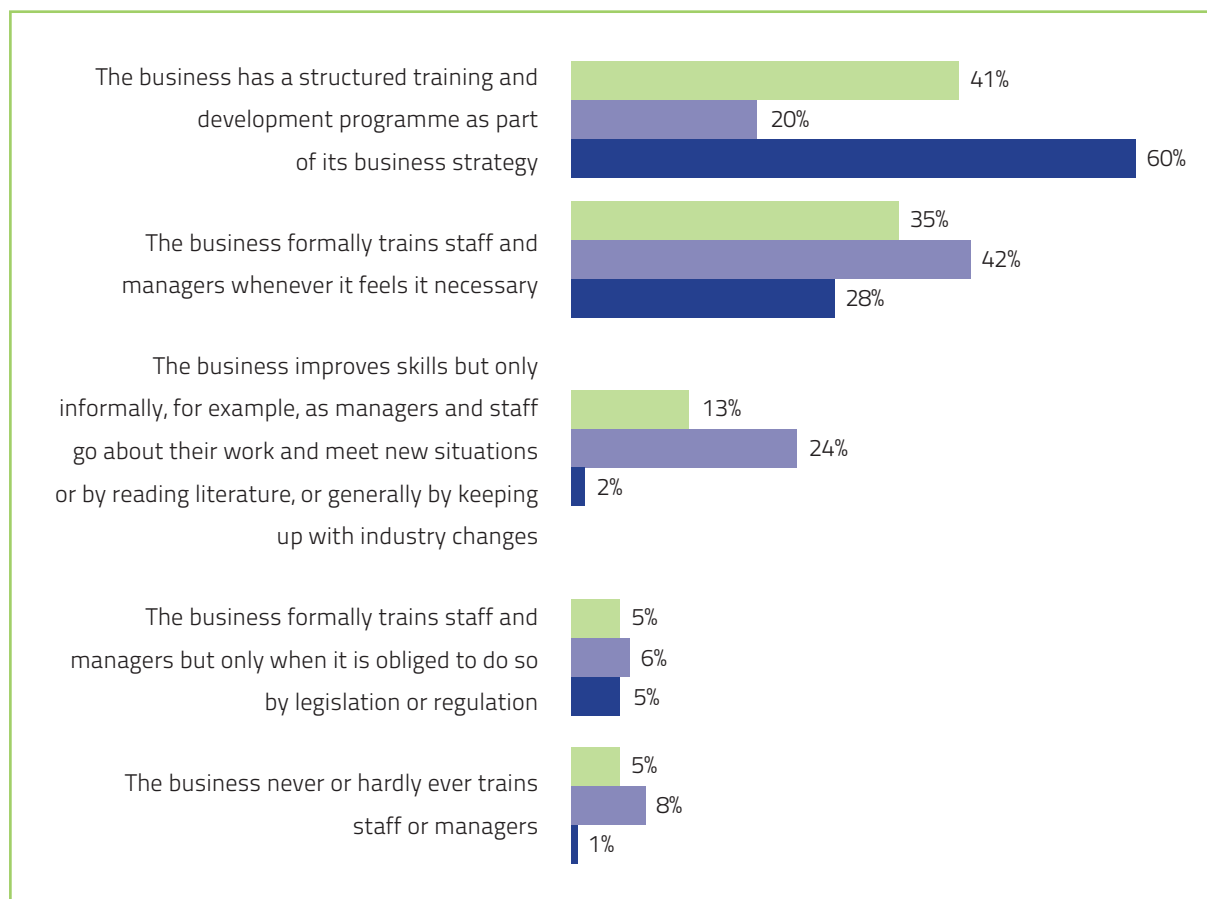


Table 6 - Involvement in Training
Source IMI quantitative telephone interviews September 2011



The key reason cited for lack of engagement with training is that 'the business is small and staff are fully skilled' (85%). This is followed by organisations that only recruit staff that are fully skilled (58%) and training courses being too expensive (38%). Of particular interest to the IMI is that some 27% felt that training would not improve business performance.

These figures show that a number of employers still do not feel there to be skill gaps in their workforce but it may also show that employers find it difficult to identify gaps that do exist.

