



Management Development in Automotive Retailing:

***Is ARMS the
future or a red
herring?***

Gordon Roscoe

Does the still very real prospect of the National Consumer Council's threatened super complaint against the motor industry mean that regulation could tighten, and compulsory qualifications be the way forward for management? Is ARMS (Automotive Retail Management Standards) the future or a red herring? Was the Ford College a good investment and how has it improved dealer profitability or CSI? Should managers be sent to university management schools or manufacturer academy programmes?

The drive to upskill

The standard of management within automotive retailing has been the subject of much discussion over recent years. We are swept up in the government's drive to upskill the nation and with that the nation's managers. The setting up of Skills Councils for various sectors has included an Automotive Skills Council. The Automotive Skills Council, hand in hand with the Institute of the Motor Industry and the Chartered Management Institute are encouraging us toward a future of qualified managers. But to whose advantage?

We are right to ask: will this help dealers and manufacturers meet the constant demands of a changing market place? In theory it should if our managers are more able to get better performance from their physical and human resources, but in practice there are few initiatives around that we can categorically say make the step change difference in our businesses that we should expect from developing our managers.

A well worn label

Management Development is a well-worn label that does not fill most employers with excitement at the prospect of greater business success to follow. Some organisations regard it as something that ought to be done without knowing exactly what they expect to get in return - just a feeling that we will be a better organisation if we develop our managers but without there being any proof that this is so. For others it is regarded as a waste of time and the best learning will be achieved on the job. As one managing director once said to me - if they can't manage we don't employ them, so why would we need to train them?

The first thinking is well meaning but woolly and the second is just wrong. But both are understandable given the poor standard of management development that has been offered to us for many years, in many cases driven by an academic sector who see commercial organisations as an attractive and perhaps gullible profit opportunity.

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Developing our managers

Management Development should be something that is used to solve business challenges. How do we: reduce costs, improve efficiencies, get that new process to work, improve our customer satisfaction, reduce staff turnover? The answer should be 'through developing our managers' since they are the ones who have ultimate control over the performance of our people. But it is a testimony to how poor management development has been that many don't think like that. Instead, thoughts of senior management are more often to reject 'wasting time' on having managers away from the business and 'wasting expenditure' on training when margins are perilously low. This means that developing our managers is one of the last things on the agenda when times are hard; and when times are good who needs it anyway?

And this is all because management development has never traditionally been linked to measurable outputs in the business. If the training of managers meant bigger profits, the queues to sign up would be record breaking.

Born or made?

What is stopping us linking management development to the financial performance of the business?

Perhaps it is a fear of failure. What if we don't achieve our objectives, if our training is shown to be well intentioned but worthless?

Could it be a reluctance to accept that what really happens in the business is the direct outcome of the way managers behave, a reluctance to accept responsibility for performance? Do managers believe that some kind of magic formula of market forces and product strength is what makes the difference between success or failure? This cannot be true, since every manufacturer can look at their dealer network and see high and low performers, with the same product opportunities and insignificant regional variations. Each dealer, when they look at the performance of other auto retailers in their region, will be aware of strong performances from some businesses that buck the trend of their franchise. There is no doubt that it is the people that make the difference and it is the leader/managers of those people that make the ultimate difference.

So are good leaders born or made? The answer is both. Some work it out for themselves through a combination of good role models in their earlier career and their own initiative, but most of us need to be taught things that are not initially obvious to us, if we are to become truly effective leader/managers. And that brings us back to management development training. If it is good, it will be a revelation and transform



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our performance. How do we know if it's good? Well, that's easy and brings us back to the subject of measurement. For it is the movement in key performance indicators within our business that show us that we have made a difference by changing the way we manage our people. This is the reason why we must insist on measuring the training of our managers.

And it is not difficult to do this once we accept the principle that our people's performance is dependant on the performance of our managers. We can then target critical business outcomes like departmental profitability, customer satisfaction, stock turn etc. and make a careful before and after measure when we implement training of our managers. Does this work? Yes it certainly does. Excellent management development training delivered to a capable person of good attitude will always move these markers positively. If you've got a good person for whom management training seemed to make little difference to their business performance, then no matter how professional that training appeared it was ineffective.

