SOLVING THE TECHNICIAN CHALLENGE

PROJECT REPORT 2018

BY GLENN MERGER
COMMISSIONED BY THE NATIONAL AUTO AUCTION ASSOCIATION

NATIONAL AUTO AUCTION ASSOCIATION
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Contact:
Frank Hackett
NAAA Chief Executive Officer

NAAA Study to Address Service Technician Shortage
National Auto Auction Association to improve recruitment and retention best practices

FREDERICK, MD—The National Auto Auction Association (NAAA) has commissioned automotive industry analyst Glenn Mercer to conduct a study of the growing technician shortage and develop recommendations for improving recruitment and retention in the vehicle service and repair field for auto auctions.

Scheduled for completion later this spring, the finished document will include an analysis of the current technician situation, a review of recruitment and retention best practices across the auto industry, and proposed actions that can be taken to address the issue.

“Our members are facing a triple whammy — the retirement of veteran mechanics, more advanced vehicles with increasingly sophisticated systems, and fewer young people entering the service technician field,” explained NAAA Chief Executive Officer Frank Hackett. “We understand this problem greatly concerns our membership and we want to tackle it now before it reaches the crisis stage.”

According to the U.S. Bureau of Labor Statistics, more than 237,000 jobs in automotive service and repair are projected to open up by 2024 while the number of students training to be skilled auto technicians continues to decline.

Hackett said NAAA retained Mercer for the project because of his professional expertise, familiarity with the automotive industry and his previous work for the organization. Last year Mercer produced a report for the association entitled “Auction of Tomorrow 2027: Planning for Challenging Times,” and has given presentations at both the 2017 NAAA annual conference as well as the NAAA/CAR conference this past March. In addition to his work for NAAA, Mercer recently completed a study on the future of automotive retail for the National Automobile Dealers Association (NADA).

Mercer, who earned an MBA from Dartmouth’s Tuck School of Business, has more than three decades of analytical experience, including 20 years as a partner at McKinsey & Company leading its automotive practice in hundreds of client studies. In 2006 he launched his own consulting and investment advisory firm, GM Automotive LLC, working with suppliers, OEMs, dealers and the aftermarket as well as venture capital, private equity investors. He also serves as a board member for several automotive firms and as an expert witness in auto-related legal cases.

To prepare his report, Mercer’s work will include primary research, in-depth data analyses, interviews and site visits, as well as reviewing the more than 200 responses NAAA received in its survey last year of staff technicians at both corporate and independent member auctions.

The report’s final results and recommendations will be made available to NAAA members later this year.

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Solving The Technicians Challenge

PROJECT REPORT, JUNE 2018

GLENN MERCER

Summary

1. The tech shortage is real, and affects every part of the auto aftermarket, including auctions.

2. There are two main causes: adverse generational attitudes (“grease monkey” image held especially by young people) and low vocational awareness (“auctions use techs?”).

3. Our analysis tells us that solutions should focus on improving awareness at tech schools:
   - Between recruiting and retention, we de-emphasize retention: once auctions hire a tech, generally they can keep her or him
   - Between hiring new grads or experienced techs, we de-emphasize the latter (for a variety of reasons)
   - Between solving the awareness or the attitude problems, we de-emphasize the latter: we can’t “move the needle” on attitudes

4. Within the resulting focus on awareness among techs in school, we propose 11 actions
   - About half can be undertaken by auctions on their own, and about half can be led by NAAA
   - About half can be done “solo” by auctions or the NAAA, and about half involve working with partners

5. There are no surprises and no silver bullets: no one “next big idea” will solve the problem, so multiple tried-and-true solutions need to be employed.

6. Among the 11 proposed solutions, a key and consistent theme is “reach the teachers:” vo/tech and community college automotive instructors can amplify our efforts by acting as advocates on behalf of auction tech job opportunities. Highest-yield actions include developing auction-focused promotional and training materials, devising and launching work/study internships, visiting schools, and participating in job fairs.
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(Notes from the presentation meeting attached as an appendix)

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Project *Overall* Review

Timing: start January 6 2018, finish by May 1

Pace: backloaded due to other client commitments

End products (from project agreement):

1. First, a fact-based review of the current situation. How bad is the tech shortage? Is it getting worse? What is causing it? What are typical turnover levels at auctions? What is a good estimate of the cost of hiring a new tech? Etc.