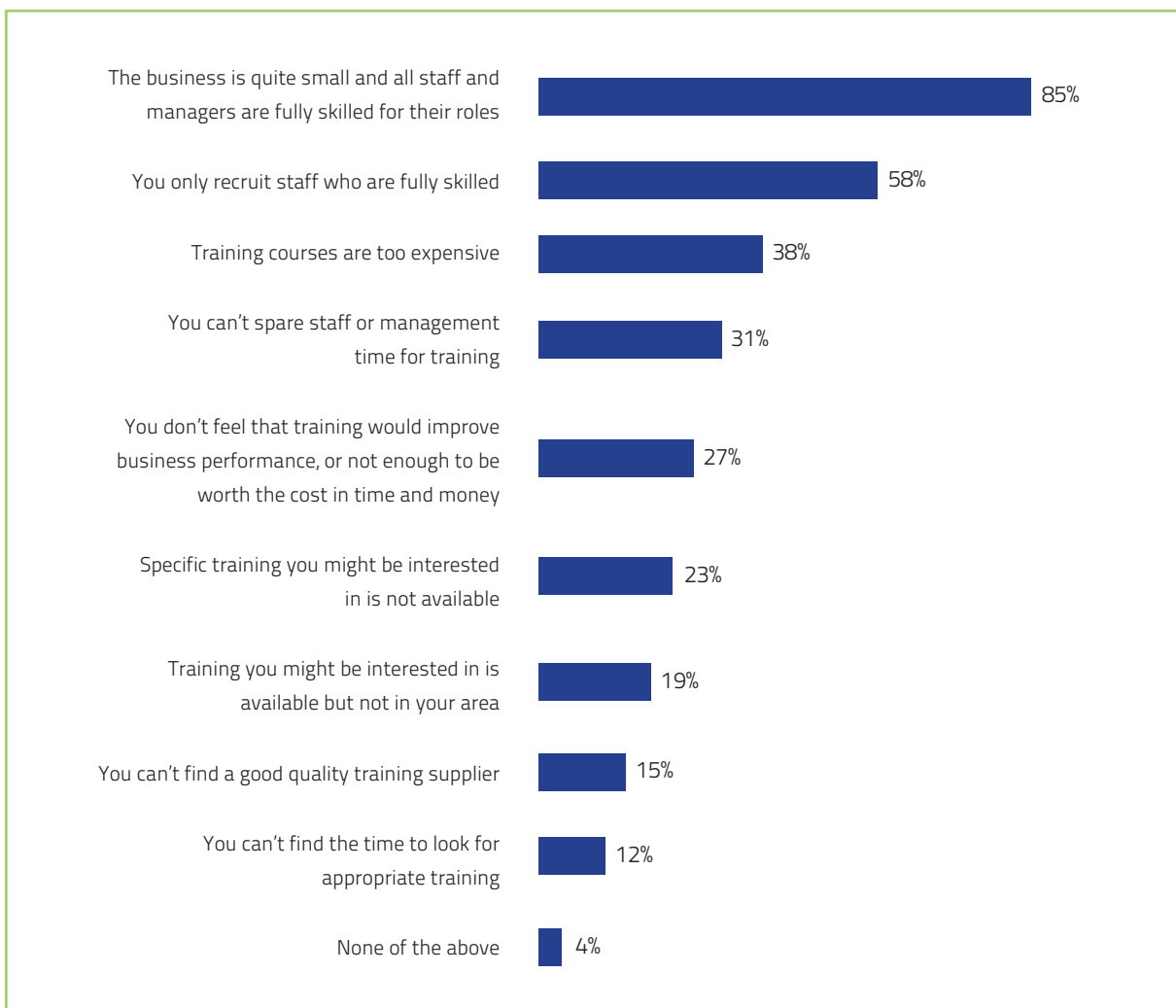


Table 7 Reasons for not training
Source IMI quantitative telephone interviews September 2011

Qualitative in-depth interviews

Qualitative research was carried out with 25 businesses within the light vehicle maintenance and repair 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 parts and distribution sub-sector. 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 below.

Parts advisor

- A good understanding of vehicle systems, the parts associated with vehicle systems
- An understanding of repair procedures
- How to source parts competitively
- An understanding of how the industry works – structure of the industry
- Strong IT skills – knowledge of parts ordering systems
- Telephone skills to provide/ensure good customer service
- Procedures to handle enquiries and to ask the right questions to get accurate vehicle and part information
- Warranty administrator skills – taking claims through a process – working within manufacturers timelines
- Credit control skills
- The importance of customer service and how to provide it in a quality way – good people skills
- Keeping up to date with new products/parts/systems derived from new vehicle technology/models
- Understanding health and safety legislation
- Route planning skills – for best efficiency cost
- Relationship management – with parts suppliers/customers
- Ability to sell effectively – the benefits and features of products and the brand – up selling
- Interpreting customer information accurately – producing the right parts first time

