



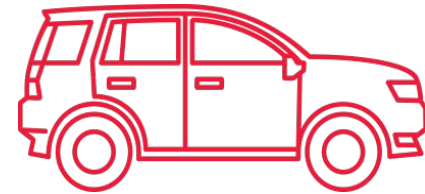
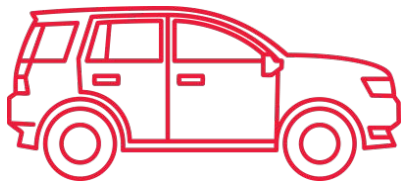
Developing Human Capital Techniques, Play Plans And Methods 2015



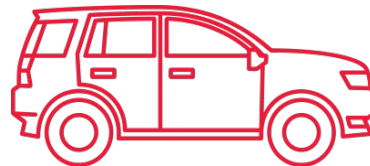
DEVELOPING HUMAN CAPITAL

Techniques, pay plans and methods

INDUSTRY OUTLOOK AND CURRENT CHALLENGES



IMPACT AND COST ON YOUR DEALERSHIP



PRIORITIES AND SOLUTIONS

INDUSTRY OUTLOOK

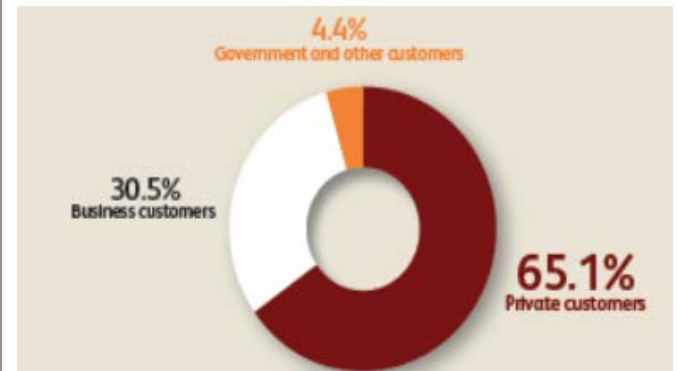
Slow with limited room for expansion.....

- Competition is high and revenue levels are volatile
- High volume of lower priced cars, impacting margins
- Slow growth in new cars expected, decline in overall revenue
- 65% of purchases are private buyers

What is the size of our industry?*

Revenue	Annual Growth 10-15	Annual Growth 15-20
\$61.3bn	-0.6%	1.2%
Profit	Wages	Businesses
\$1.4bn	\$3.9bn	4,598

Who are our buyers?*



INDUSTRY OUTLOOK

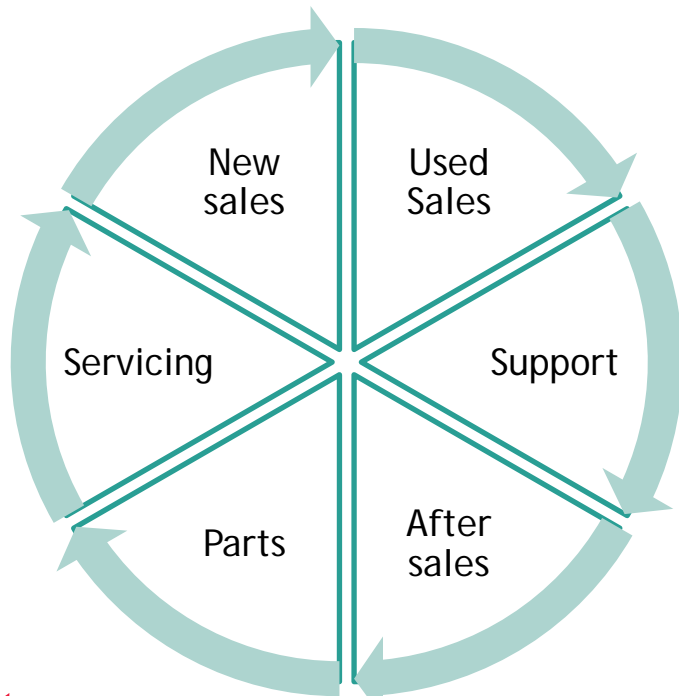
Key success factors for Dealerships in Australia

1. Provision of superior after sales service
2. Production of premium products
3. Guaranteed supply of up-to-date models and healthy stock turnover
4. Superior financial and debt management

WORKFORCE CHARACTERISTICS

Industry employs 70,000 individuals and spends \$3.9b on wages.