2. Second, a review of best practices in recruitment and retention, gathered both from NAAA member auctions, and from outside NAAA (e.g. from NADA, ASA, and others). This section would provide ideas for NAAA members to apply in their own businesses.

3. Finally, a proposed set of actions to take, to help resolve the tech challenge. These would include both member-level actions (e.g. advice on how to “tune up” the recruitment side of an auction’s website) and industry-level actions (e.g. potential partnering between NAAA and vocational-technical community colleges, e.g. via ACTE, Northwood University, etc.).
Project Process Review

Interviews: two-dozen - 28 substantive interviews done*
Research: NAAA survey, NC dealers/NADA, UC/NIADA, BLS, ACA, ATA, automotive HR consultants, etc.
Site visit: one (Ohio)
Other: visited several vendors and associations (e.g. Hireology, I-CAR) at NADA 2018

* Both NAAA- and Mercer-sourced. Thanks to all who have participated!
Findings

1. For better or worse, we’re not alone
2. There is consensus the shortage exists....
3. ... but at least may not be getting worse
4. There are two main causes for the problem
5. Auctions vary too much for standardized local solutions

Before we begin: historical perspective

ISO 9000 News: “As the demand for qualified automotive technicians outpaces supply, many companies face having too much to do and not enough hands to do it. ... Butler Fleet Services of Montvale NJ decided to create its own supply... via the Butler Technician Diploma Program. "We needed to take action in response to the diminishing supply of trained technicians," says Jim Von Bampus, of Butler FS.”

"Demand for qualified mechanics is high... General Motors estimates a shortage of 125,000 mechanics qualified to work on its cars. "Training has become more necessary," Diklich said. "The manufacturers recognize this, and they have begun looking to the colleges and universities for help."

“Recruiting and retraining mechanics is the biggest headache, industry spokesmen say. Last year, only about 1,900 graduated from manufacturer-subsidized schools, though there are openings for at least 30,000 a year, according to the MVM...”

“A Ford vice president indicated that the industry is short 80,000 mechanics, with an estimated 18,300 needed at Ford dealers alone.” (testimony to the US Senate)
Before we begin: historical perspective

ISO 9000 News: “As the demand for qualified automotive technicians outpaces supply, many companies face having too much to do and not enough hands to do it. ... Butler Fleet Services of Montvale NJ decided to try something different... via the Butler Technician Diploma Program. “We can’t keep up with the diminishing supply of trained technicians,”

"Demand for qualified mechanics is higher than the supply. There are only 125,000 mechanics qualified to work on cars, but 1.6 million are necessary," Diklich said. "The manufacturers have begun looking to the colleges and universities for help.

“Recruiting and retraining mechanics is the biggest headache, industry spokesmen say. Last year, only about 1,900 graduated from manufacturer-subsidized schools, though there are openings for at least 30,000 a year, according to the MVMA....“

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You’re not alone: example of trucking

2017 Top Trucking Industry Issues

| 1. | Driver Shortage |
| 2. | ELD Mandate |
| 3. | Hours-of-Service |
| 4. | Truck Parking |
| 5. | Driver Retention |
| 6. | CSA |
| 7. | Cumulative Economic Impact of Trucking Regulations |
| 8. | Driver Distraction |
| 9. | Transportation Infrastructure/ Congestion/ Funding |
| 10. | Driver Health and Wellness |
You’re not alone: example of trucking

Driver shortage is holding back purchases

Question: “If you are not planning to purchase new trucks in 2018, what factor(s) are holding you back?”

Number of responses: 35 (respondents were asked to select all that apply)

Results: Driver shortage was the number one factor. Respondents reported being unable to purchase new trucks. They also cited “current business conditions” and “replacement not needed” as a factor in not purchasing new trucks.