Drivers

- Developing effective stock knowledge for drivers – where the stock is and how to fill in orders
- Developing effective product knowledge for drivers
- How to effectively deal with customers
- How to effectively check orders for accuracy
- Loading vans effectively
- Effective health and safety for drivers – new bikes and technology within the sector

Warehouse staff

- An understanding of alphanumerical sequencing – putting parts in the right place on the shelf
- Computer skills – the use of goods inwards software
- Working with accounts – how to amend them – how to resolve issues – how to produce credit notes
- Understanding the importance of accurately checking parts and prices against invoices
- Logistical skills re: parts bin locations, delivery locations, stock monitoring, handling stock, reading parts orders correctly, organising parts at front of house for customer collection
- Understanding Health and Safety legislation
- Customer service skills – to deal with trade and public customers
- Specific product knowledge
- Stock taking, ordering, checking, controlling/monitoring – using bar code systems; being able to realise the minimum and maximum stock levels and associated cost; speculative ordering

Management staff

- Developing effective communication within the sales team
- Effective decision-making for managers
- 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
- 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
- Understanding new car technology
- Background understanding of new cars being introduced
- Effective communication for customer service advisers
- Awareness and understanding of IT in the workplace, invoicing, accounts, booking
- How to deal effectively with complaints
- Effective counter service skills for customer advisers

Skills needs across the vehicle parts and distribution sub-sector over the next two years

Respondents were asked to record the changes they expected to their skills and training needs over the next two years.

The key areas reported included a move away from simply providing parts to actively selling, including up-selling, keeping up to date with new products, developing basic IT skills (especially relevant for school leavers) above all for ordering and booking systems, bar code scanning. There were also skills related to keeping up to date with changes in technology e.g. CANBUS, provision of cheat sheets outlining different terminology used by manufacturers for the same parts, updating customer facing skills, selling techniques, planning effective routes for drivers, customer service training for drivers and formulating new ways to efficiently deliver information to the workforce in an user-friendly format.

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.

Respondents are clearly aware of a significant change in the generic make up of vehicles, in particular the impact of advanced electronics both within the overall management and performance of the engine, but also the brakes, gearbox, suspension and interior comfort management systems. These developments impact on

the functioning of a modern vehicle, the maintenance and service that it requires, not to mention the bespoke methodology to be used in the event of accident repair. For people working within the sector this development has significant implications.

Of particular significance for managers are possible changes to modern employment law and, more specifically, human rights, discrimination and bribery policies. There are also likely to be changes in the way organisations communicate with customers e.g. internet, web, apps etc. There is expected to be greater emphasis upon the need to 'sell' – this will affect all levels and roles. There will be a growing need for managers to keep up to date with human resources legislation and Health and Safety.

The relentless force of technological advancement was noted across all sub-sectors, with the impact increasingly being felt within sales, technical and customer service roles. (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 parts and distribution 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 152 interviews were conducted with employers and business owners across the vehicle parts and distribution 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 parts and distribution focus group was held in September 2011 and comprised representatives from vehicle parts and distribution 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 parts and distribution 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 parts and distribution sub-sector.

Web survey

The web survey was conducted across the entire automotive retail sector, with respondents identifying the sub-sector in which they worked and were therefore 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 parts and distribution 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 parts and distribution sub-sector there were clear and unambiguous outcomes in terms of criticality, however, the web survey results were used to place the fifth priority skills needs for warehouse staff and management staff.

Prioritised skills and training needs for the vehicle parts and distribution 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 vehicle parts and distribution sub-sector. They have been ranked in order of criticality with 1 seen as the most critical.

Parts advisor

1. The importance of customer service and how to provide it in a quality way – good people skills
2. Interpreting customer information accurately – producing the right parts first time
3. Procedures to handle enquiries and to ask the right questions to get accurate vehicle and part information
4. Telephone skills to provide/ensure good customer service
5. A good understanding of vehicle systems, the parts associated with vehicle systems

Driver

1. Effective health and safety for drivers
2. How to deal effectively with customers
3. How to effectively check orders for accuracy

Warehouse staff

1. An understanding of alpha-numerical sequencing – putting parts in the right place on the shelf
2. Understanding health and safety legislation
3. Logistical skills re: parts bin locations, delivery locations, stock monitoring, handling stock, reading parts orders correctly, organising parts at front of house for customer collection

4. Specific product knowledge
5. Stock taking, ordering, checking, controlling/monitoring – using bar code systems; being able to realise the minimum and maximum stock levels and associated cost; speculative ordering

Management staff

1. Maintaining positive customer relationships/ dealing with complaints
2. Effective ways to gain repeat business – driving a customer care culture in the business
3. How to make a profit running and efficient department
4. People management – team working, motivation, recruitment, appraisals, delegation, discipline, prioritising, managing targets
5. Understanding health and safety information and applying it

Customer service staff

1. Effective telephone skills
2. Effective problem solving – dealing with customers to ensure their needs are addressed
3. Effective communication for customer service advisors
4. How to deal effectively with complaints
5. Effective sales skills 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 annum².