Typical Workforce Segmentation



Key workforce statistics:

- Nearly half new hires are between 18-29 years old
- Women make up just 18% of the industry workforce
- Avg. Aus wage \$67k
- Industry turnover for sales staff is 66%

LINKING PEOPLE PRACTICES TO ROI'S

Poor people practices are expensive...The real cost of your turnover:

Hard costs:

- Advertising
- Reviewing applications
- Time to interview
- Use of interviewers
- New hire costs

Soft costs:

- Productivity loss
- Unworked staff
- Lost know-how
- Training costs

Staff replacement benchmark is 150% of the departing employees annual salary

Cost of 10 people leaving in a year?
\$990,000 in loss of productivity to your business each year

CURRENT WORKFORCE CHALLENGES

What were are hearing your pain points are...

How do we compare to what the market is offering? We have unique roles and we aren't sure how pay them

Are we are getting value for money from our wage spend?

Good quality staff is a bit of a lucky dip. We are constantly recruiting replacements!

Great sales people, don't always equate to strong leaders.



WORKFORCE PRIORITIES

Where should you be focusing your efforts?

1. Turnover prevention
2. Value-based remuneration

TURNOVER PREVENTION

- Trends in workforce demographics and Future workforce profiles
- Customer-centric recruitment and selection
- Sound HR practices

TRENDS IN WORKFORCE DEMOGRAPHICS

The 2015 Intergenerational Report and the opportunities for Dealerships

1. Increase in the active ageing population = opportunity to benefit from wisdom and experience
2. Increase in female workforce participation rate to 70% = opportunity to pull from a broader pool
3. Increase in immigration = future opportunities to build a customer centric workforce

CUSTOMER CENTRIC RECRUITMENT AND SELECTION PRACTICES

Think about aligning your workforce to your customers needs. For example;

WHO?

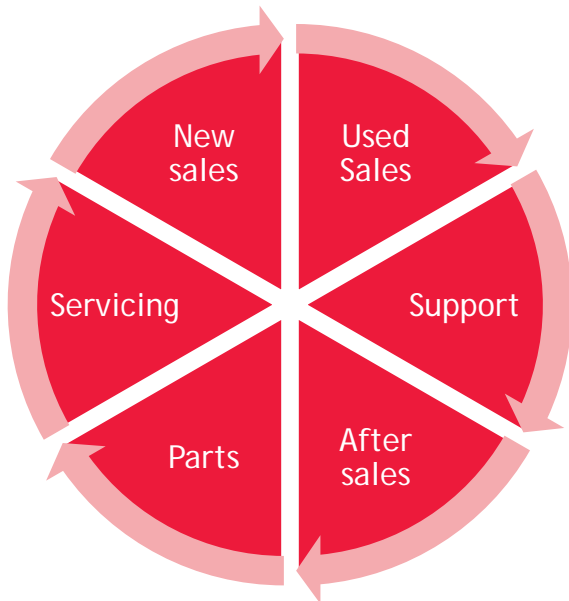
- Private buyers are 61% of the market
- 50% of all direct buyers are women and women indirectly influence 80% of all car buying decisions
- Most buyers will research before they enter the showroom
- Same goes for F&I and after market

WHAT DO THEY WANT?

- Knowledge
- Straight to the point
- Easy and efficient process
- Personable
- Attention to detail
- Best deal

CUSTOMER CENTRIC RECRUITMENT AND SELECTION PRACTICES

The right people in the right jobs will improve performance and retain your talent



What can you do?