1. More trucks are on the market, allowing you to choose from current dealer prices.
2. Current business conditions are currently better, leading to slow demand for new trucks.
3. Replacement not needed (fleet is not overwhelmed by recent events).
4. Access to credit.
5. Macroeconomic uncertainty.

Source: J.D. Power Survey #45

You’re not alone: example of NC dealers

1. Tech wages growing faster than national wage average (>6%), with average compensation closing in on $60,000.
2. Yet turnover is persistently high (about 25% among techs).
3. Millennial turnover is especially high (over 50%).

Do you see any millennials out there? I’ve got a job offer locked and loaded!

Yeah... there’s a mating pair about 500 yards out, grazing at a Starbucks’s...
You’re not alone: example of retail AM

1. “It’s not so much a shortage as a scramble”*
2. “Plenty of techs, but fewer good techs, techs with the skills you need today, and will need tomorrow.”
3. “I think it is more a shortage of good recruiters!”

* “If there were a true shortage service appointment wait times would be going up. They are not.”

You’re not alone: summary (good news)

“There’s a tech shortage in the transportation industry. It doesn’t matter if you’re talking automotive, trucking, diesel, aftermarket, motorcycle, marine, collision repair...you name it...they’re all struggling to find trained, professional technicians.”

—Jennifer Maher, the CEO/Executive Director of TechForce Foundation, a nonprofit 501(c)(3) with the mission to champion students ... to pursue their career as professional technicians in transport.
You’re not alone: summary (bad news)

The NC dealer and retail AM have a lead on you...

The NADA Dealership Workforce Study (DWS) Database and Search Tool allows you to search the entire DWS database—representing 1,605,000 payroll records from more than 10,000 dealerships—to find answers to individual questions about national, regional, state and metro data. Search by compensation or tenure, brand, sales volume, geographic location, dealership department, job title. Access to the Dealership Workforce Study Database and Search Tool is good for one year.
Findings

1. For better or worse, we're not alone
2. **There is consensus the shortage exists....**
3. ... but at least may not be getting worse
4. There are two main causes for the problem
5. Auctions vary too much for standardized local solutions

Consensus on the shortage: quotes

- “We are always short-handed, yes! Don’t know if there is a *shortage*, though.”
- “Seems to be a *shortage*. Recruiting an issue, retention less so.”
- “Yes there is a *shortage*, and it is worse since the recovery from the Great Recession matured. The fracking industry grabbed a lot of people, and now dealers swamped with recalls are pulling more.
- “More a *shortage* of the right ones, with skills to deal with advancing technology, such as LIDAR.”
- “No *shortage* here!”
- “We’re doing okay. But it is true that we as an industry are pretty weak at screening, recruiting, onboarding, and developing techs. Dealers and the AM are focused on this, and do a better job as a result. We need to do better.”
- “Yes, definitely a *shortage!* We are hurting here.”
- “There is a *shortage* and it is getting worse.”
- “I’d say yes there is a *shortage*. Haven’t seen it getting worse. Lots of competition for techs.”
- “Yes, there is a *shortage*. And it has gotten worse.”
Consensus on the shortage: quotes

- “We are always short-handed, yes! Don’t know if there is a shortage, though.”
- “Seems to be a shortage. Recruiting an issue, retention less so.”
- “Yes there is a shortage, and it is worse since the recovery from the Great Recession matured. The fracking industry grabbed a lot of good people who then were lured away by the energy booms. Dealers and installers are pulling more.”
- “More a shortage problem now.”
- “No shortage.”
- “We’re still learning to onboard, fewer leaving. So it’s not as bad as it was.”
- “Yes, definitely a shortage.”
- “There is a shortage and it is getting worse.”
- “I’d say yes there is a shortage. Haven’t seen it getting worse. Lots of competition for techs.”
- “Yes, there is a shortage. And it has gotten worse.”

So what is the actual size of the gap? Hard data are elusive, but a typical guesstimate is that there are at least 25,000 open technician positions at dealers and installers, combined, across the US. (The Drive, May 2, 2017)

Findings

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Future tech job demand growth “in line”

Thus BLS suggests the body/glass/paint market will be tighter than the mechanical.