The favourite route of the opponent of this thinking is that you can't measure by bottom line issues because there are too many other things that also have an impact. 'Don't shoot yourself in the foot' is a typical comment from the non-believer. This is nonsense and is contradicted by experience.



Acres of goodwill

There is a clear need to lift the standards of managers in automotive retailing, so where do we go and how do we approach it?

Qualifications must make sense but not qualifications that deliver a certificate and nothing else. Qualifications, and the route to achieving those qualifications, must bring a benefit to all stakeholders in the process, otherwise those without a benefit will do nothing and nothing will be the outcome. That is where the ARMS standards sit at the moment, acres of apparent goodwill but insufficient action. Where is the benefit to the dealership who must sponsor the process with time and money? Equally we may ask this of the manufacturer. We are talking of commercial organisations in highly competitive environments; the theoretical offering of raising standards for a brighter future does not sound like it will help any manager, or team of managers, deliver solutions that will enhance their careers or make their jobs safe. And ultimately people and organisations decide the fate of management development initiatives with these motivations at heart.

Shake off musty models

The solution needs to be a way forward that delivers the classic win/win. In fact a win/win/win/win/win/win, since we must consider the individual manager, his/her dealership employer, the manufacturer whom the dealership represents and the industry bodies i.e. IMI/Automotive Skills Council/CMI. Is this possible? Yes, it surely is. And the answer is in shaking off the old musty models of academic influenced management training (who of you reading this have folders full of theory in your possession that you will never refer to again, since they seem to have little relevance to the real world of your job?) and replacing it with powerful programmes that clearly impact on the business KPI's. The participating manager is happy because he/she sees and feels the development of their own skills and as a result a lessening of the job stresses; in addition they gain a truly meaningful qualification. The dealership and manufacturer gain a measured business benefit of real value both at the time of the training and afterwards through the newly developed skills of the participant manager, and the industry bodies hit their targets and justify their existence by providing something of real value happen to the industry.

Can this be achieved?

Yes it can. The ARMS standards are after all just standards, with the IMI/CMI specifying what the standards are and what type and level of evidence is acceptable to prove that an individual has achieved that standard. There is no specification as to what type of training may be required to get the manager to that standard. ARMS provides an invaluable and clearly defined target to aim at, whose achievement can deliver a meaningful qualification that is part of the national educational structure.

A fundamental error was made with the introduction of ARMS: the level was set too high. To introduce the standards at level 4 (the approximate equivalent of a university degree) is inappropriate given the academic history of a majority of managers within automotive retailing. However the introduction of a level 3 (the approximate equivalent of an A level) is the correct move and the IMI/CMI are working on this. What on earth is taking them so long is another question. When they deliver this we will have a viable tool to work with.

Presenting the correct standards is the easy part. It is the learning and evidencing that needs real attention. And once again the answer is simple - ban theoretical evidence and outlaw development initiatives that are not measured and targeted at critical Key Performance Indicators in the subject manager's business.



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If we can agree to deliver evidence exclusively in the form of projects that drive the business, and all training that precedes the completion of these projects is designed to drive the critical key performance indicators that impact the bottom line of the business, then we have an effective imperative that is attractive to all stakeholders in the process. This would successfully launch a significant and increasing proportion of managers on a path toward a level 3 qualification. Having achieved a level 3, it is a much more manageable step toward the level 4 that should in time become the standard for senior management.

Under these circumstances automotive retailing can look forward to a significant step forward in its professionalism; managers and dealers alike can look forward to better business outcomes and relationships. Inevitably, some will learn this lesson and find the appropriate solutions faster than others thereby gaining a significant market advantage.

5 things you should do to become a *front runner*

- 1 *Run only management development initiatives that are designed to drive bold and measurable (numeric Key Performance Indicators) objectives within the business.*
- 2 *Adopt bold KPI objectives that are shared by the entire business management team, and apply your management development initiative to that entire team.*
- 3 *Ban theoretical exercises and evidence and replace them with projects that impact on business performance and provide real commercial value.*
- 4 *Signal the commitment of senior management by the direct involvement of senior managers alongside their management team, allowing no exceptions.*
- 5 *Press Automotive Skills and the IMI for the introduction of a level 3 ARMS qualification and agreement to these practical forms of evidencing sooner rather than later.*

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