

**THE ROI CALCULATOR
&
THE PROFESSIONALISATION OF
AUTOMOTIVE JOB DESIGNATIONS**

AUTOMATRIX AUTOMOTIVE CONFERENCE

8 -11 February 2019



SOMETHING TO THINK ABOUT...

CFO ASKS CEO:

CEO ANSWERS:

What happens if we invest in our people and then they leave us?

What happens if we don't and they stay?

Quote by Richard Branson



RETURN ON INVESTMENT (ROI)

Automotive apprenticeships

- ▶ Tri-partite, two-year research project
- ▶ Completed 2018
- ▶ Research objective: To find out from SA automotive employers whether apprenticeships make financial sense for their business
- ▶ TO TRAIN OR NOT TO TRAIN?

RESEARCH RESULT

YES for training of apprentices

Automotive Apprenticeships = ROI

South African automotive employers can achieve up to a 200% return on their investment from contracting/employing apprentices.



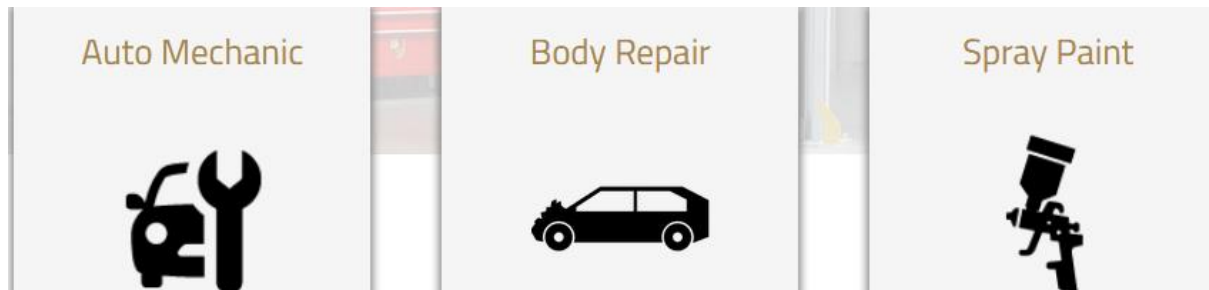
THE TRI-PARTITE PARTNERS

- ▶ merSETA (Project sponsor)
- ▶ RMI (Project manager)
- ▶ IMI UK (Project researcher)



ROI of Automotive Apprenticeships

Research focussed on the three occupations:

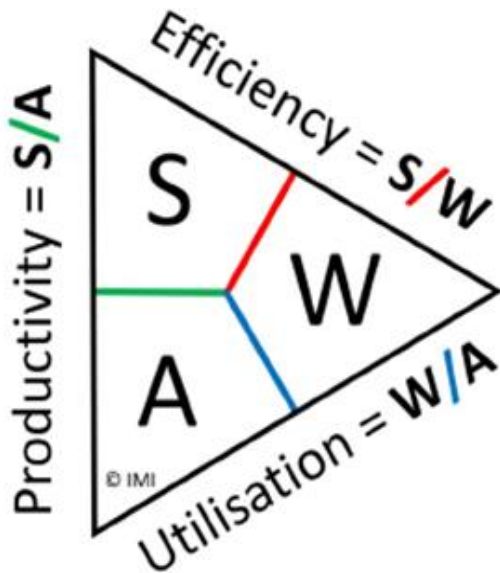


THE RESEARCH CRITERIA

- apply modern data collection and analysis techniques at automotive employers for the three trades
- ascertain the estimated business value in Rands that an apprentice can be expected to deliver
- develop ROI calculator for use by employers

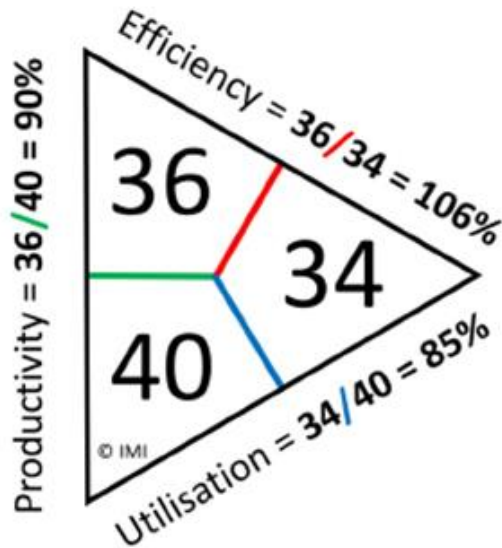


DATA COLLECTION & ANALYSIS TECHNIQUES



- **Utilisation** - Worked hours in proportion to Attended hours (W/A)
- **Efficiency** - Sold hours compared to Worked hours (S/W)
- **Productivity** - Sold hours in relation to Attended hours (S/A)

