

Professional and Profitable

Our vision for the UK automotive retail industry



THE INSTITUTE OF THE
MOTOR INDUSTRY

Institute **change**
www.theimi.org.uk

The automotive retail sector is vital to the smooth running of the UK. It is at the heart of the economy: keeping 35.3million UK-registered cars, motorcycles and trucks on the road, transporting goods, people and services.



Foreword

The industry is a substantial generator of wealth for the UK, turning over £146billion and generating £25billion gross value added (GVA) from vehicle sales, maintenance, repair, recovery, parts distribution, leasing and rental. In 2010 more than 500,000 people were employed in automotive supply, retail and servicing. Not only that, but skilled trades make up a far higher proportion of the automotive retail industry workforce compared to UK industry generally.



Steve Nash FIMI
President of the IMI and
Aftersales Director, BMW
Group UK

A handwritten signature in green ink that reads "Steve Nash".

However, the current harsh economic climate poses many threats and throws up more challenges than we have ever faced before, with reductions in vehicle sales and consumers cutting back their spending on maintenance and repair. Employers report skill gaps and shortages that affect productivity and this is impacting on already low profit margins across the sector.

Add to this the ever more sophisticated vehicles with engines run by computers, sensors linked to brakes and highly engineered suspension systems – there is more computing power in an average family car than there was in the rocket that guided man to the moon. Even the materials used to make vehicles are changing. More businesses are bringing in online booking for MOTs and services and using social media marketing.

To ensure that the automotive retail sector continues to play a significant role in the UK economy, it is essential that it maintains a workforce that is competent and has up-to-date skills. Skills gaps and shortages have a negative impact on the economic growth of sectors and ultimately limit the UK's ability to compete in a global market.

Our vision is to ensure that the automotive retail sector has a skilled, competent and professional workforce, able to keep pace with

the demands of new technology and changing markets and remain competitive in a global market. In order to do this, we are committed to continuing our work of providing the sector with the support it needs to address the five key challenges it faces:

- **changing public perception and increasing consumer confidence**
- **attracting and retaining talented individuals**
- **ensuring that the current and future skills needs of the sector are met**
- **ensuring the sector has the skilled leaders and managers it needs to drive change**
- **understanding the business benefits of upskilling the workforce.**

We have an exciting programme of work over the coming years that will see every part of our sector provided with high-quality, fit-for-purpose and affordable solutions to support both employer and individuals – from the very first interest shown while still at school and on throughout their entire automotive career.

I am proud to present this manifesto, which sets out how, together, we can make a real difference. In the following pages we set out the challenges, what needs to be done and how you can get involved.

Join us on our journey and help turn our vision for the sector into a reality.

Changing public perception and increasing consumer confidence

Public perception of our sector is poor, as is consumer confidence. Media coverage perpetuates the 'under the arches' stereotypes and focuses on isolated incidents of poor service or over-charging rather than the majority of businesses who provide a good quality, competent and valued service to their customers.



Dr Adrian Birch
Training Manager and Systems,
Jaguar Land Rover

"Part of the problem is the image portrayed on TV, like EastEnders, under the arches; they never show a proper dealership."



Paul Everitt
Chief Executive of the Society of
Motor Manufacturers & Traders

"For us as an industry we need to be clear with consumers where they should be going. They need more information from us on 'who can and do deliver' versus those who 'can't, won't or are unable.'"

In February 2012, the Government launched a package of transparency and value-for-money measures to improve the service that customers receive from garages and made a commitment to work with the industry to encourage much wider adoption of existing codes.

Transport Secretary Justine Greening said at the time of the announcement, "I want each motorist to be confident that a visit to the garage ends with their car repaired to a high standard by reputable mechanics rather than uncertainty about cost and the quality of service"

The IMI is committed to helping the automotive retail sector improve its image. In April 2011, we launched our Professional Register as a voluntary 'licence-to-practise' with a requirement for continual upskilling built in and the possibility of being 'struck off' for poor practice.