1. Understand your workforce demographic and your customer base.
2. How well are they aligned?
3. Understand your turnover statistics, is there obvious reasons that need to be addressed?
4. Where are you sourcing your candidate pool from? Is it where your ideal candidate will be looking?
5. Have you thought about your own customer base as a referral network?

HR HOT TOPICS TO THINK ABOUT

Workforce is a critical contributor to Dealership success

Leadership roles should be investing in the following practices to build and sustain an effective organisation:

- Diversity
- Leadership
- Communication and engagement
- Pathways and succession
- Learning and development

VALUE BASED REMUNERATION

- Good practice remuneration principles
- Flexible remuneration practices
- Alternative ways to determine a roles market value

OUTCOMES OF A SUCCESSFUL REMUNERATION STRATEGY

SUCCESSFUL *EMPLOYEE* OUTCOMES

- My pay seems in line with the company's priorities and direction
- I know the growth opportunities and future I can have here
- When i do the right things, it gets recognised in my pay and career
- My rewards are competitive in the marketplace
- These programs meet my needs
- My pay is fair and competitive

SUCCESSFUL *EMPLOYER* OUTCOMES

- Our costs will be affordable and sustainable
- Our rewards build workforce capability to support our business model
- Our rewards are central to our employment brand for attracting and retaining talent
- We have increased the return on our reward investments
- We have global consistency and governance while supporting needed local flexibility

FLEXIBLE APPROACH TO REMUNERATION

A catalogue of options to suit both employer and employee needs

Employer need	Remuneration practice	Employee Need
Stabilise wage budget	Increase based, decreased incentive component	Security
Decrease turnover	Increased wage spend on top talent	Value recognised
Improved performance during down times	Higher levels of incentive opportunity	Motivation
Minimise wage spend to maximise margins	Tougher hurdles during major campaigns	Opportunity to maximise earnings

EFFECTIVE REMUNERATION MANAGEMENT SYSTEMS

- Can value the job itself
- Can recognise unique individual factors at time of recruitment
- Recognise the performance and contribution of individuals/teams
- Can cope with market forces and regional trends
- Competitive and affordable
- Kept up to date - as jobs change, and as market rates change

TYPICAL REMUNERATION STRUCTURES

Variable levels of risk

Significant proportion at risk (60:40)	Some at risk component (30:70)	100% Salaried
<ul style="list-style-type: none">• Management• New car sales• Used Car Sales	<ul style="list-style-type: none">• After Sales• F&I• Parts• Services	<ul style="list-style-type: none">• Finance• IT• Administration• Facilities

TYPICAL REMUNERATION STRUCTURES

Principles of a good practice remuneration plan - incentive component

- Reliant on a combined achievement of selling gross, aftermarket and F&I
- Rewards performance above budget at progressively higher rates (and penalise in a similar manner), which assists to prevent a mindset which might have an employee “rest, stop or carry over”
- Reflects the market rate of remuneration for an employee in that position achieving a budgeted financial return
- Has a compounding percentage increase /decrease on the “base” incentive amount
- Has a compounding percentage increase /decrease on the “base” budgeted financial return
- The above two functions enable the remuneration designer to manage the high and low of the bonus relative to predetermined upper and lower potential financial results
- Other incentive components include reward or reduction for the achievement or not of:
 - Customer Satisfaction
 - Manufacturer’s Volume Targets