Note: BLS data may be the best we have, but it is unreliable, as CRASH Network reports:
- From 1984 to 1995, BLS projected a 20% growth in autobody repair employment; actual was 4%
- For 1988 to 2000, BLS projected a 26% increase, but the actual growth was just 10%
And changing attitudes may boost supply

Why an Honors Student Wants to Skip College and Go to Trade School

As worries about student debt rise, states and businesses increasingly push faster, cheaper paths to the workplace; parents are stumped.

As this recent WSJ article indicated, growing student debt (cost of college) and shrinking college wage premium (benefit of college) are starting to cause parents and kids to re-evaluate trade opportunities.

TechForce data implies the worst year for the shortage will be 2018.

So we may be at the worst point now

TechForce Auto Demand vs BLS

TechForce data implies the worst year for the shortage will be 2018.
So we may be at the worst point now

However, the industry is in no position to wait years for the situation to fully fix itself.

Findings

1. For better or worse, we're not alone
2. There is consensus the shortage exists....
3. ... but at least may not be getting worse
4. There are two main causes for the problem
5. Auctions vary too much for standardized local solutions
There is consensus on two main causes*

- Absolute agreement: **AWARENESS** is low among potential hires. Many do not know auctions exist, that auctions need techs, what kinds of techs we need, and what auction work is like. **We can fix.**

- Absolute agreement: there is an **ATTITUDINAL** issue, especially among younger generations. Younger people (often supported by their parents) often just do not want to do this manual labor (and don’t understand how it has changed from "wrench jockey" days). **We probably cannot fix.**

- Scattered mentions of all other causes (low consensus):
  - Competition for techs has increased
  - “It’s more a matter of how poor the average auction is at recruiting!”
  - “Treat recon as a cost center, you get weak people; treat it as a profit center, you get better ones.”
  - Pay is / is not a major issue. Pay structure is as important / less important than pay levels.
  - Techs like to / do not like to multi-task.
  - “We are not good at writing job descriptions people can understand.”
  - The work environment (e.g. outdoors sometimes) is / is not an issue.
  - The (sometimes) lack of a clear career path is / is not an issue.

* Paraphrased and edited as every interviewee had at least two suggestions for causes.

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**Findings**

1. For better or worse, we're not alone
2. There is consensus the shortage exists....
3. ... but at least may not be getting worse
4. There are two main causes for the problem
5. Auctions vary too much for standardized local solutions
Auctions vary too much for many standardized answers

- Familiar dimensions: small/large, multi-site/single-site, fleet-dominated/dealer-dominated...
- Tech multi-tasking: from “highly specialized” to “all hands on deck on sale day!”
- Hours: from “everyone is full-time” to “I only need techs 1-2 days/week”
- Experience: from “love new graduates” to “they’re a waste of time, I need Day 1 productivity”
- Pay structure: from “they love stable pay” to “they want to ring up extra hours and income”
- Career path: from “crucial to offer” to “many of my best people are very happy in place”
- Environment: from “no problem” to “no one wants to bake or freeze, we do both!”
- Sourcing: from “we do it all in-house” to “we out-source and sublet quite a bit”
- Pace: from “much more stable demand than dealerships” to “very peaky during the week”
- Customer interaction: from “dealer-directed” to “standardized fleet checklist”
- Skills: from “we really need EV techs” to “just fine with mechanical and body & paint”

So much diversity excludes most one size fits all solutions, so we’ll focus mainly on “the big two:” generational attitudes and career awareness.
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Principles for Good Solutions

1. Broad enough to potentially help every NAAA member (big/small, private/corporate, dealer-based/fleet-based, etc.)...
2. ... but not so broad that many aren’t useful to any one member.
3. Productive: good “bang for the buck”
4. Fairly easy (labor), and fairly inexpensive (money) to implement*
5. Leverage NAAA strengths (predictable pay, steady hours...)
6. Offset NAAA weaknesses (low awareness)
7. Voluntary (minimal possible mandatory participation) ...
8. ... but real (participants must name a responsible contact person)

* at both the auction level and the NAAA level
Solutions Decision Tree

- Pursue new grads
  - Fix GENERATIONAL issue?
    - No. 1. Beyond our grasp to change attitudes of whole generations*; 2. We benefit from the work of other groups here anyway
  - Fix AWARENESS issue?
    - Yes. 1. Within our grasp; 2. Many levers to pull, at both auction and NAAA level

- Pursue experienced
  - Recruitment: can’t hire
  - Retention: can’t keep

What is the root cause of our problem?