The Register is a voluntary scheme for individuals who have reached a certain level of competence and who commit to continuing professional development (CPD) and an ethical code of conduct.

If businesses and individuals across the sector back the Professional Register, from large dealerships to small independent garages, we can raise standards, transform the automotive retail sector's image and offer the public a register of competent and trusted professionals to choose from.

We are committed to working with industry partners to achieve a critical mass of professionally-registered individuals and encourage businesses to promote employees' registration to reassure consumers. We will continue to develop and roll out the Professional Register across the entire sector.



Calls to action

We urge industry and its workforce to commit to professional registration and promote their involvement in the scheme.

We need Government to endorse the Professional Register as a voluntary licence-to-practise.

We call on consumer organisations to promote and advocate the Professional Register.

We need consumers to demand professional registration when dealing with individuals working in the sector.

We call on the media to provide balanced coverage by, highlighting the solutions that the sector has introduced to improve consumer confidence such as the Professional Register.

Attracting and retaining talented individuals

With an ageing workforce, the sector needs to attract bright, young and enthusiastic people, if we are to maintain the employment and skills levels needed to keep the sector competitive. For many, because of the poor public perception of the industry, the automotive retail sector is not seen as a career of choice. Outdated perceptions among careers advisors and teaching professionals perpetuate this view. The automotive retail sector offers fulfilling and challenging careers not just a job, but this message is still not understood by many young people, parents and teachers.



Mick Pilling
Recruitment Manager, Remit

"Currently we have 250 vacancies, some of which we are struggling to fill yet we know there are tens of thousands of young people out of work. Where are they? Getting into schools on a regular basis is necessary. A once a year careers event is not enough."

Disappointingly, unemployment among 16-24 year-olds remains stubbornly high, with figures reaching in excess of a million in 2011.

We are developing an automotive vocational programme for 14-16 year-olds designed to steer them into Apprenticeships and help prevent them ending up not in education, employment or training (NEET).

Our aim is to achieve, through this programme, a minimum of 545 additional Apprenticeships and save 860 young people from falling into NEET status in the next few years, saving the public purse £138m on the lifetime cost of NEET support for those individuals.

Last year we launched two new online communities. The first of which, 1st Gear, aims to inform and motivate 13-16 year-olds about a career in the automotive industry, by providing fun, easy-to-access information and competitions, free of charge.

Our Headlight project, supported since its inception by such household names as Ford, Audi and Jaguar-Land

Rover, provides free teacher and student resources set in an automotive context and mapped to core curriculum. Over the next two years we will be expanding the range of resources to include literacy and numeracy capability.

Our second online community, Accelerate, provides support to young people already studying for an automotive qualification. For just £10 per annum, members receive careers advice, 'ask-the-expert' forums, discounts on tools, competitions and access to a NUS card.

We provide careers information to more than 50,000 individuals and over the next two years will continue to build on the success of the IMI's careers website AUTOCity to create an online training needs analysis tool alongside a new jobs platform for the sector.

In the last year more than 12,000 people have chosen to start an Apprenticeship in the industry, and it remains the primary route into the sector. Qualifications reformed by the IMI form the basis of new and revised Apprenticeship frameworks that the IMI has developed and issued to the sector, ensuring Apprentices train to the very latest standards.



Calls to action

We urge industry to recruit Apprentices to plug skills shortages and to work with schools to promote the sector.

We urge educators to put the sector on the curriculum and develop an understanding of career opportunities available within the sector and Apprenticeship providers to highlight the range of exciting careers in the industry.

We call on Government to continue to promote Apprenticeships and provide the climate whereby employers are incentivised to recruit.

We call on the media to promote an accurate representation of a career in the automotive retail industry and not repeat the stereotypical image of the sector.

Ensuring that the current and future skills needs of the sector are met

Attracting bright, young and enthusiastic people into the sector, and equipping them with the latest skills and competences is vital. However, we need to ensure that the existing workforce is not left behind.



