

Automotive apprenticeships deliver 150–300% return on investment

Background

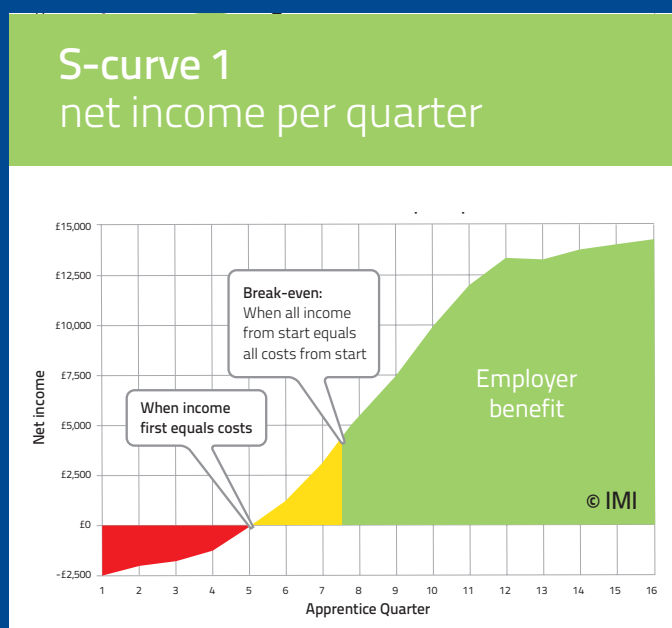
The Institute of the Motor Industry (IMI) has undertaken a two-year research project, co-funded by the UK Commission for Employment and Skills, to ascertain the level of return on investment from light vehicle maintenance and service apprenticeships. The study looked at a cross-section of businesses across the whole of the UK from micro sized independents to franchise dealers and included 30 apprentices.



The results

Overwhelmingly the results from the IMI study have shown that there is a significant financial return to the business within the apprenticeship. Using extensive productivity data supplied by AVW, Babcock International Group, Donnelly Group, Phoenix Car Company, PK Automotive Solutions, SF Tebby & Son, Thane and Mears, Trefnant Garage and Wents Service Station, the IMI has mapped out a consistent trend in the productive contribution made by apprentices. This productivity follows an 'S-curve' showing low skilled, low level growth in the first year accelerating through the second year, to a high skilled level in the third or fourth year expected of an experienced technician – see the graph which shows quarterly net income.

The graph shows that, especially for a micro business, there is a small financial cost to the business during the first year, in this case up to the fifth quarter. However, by the seventh quarter and less than two years into the apprenticeship the business has reached break-even point and recouped all the investment costs made to date. After this time the productivity of the apprentice relative to costs continues to increase resulting in increased income for the business until the end of the third year (quarter twelve) when a consistent quarterly return is achieved approaching the level expected of an experienced technician.



It was clear from the study that for a business to achieve the maximum potential from an apprentice the employer must choose the right candidate for their business and maintain a good relationship with the college/training provider. However, the attitude and support of the employer to the apprentice is critically important; by allowing the apprentice opportunities to apply their skills they will ultimately become better and more productive technicians.

In all cases an apprentice teamed up with a technician to gain knowledge and skills first-hand in the first year and often second year. The data indicated that a technician who had an apprentice working with them could gain 10%-25% in productivity (and efficiency), which benefits the business and in turn allows the apprentice to gain real learning and experience.



What the results say

- Apprentices typically generate a **return on investment** of between 150% and 300%
- Apprentices typically generate **profit** within 18-24 months, often within 12 months
- Home grown apprentice-trained technicians invariably **outperform** market-recruited technicians
- 'Growing your own' technicians through apprenticeships **reduces** long-term recruitment and training costs
- Apprentices learn company **best practice** and culture from the start and do not need 'reprogramming'

What the employers say

"Bringing apprentices into my business has helped over a period of 3 to 4 years. We see it as a positive move. For a business like ours we want to move forward and invest in the future through apprentices."

Paul Killingsworth, Proprietor - PK Automotive Solutions

"We need to pass on our knowledge to the youngsters. It is also more cost effective than employing someone from the open market. Also they tend to stay with us!"

Roger Tebby, Proprietor - S.F. Tebby & Son

"Apprentices take on the ethos of the company from day one. Employers see their cost effectiveness in the first few years of investment and very often see a return on investment quite quickly."

John Chambers, Operations Manager - Babcock International Group

"Here at the Phoenix Car Company we take on apprentices for an investment into the future and also to obtain upcoming talent for our business. We train them the way we want them to be trained. An apprentice becomes a net benefit to our business from the second year... some are a bit sooner."

David Newport, Service Manager Phoenix Honda

"At the Donnelly group we take on apprentices as we need young people; moving into the future, technology is becoming so advanced we need to get young people in as early as possible so you can mould them to what you want."

Noel McCormack, Service Manager - Donnelly Group

"Young students are very intelligent; the youth connect diagnostic equipment quicker."

Lyn Morgan, Proprietor - Trefnant Garage

The IMI's return on investment study proves that a well recruited apprentice, when given the right level of support and teamed with a skilled technician, will be productive very early and a future asset to the business.

To find out more information visit

www.theimi.org.uk/roi

or details about the study, the model and the results.

Or call **01992 511521**

to discuss how apprentices can help your business.