HOW THE RATIOS WORK (EXAMPLE)



- 34 Worked hours from a 40 hour week = Utilisation ($W/A = 34/40$) of 85%.
- Sell 36 hours, then efficiency ($S/W = 36/34$) is 106%.
- Productivity ($S/A = 36/40$) is 90%.

ROI CALCULATOR FOR EMPLOYERS

- ▶ FREE USAGE (web based)
- ▶ USE OWN DATA (plug and play options)
- ▶ EASY AND USER-FRIENDLY TOOL
- ▶ EMPLOYERS ONLY NEED TO INPUT
 - ▶ Expected sold hours for the selected occupation
 - ▶ The charge-out rate applicable in the business
 - ▶ The apprenticeship duration



The ROI Calculator intelligence already has productivity data (in the form of standard productivity curves) attributed to actual apprentices enrolled on the CBMT programme installed.



ROI CALCULATOR

Data remains anonymous

- the ROI Calculator's algorithm will calculate in seconds the estimated ROI for the apprentices **as if they were employed by the business.**

Incorporates actual employer costs including

- time and level-based national minimum apprentice wages
- training
- level and trade testing
- ancillary costs and opportunity costs to calculate a truly reliable ROI (pre-populated)



EMPLOYER PERCEPTIONS ABOUT APPRENTICESHIPS

Small and medium sized employers are reluctant to **contract and train apprentices**. WHY?

Perception: apprentices “don’t pay their way and it’s costly to train them”

This perception now disproved by scientific research

Historical lack of measurable apprentice performance and productivity data, no access to current and reliable information

PROBLEM SOLVED WITH ROI CALCULATOR



3 STEPS to ROI

Prove to yourself the value of recruiting an apprentice for your business -

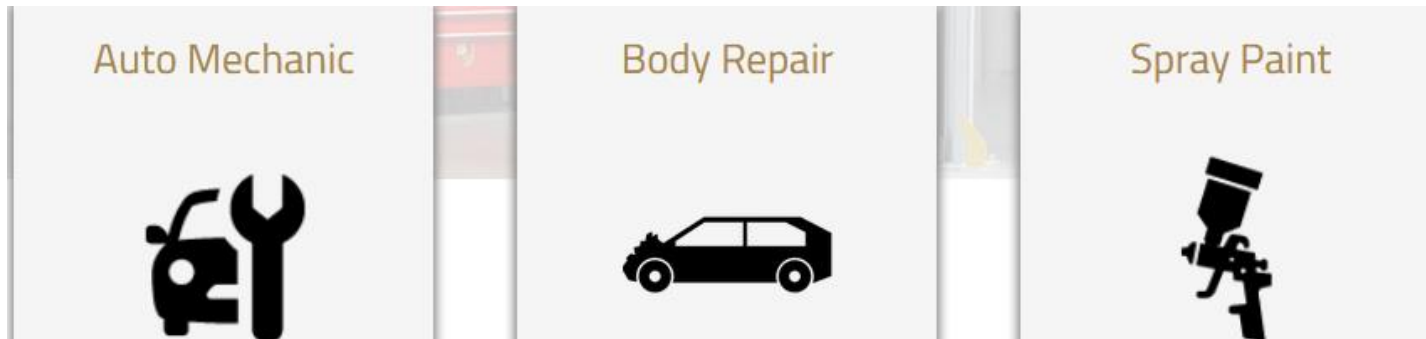
<http://roi.mersetta.org.za/>

- the power of the calculator lies within its primary data and algorithm
- the user just has to complete 3 simple steps to estimate an apprentice's ROI (selection of just 2 numerical inputs)