Ron Gainsford
Chief Executive of the Trading Standards Institute

"We don't lend our weight easily. We exercise faith in supporting organisations and we are happy to do that with the IMI. The IMI is changing the industry."

There has been substantial progress in improving skill levels across the automotive retail sector in the last five years, helped by our work and unique position as a professional body and Sector Skills Council.

Skills shortages stubbornly persist across the industry. Our State of the Automotive Sector report found nearly two-thirds of dealerships reporting vacancies, with a quarter of those being 'hard to fill' - the latter often in skilled trade occupations.

As the Skills Commission identified in their 2011 report *Technicians and Progression*, the industry needs a workforce equipped with the right level and type of skills if it is to remain competitive and contribute to economic growth.

The IMI has produced a series of reports entitled, *Preparing for the future: Understanding the skills and training needs of the automotive retail sector*.

These reports, an overall summary report and 12 sub-sector reports, identify prioritised skills and training needs in key job roles within each sub-sector of the industry. This report is now available for all those interested in skills development within the sector.

The Professional Register recognises individuals who have proven they have the right skills, knowledge and qualifications to practise

professionally, abide by a code of ethical conduct and commit to maintaining standards through CPD. It offers a benchmark for consumers and our ambition is to have 50,000 participants on the Professional Register by 2014.

To support those on the Register we have developed a network of approved training providers that registrants can access for CPD. Hundreds of quality-assured courses are already available on our CPD system to ensure skills development is accessible and affordable across the sector to all business sizes. Our aim is to bring manufacturer technical training to the independent network for the first time. We have already attracted the likes of Mercedes-Benz and Jaguar-Land Rover, making their courses available to the small independent market and we will continue to expand our CPD offer.

We have made a good start with our Automotive Technician Accreditation (ATA) scheme, accrediting more than 28,000 individuals in the sector and receiving support from manufacturers and many large employers. It was used as a case study in the 2011 White Paper *Better Choices - Better Deals - Consumers Powering Growth* and is backed by the Trading Standards Institute.

Now we are looking to refine the scheme to make it more accessible to micro and small businesses across the sector, ensuring achievement is more flexible and affordable.



Calls to action

We need industry to invest in skills development by requiring membership of the Professional Register for their workforce, encouraging CPD and investing in accreditation schemes to upskill in the existing workforce.

We call on Government to support upskilling initiatives and policies to assist employers by creating the climate in which they can invest in skills development.

We need training providers to work with the IMI to produce high-quality CPD opportunities.

We urge the media to promote to consumers the benefits of going to a business that employs professionally-registered and accredited staff.

Ensuring the sector has the skilled leaders and managers it needs to drive change

To address the challenges the sector faces, we need competent and skilled leaders and managers who recognise the need for change in order to boost the perception of the industry and increase consumer confidence; who see the opportunities to bring bright, young and enthusiastic people into the sector; who see the value of keeping their staff up-to-date with current skills; and who can bring their workforce with them as they make changes in the way their businesses operate in order to survive and remain competitive.



Richard Headland
Editor of Which? Car

"We are big fans of what the IMI has done to push training and it is training to a high level."

Only 15% of managers in the sector have a management-level qualification and only 9% have a management-related qualification.

The IMI has developed a higher level Apprenticeship to help the existing workforce, and three frameworks now exist. The first helps individuals operating in technical areas who aspire to progress to make that transition into management.

This will be accomplished by providing higher technical skills, complemented by an introduction to management skills and practice, preparing them for the future.

The second pathway is for those who are ready to move away from technical roles to a management post, and this framework provides the management skills and competencies required to be a modern, current manager.

The final pathway is for those leaving school, who ordinarily might have gone on to a university education, but are re-evaluating their options in the current climate. This framework provides them with an opportunity

to learn about the sector, gain a deep understanding of how it operates and all the challenges it faces and develop leadership and management skills in preparation for a non-technical, first line-management role within larger organisations, where they can experience every facet of the business before specialising in one area.