It seems that the commitment to train and develop staff is engrained within the vehicle parts sub-sector, as the demands of changing technology and legislation are ever present. Incidence of formal training is high at 80% 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 parts advisors the following were critical skills needs.

- Procedures to handle enquiries and to ask the right questions to get accurate vehicle and part information.
- Understanding health and safety legislation.

For drivers the following were critical skills needs.

- Effective health and safety for drivers.
- How to effectively deal with customers.

For warehouse staff the following were critical skills needs.

- Understanding health and safety legislation.
- Specific product knowledge.

For management staff in the sub-sector the following were critical skills needs.

- Effective ways to gain repeat business – driving a customer care culture in the business.
- People management – team working, motivation, recruitment, appraisals, delegation, discipline, prioritising, managing targets.

² www.theimi.org.uk/information/roi-ata.html

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

- Understanding and awareness of health and safety legislation.
- People management/How to keep staff effective.

For customer service staff in the sub-sector the following were critical skills needs.

- Understanding new car technology.

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

- 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 parts sub-sector, 38% of businesses stated that the reason they did not train is because training courses are too expensive. A further 27% felt that training would not improve business performance. Vehicle parts and distribution businesses had the second highest incidence of training budget across the automotive retail sector at 40%.

We commit to work with partners to

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

Businesses in the sub-sector also cited training not being available in the area as a reason for not training (19%). 32% of businesses would use distance learning and 31% distance learning via the internet.

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.

57% of all vehicle parts and distribution businesses have a training plan, which is the fourth highest across the sub-sectors, but this reduces to only 35% for small and medium sized enterprises.

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

The vehicle parts and distribution sub-sector demonstrates a high awareness of IMI at 86% which is the second highest of the sub-sectors.

- 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.

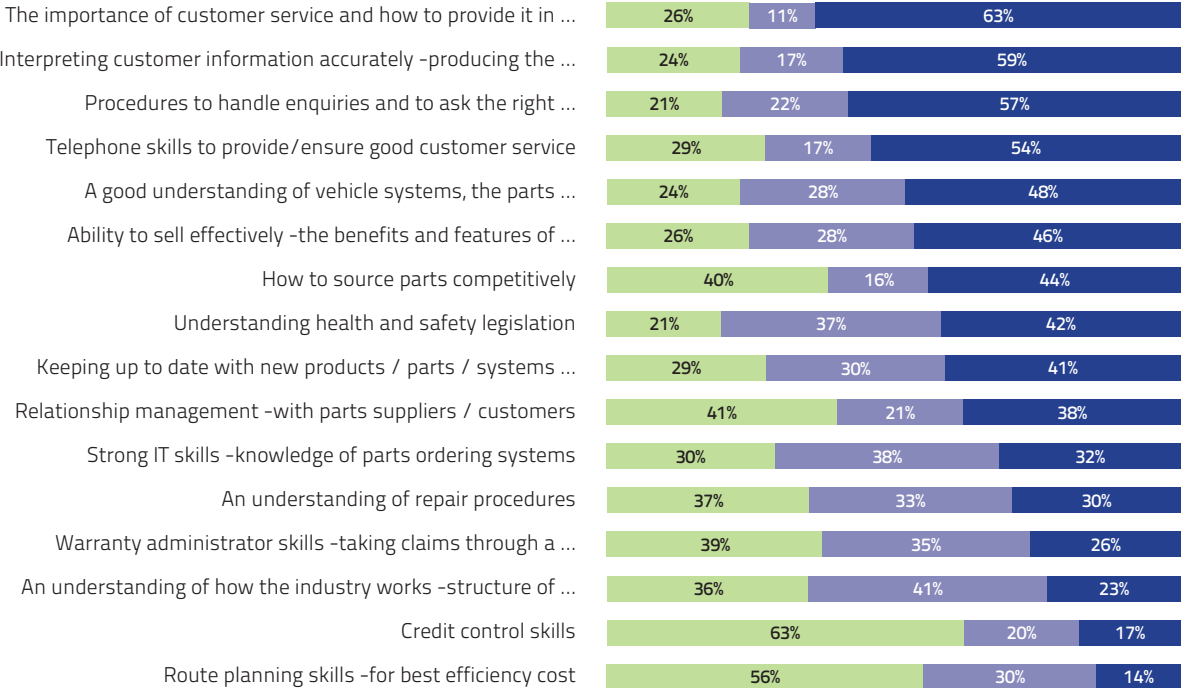
We would like to express our gratitude to the employers and stakeholders who committed time to participate in the vehicle parts and distribution part of this research project.