3 STEPS to ROI

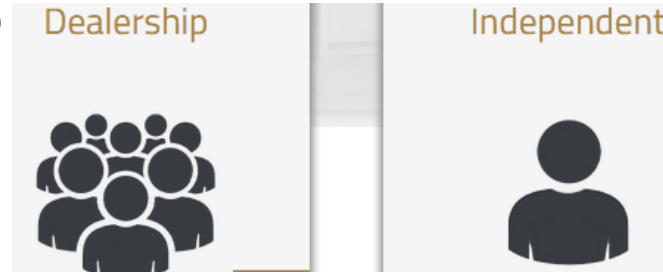
STEP 1

Select your apprentice: motor mechanic, body repairer or spray painter.



STEP 2

For a motor mechanic apprentice select
SME or Motor Dealership



For a body repair or spray paint apprentice
select *no experience* or *some experience*



STEP 3

Numerical inputs

Using a slider, the user selects

- the monthly sold hours expected of an apprentice at the end of the apprenticeship (similar to an average journeyman)
- an hourly customer charge-out rate

ROI CALCULATION

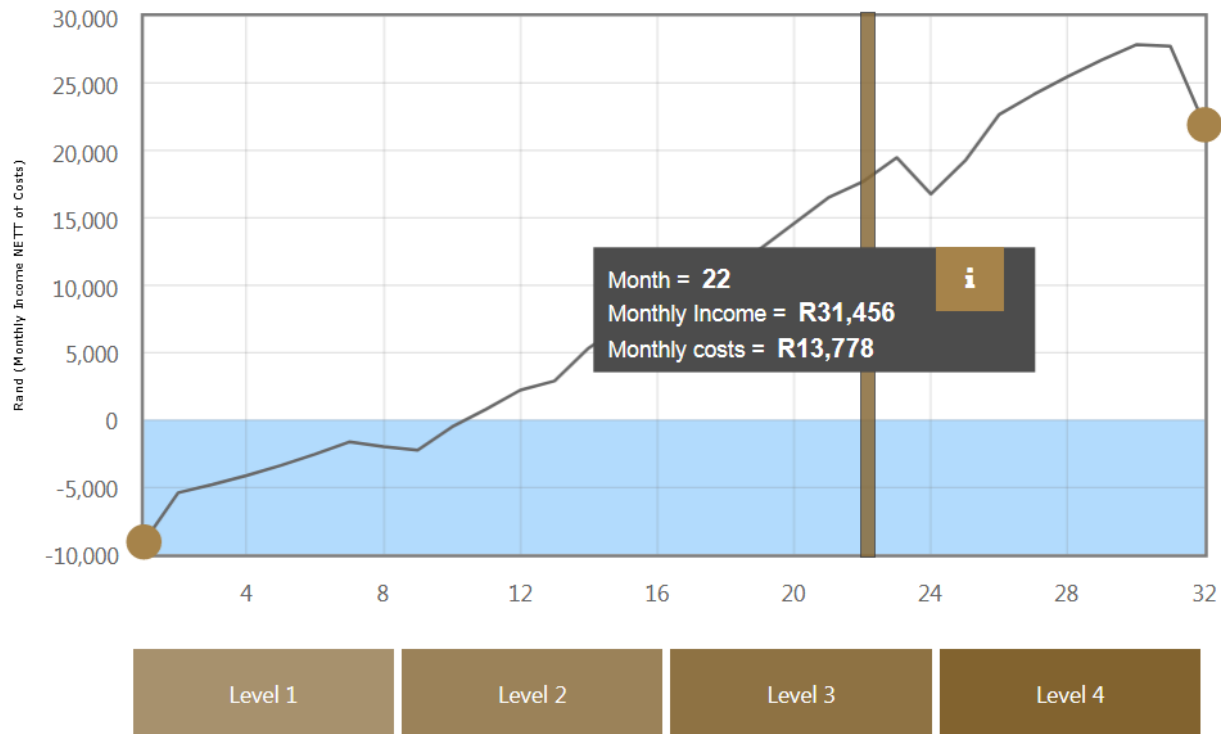
Click 'calculate'

A headline figure of the gross benefit in Rands is displayed, with a choice of three apprenticeship durations.