For those who have worked in a management post for some time but are one of the 85% of managers in our sector who hold no management qualification, we have provided an accreditation solution for them to have their skills and abilities recognised and benchmarked against best-practice standards.

Following in the footsteps of ATA, Automotive Management Accreditation (AMA) enhances management skills, which can deliver a direct boost to productivity and profitability. We estimate this will help 3,000 businesses and upskill 12,000 managers by 2015. With a range of support mechanisms in place, we are confident this scheme will help raise and then recognise the standard of current, competent managers in the sector.



Calls to action

We call on business leaders to support their senior and middle managers in driving change through improved management skills, utilising the solutions provided by the IMI.

We call on managers and individuals to take advantage of the upskilling opportunities provided and achieve recognition of their skills and abilities.

We call on Government to incentivise employers and individuals to undertake management training and qualifications.

We call on training providers to work with us to provide high-quality training and upskilling opportunities for leaders and managers in the sector.

Understanding the business benefits of upskilling the workforce

Not only is skills development essential to keep pace with technological change, it also offers employers a proven route to improve efficiency and productivity. Our programmes of work aim to help businesses and individuals increase their opportunities for success.



Sue Branson
Learning and Development
Manager at Autoglass®

"Automotive Technician Accreditation (ATA) has given us a brand differentiator with our key account customers. The results of the study confirmed our intuitive feeling that ATA had positive benefits for the organisation - in particular, it enabled us to link the skill levels of our technicians with their output in a business context."

We know that skills development is fundamental to remaining competitive and profitable; we also know that often businesses do not see the value of training their staff. The 2011 Federation of Small Businesses report, Raising the standards: An FSB skills survey, showed that 68% of businesses believed their investment in training had no impact on the profitability of the business. This is disappointing, and we believe this is either because the training was of poor quality or not relevant to the business's needs, or more importantly that they have no accurate way of measuring the impact of the training undertaken.

In order to help employers understand the impact and value of training to their business, the IMI commissioned studies with four major employers that showed unequivocal evidence of the high Return on Investment (RoI) that training can bring.

The studies, published in 2011, showed employers achieved a positive return on their investment of between 98% and 187%. Allparts added 1% on gross sales profitability and a RoI of 136%. Halfords increased

staff retention by 3.5 years and gross profit by 7%. Autoglass increased productivity and achieved a RoI of 98% and Mercedes-Benz increased customer retention by 2.3% and first-time fix rates by 2%.

From 2012 the IMI will conduct and deliver four major RoI studies with nine workstreams that will showcase the return on investment that can be delivered through upskilling programmes, ensuring we make and win the economic argument for employer investment in skills.

We are confident such a commitment will lead to a 10% increase in skills investment and to the creation of 600 extra Apprenticeships by 2014-15. It will also help secure our ambition to have 50,000 up-skilled participants on the Professional Register by 2014. Overall, such a strong commitment to boosting skill levels could lead to £660m gross value added to the sector, which can help businesses to expand.



Calls to action

We call on employers to invest in skills training and promote examples of where they have seen a good return.

We need training providers to supply and promote RoI case studies and deliver appropriate good quality training and qualifications that offer value for money.

We need Government to promote skills development, management and leadership training opportunities and support us in winning the argument with employers that upskilling is a good business investment.



Our vision is to ensure that the automotive retail sector has a skilled, competent and professional workforce, able to keep pace with the demands of new technology and changing markets and remain competitive in a global market.

In this manifesto we have set out the challenges, what needs to be done and how you can get involved.

Together, we can make a real difference. Join us on our journey and help turn our vision for the sector into a reality.

Employer Investment Fund (EIF)

In 2011 the IMI secured investment for six streams of work from the UK Commission for Employment and Skills (UKCES). The investment, which forms part the Government's Employer Investment Fund (EIF), delivers projects to boost enterprise, jobs and growth. The six streams of work are fully embedded in the manifesto with clear calls to action from stakeholders. For more information visit theimi.org.uk/EIF

Get in touch

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