Annex 1:

Skills and training needs by job role and priority

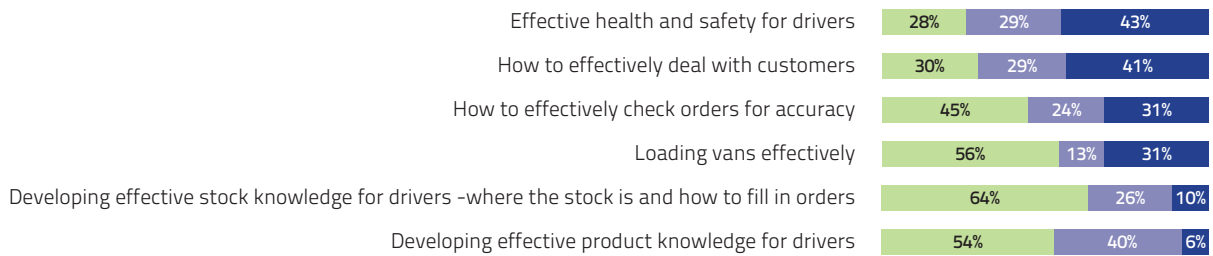
Given below are the detailed percentage results of the quantitative telephone survey carried out for the vehicle parts and distribution sub-sector.

Vehicle parts and distribution advisor

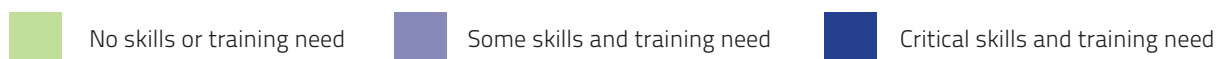
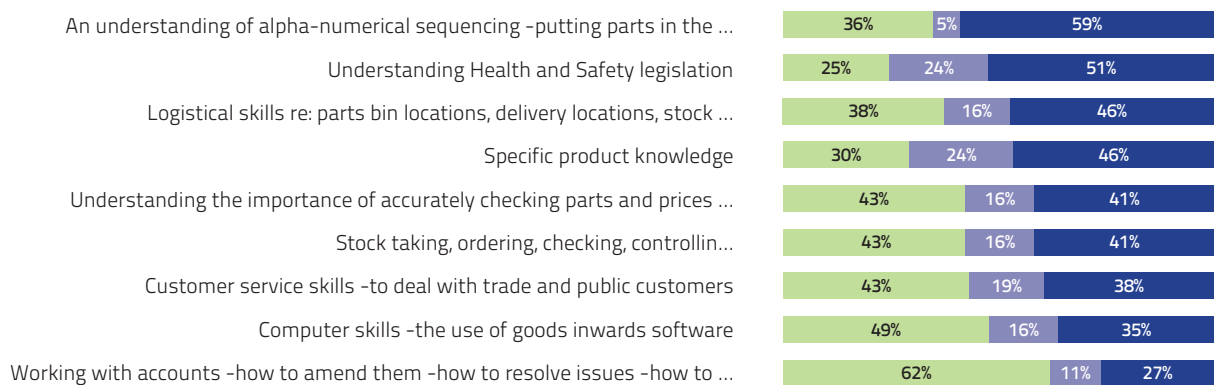


No skills or training need
 Some skills and training need
 Critical skills and training need