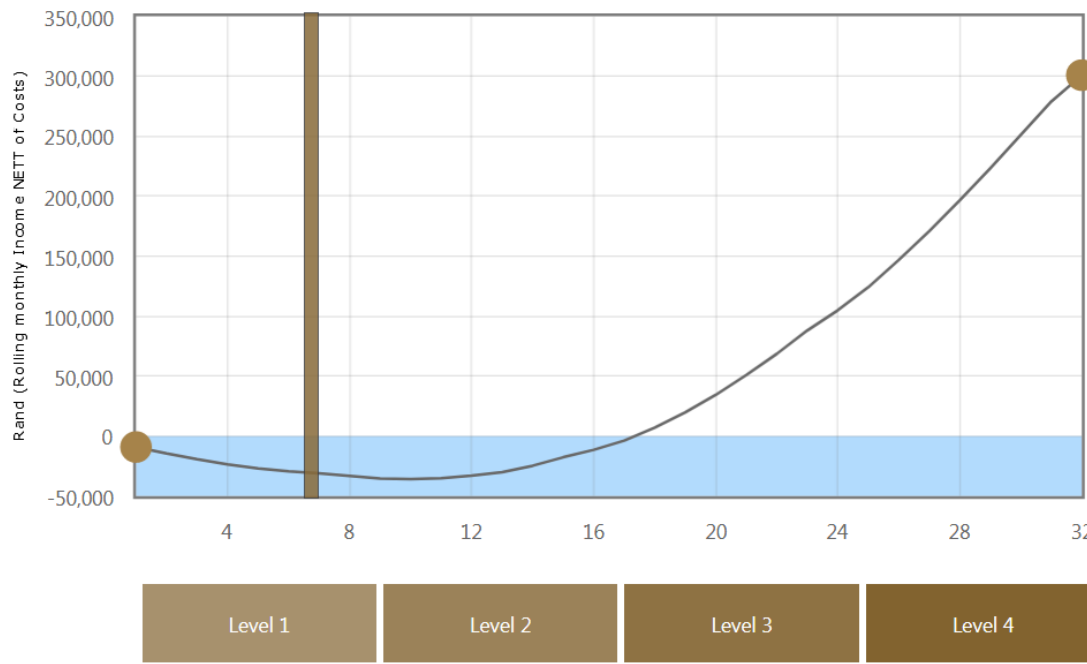
ROI GRAPHS

Supplemented by a graph showing the net monthly Rand benefit and cumulative ROI.



ROI GRAPHS

A second click of a button reveals a graph of the rolling monthly net benefit up to the end of the apprenticeship where the full apprentice ROI is displayed.



ROI CALCULATOR

The Apprentice ROI Calculator shows without doubt that when well-recruited *and* guided through an apprenticeship, an apprentice can pay back the investment (and more) that the employer made during the apprenticeship period

FACT: based on research results at employers with apprentices in the 3 automotive trades, a return of 200% is possible and sustainable



NOTHING VENTURED, NOTHING GAINED

OUR APPEAL TO EMPLOYERS

- make use of the ROI tool for free
- be proactive by employing apprentices
- invest in the youth for increased productivity
- address the automotive skills shortages, reducing unemployment and being part of real transformation

NO DOUBT, WITH EVER-CHANGING TECHNOLOGY THE DEMAND FOR SKILLS WILL INCREASE EXPOTENTIALLY



PROUDLY AUTOMOTIVE - THE FUTURE IS IN OUR HANDS

The RMI, merSETA and the IMI are proud to promote the Apprentice ROI Calculator

OUR TASK

To persuade more automotive employers to recruit apprentices for the economic benefit of their sector and communities based on hard evidence from this powerful independent research study



THE REALITY

- ▶ South Africa: No real skills development and/or under-investment in human capital over many years
 - ▶ Skills outpaced by technology
 - ▶ Lost business and profits
 - ▶ Improved skills = increased productivity
 - ▶ It is all about professional standards and changing of perceptions.
 - ▶ It is never too late to make a difference

PROFESSIONAL BODY (PROFESSIONALISING THE SECTOR BY RECOGNISING SKILLS)

PROFESSIONALISATION = process by which any trade or occupation transforms itself into a true profession of the highest integrity and competence

FACT: The RMI is to become the professional body for individuals working in the automotive industry



PROFESSIONAL BODY

HOW?