ALTERNATIVE WAYS TO DETERMINE A ROLES VALUE

Standardising industry roles so they can be compared against the general market

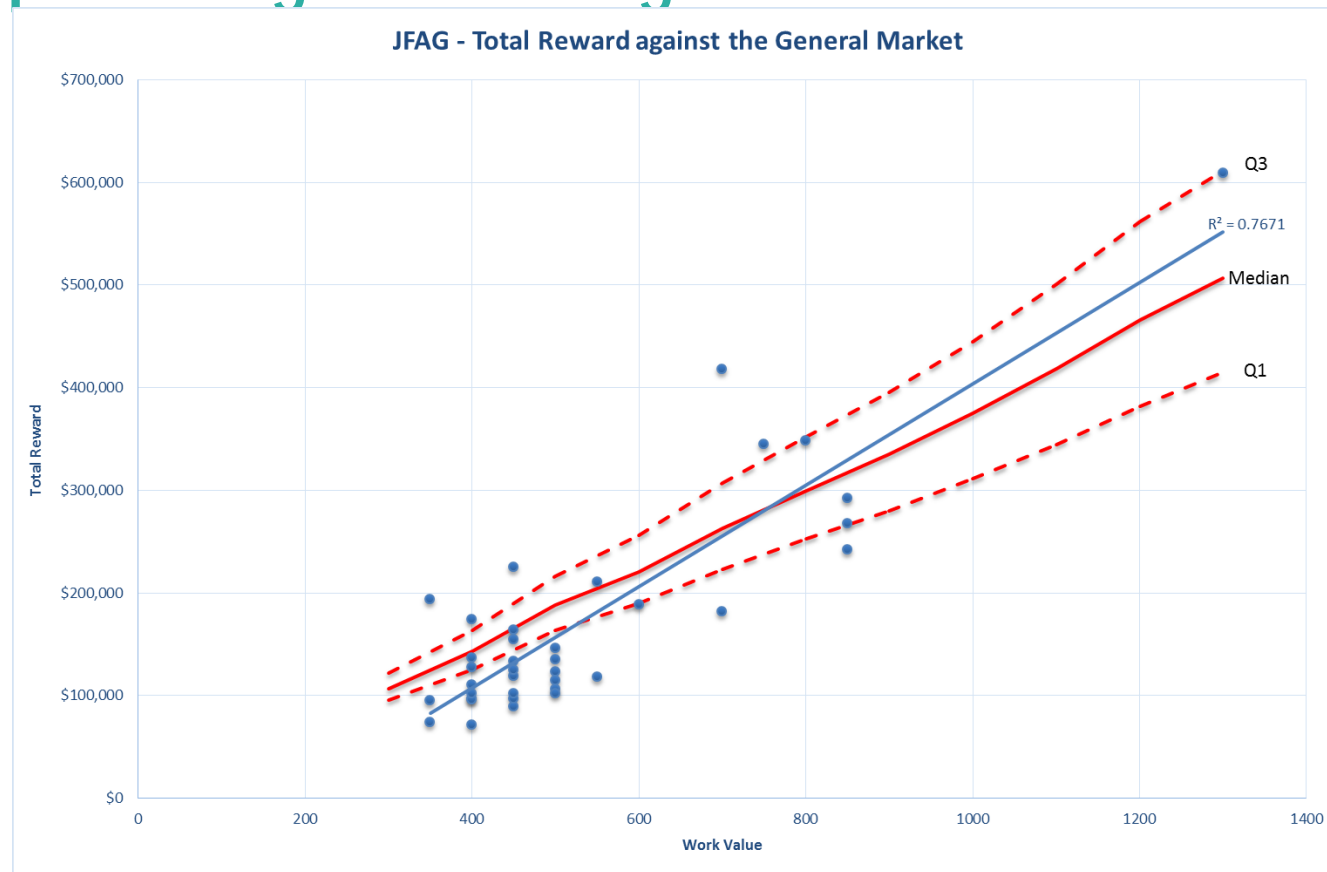


EXAMPLES

Standardising industry roles so they can be compared against the general market

ALTERNATIVE WAYS TO DETERMINE A ROLES VALUE

Standardising industry roles so they can be compared against the general market





IN CONCLUSION

Lots of opportunities to develop Human Capital
with the Dealership industry

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THANK YOU

Contact us



SARAH DALEY

Associate Director, Consulting
+61 7 3237 5753
sarah.daley@bdo.com.au



connect with me