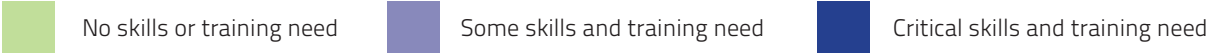
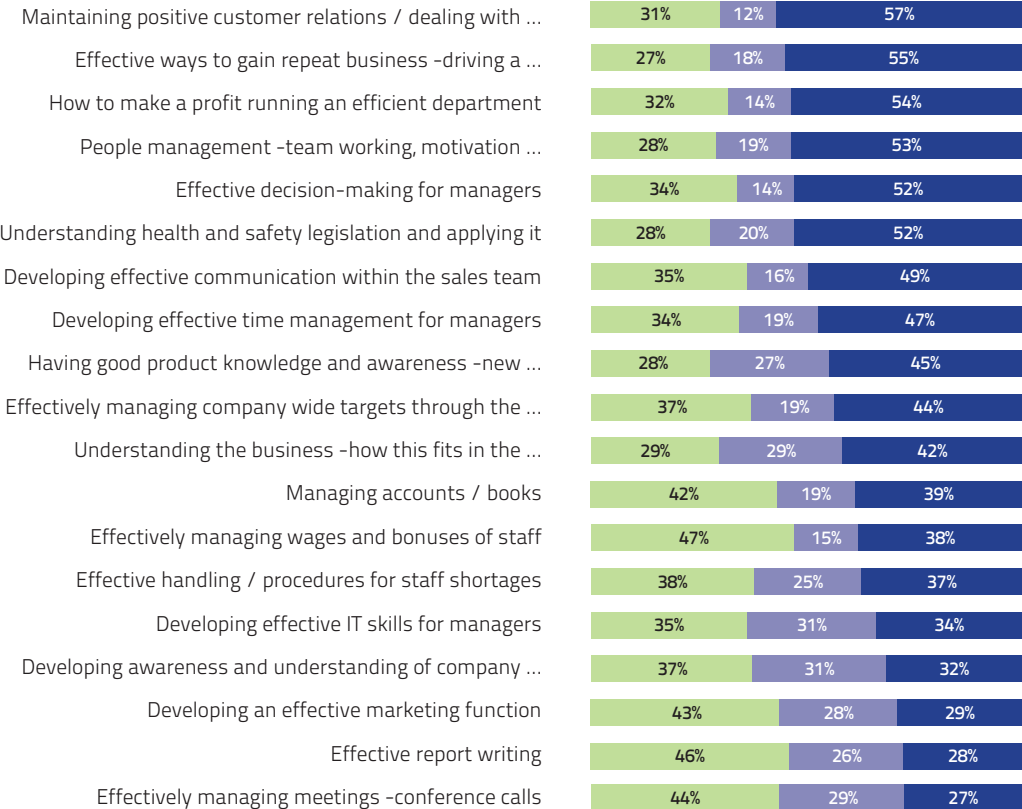
Driver



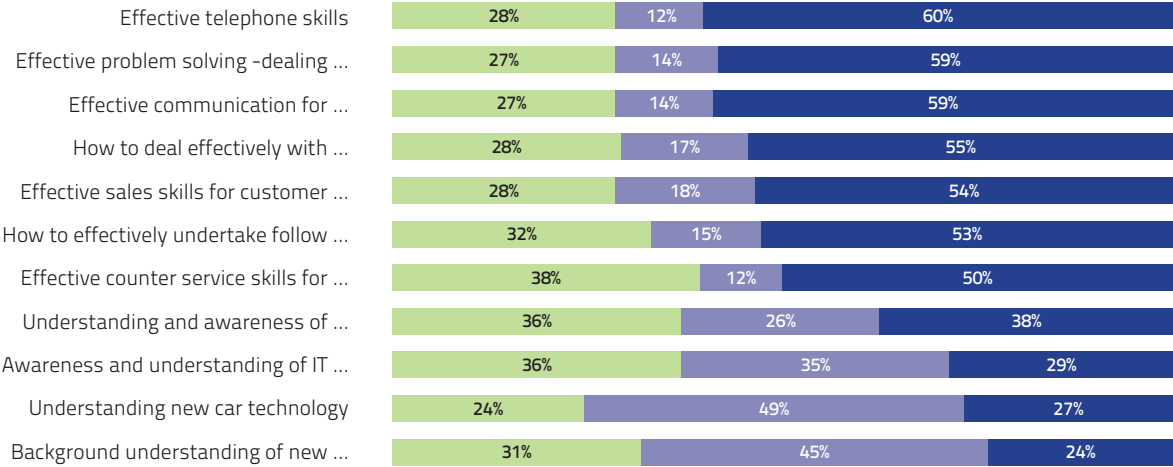
Warehouse staff



Management staff



Customer service staff



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

Annex 2:

Focus group

The focus group (online) was held in September and comprised representatives from the IFA (Independent Motor Trader Factor Association).