As a professional body, the RMI registers **designations**, recommends best practice and oversees the conduct of members of the profession



THE RESULT

Establishing acceptable **designations** that clearly demarcate the **professional** qualified from the unqualified and non-designated member.

THE RMI AS PROFESSIONAL BODY

WHY?

HOW?

WHEN?



THE RMI AS PROFESSIONAL BODY

RMI vision for the sector is to have **professional** skilled individuals who align with government initiatives and industry needs. Skills development and **professionalisation** is the catalyst for

- reducing unemployment
- stimulating economic growth
- ensuring ROI for employers
- profits to employ more people
- re-investment in business growth and sustainability
- satisfying the consumer with **professional** vehicle repairs by **professionals**



WHY THE PROFESSIONAL ROUTE?

- ▶ All about professional standards
- ▶ Perception of automotive sector
 - ▶ Not attractive
 - ▶ Not professional
 - ▶ No career prospects
 - ▶ Not for talented people
 - ▶ Stereotypes - dirty, oil & spanners
 - ▶ The reality is quite different in the modern automotive industry - we need to change the perceptions and be professional

RMI AS PROFESSIONAL BODY (PB)

Once implemented, the project will run in close liaison with the Institute for the Motor Industry (IMI) UK to ensure added advantages

The development and facilitation of professional registration is critical to personal and business success

Promotion and escalation of the automotive designations and jobs to professional status over time



PROGRESS TOWARDS PB STATUS

RMI expressed an interest in being recognised by the South African Qualifications Authority (SAQA) as a professional body (August 2018)

RMI contracted the services of an expert to prepare the SAQA application AND to assist the RMI to become PB-ready

IT platform development has commenced to ensure compatibility to the National Learner's Records Database of SAQA



WHEN? THE TIME FRAME

Time frame for application to SAQA during the first 6 months of 2019

To initially start with at least one designation in the Automotive Sales & Support Services field (other designations including technical jobs to follow)



SOME REQUIREMENTS

Meeting SAQA requirements

- advocacy (all stakeholders)
- define the role of the RMI PB e.g. professional body for retail motor industry practitioners in South Africa
- register designations with SAQA
- implement a process of CPD points to maintain professional status
- international comparability



MUST-HAVE POLICIES

Policy to recognise prior learning (RPL) for independent assessment of the professional level of work and NQF level of the retail motor industry practitioners

Policy on national standards of designations and the criteria thereof i.e. relevant work experience and authority/seniority level expected of retail motor industry practitioners

Policy on Continuous Professional Development (CPD) to maintain professional status



RMI AS PROFESSIONAL BODY

Develop gap training following recognition of prior learning assessment

Identify further development required to upgrade to higher levels of registration

Participate in continuous professional development (CPD) programmes - electronic or other e.g. compulsory courses, seminars, conferences and workshop attendance for CPD points



OPPORTUNITIES for the RMI

Participate in SETAs as Qualification Development Partner under mandate of the QCTO for scoping, review and alignment of qualifications

Participate in retail motor industry curriculum and learning material development at SETAs or other forums

Develop professional designations and register on the National Learners' Records Database (NLRD) at SAQA

Professionalising the sector's workforce



ACCESS TO INFORMATION AND GLOBAL RECOGNITION

Access to information and close working relationships with alliance partners and stakeholders (DHET, SETAs, QCTO, NAMB, MIBCO etc.) to strengthen the retail motor industry professions

Option for members of the RMI PB to also become IMI UK PB members (membership of a global automotive industry sector professional body over and above the RMI PB membership)



TAKING THE AUTOMOTIVE INDUSTRY TO THE NEXT LEVEL

SKILLS OR NO SKILLS?

EMPLOYER ROI TOOL

<http://roi.merseta.org.za/>

Scarc skills & shortages

Automotive jobs with professional status

Self-regulation and ownership of our future



THANK YOU

Jakkie Olivier, RMI CEO

jakkie.olivier@rmi.org.za

Personal Assistant - Priti Thakor

priti.thakor@rmi.org.za

011- 886 6300

www.rmi.org.za