* except for students already in vo/tech programs

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Fix the generational issue? No (1)

No. First, it is beyond the reach of NAAA (or any association) to impact. Second, we cannot outspend others, and in any case we benefit from their spending. Example: a list of just TechForce’s partners:

**Association Partners**

![Association Partners Logos]

Source: TechForce Foundation
Fix the generational issue? No (2)

No. It would not be an efficient use of our funds. Other automotive groups have tried media campaigns, involving social media and YouTube as much as traditional media. In my view these are ineffective, given how cluttered media already are. I will therefore focus on more targeted, “grassroots,” solutions.

Source: FutureTech; ACA Careers; industry association media plan (identity concealed)

Pursue employed techs? Only locally

No... or rather, not at the NAAA level. Individual auctions of course can follow any path they wish, but at the overall NAAA level this is probably counter-productive:

1. Research shows this is somewhat a zero-sum game: “Techs we poach, will be poached.”

2. Auctions’ customers are dealers, and so it may not be advisable to mount any concerted effort to hire dealer techs. (There is no such issue with aftermarket installers and garages.)

3. Auction tech work does not generally require very senior experience (e.g. all 9 ASE A-certs), so that pursuing dealer techs is probably not usually optimal. The most productive arena may be the aftermarket (e.g. lube stops, tire stores), where techs are not generally paid more than at auctions, but where long hours and weekends can be an issue. Some suggested steps:
   - Do a local “tech inventory:” scout aftermarket locations in a sensible radius and get a sense for where and how many techs there are; use job boards to understand competitive pay and benefits
   - Interview your own techs to see who has contacts at these locations; offer referral bonuses

Source: TechForce Foundation
**Tips on pursuing experienced techs**

Any auction can of course pursue experienced techs, and probably will, as developing a schools pipeline will take time. In our interviews we uncovered any number of tips and tricks for most effectively recruiting techs who are already employed elsewhere in the industry;

- Start with a local tech market inventory: use Google Maps, etc., to identify which outlets are active in the area.
- Hit every job board: techs use them all (often with regional variations), so you’ll probably need to use more than one (Indeed, Monster, Glassdoor, Ziprecruiter, Snagajob, Craigslist, etc.)
- For word of mouth recruiting referral bonuses to your current employees are crucial.
- Put the word out to suppliers who call on garages and on you, e.g. Snap-On tool vendor
- Stop by installers (e.g. tire stores) and snap pics of techs featured on wall displays
- Simple low-cost signs along your road frontage can help.
- If you can use part-time techs, approach dealers in the area about retiring techs, who often are in the market for part-time work. Similarly, approach installers who have techs they can use only a few days per week.
- Consider hosting a pizza “tech night” event (various topics are possible)

Source: Interviews

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**Fix retention? No: not a huge issue**

None of the auctions interviewed reported tech turnover as an issue, in contrast to, for example, car dealers, where $\frac{3}{4}$ leave each year:

![NATIONAL RETENTION AND TURNOVER – CARS – ALL DEALERSHIPS](image)

Source: NADA
Tips on retention

*If retention is an issue at your auction, our survey of auto service employers revealed these as the most effective retention tools*:

- Generous PTO
- Certification reimbursement
- Tools allowances
- Weekend lunch / evening dinner
- More frequent formal recognition of progress
- Defined career paths or career options
- Steady flow of training (especially high-tech)

*Beyond changing the nature of the job itself.

Source: NADA, ACA

Result: focus on *raising student awareness*

*By process of elimination, our best hope is to raise awareness of auction tech careers among students in the field.*

- This is a much smaller group to deal with on, than “all young people who might be interested in auction tech work.” We can focus our limited resources for more effective results.
- This group has already gotten over the generational attitude issue: we don’t need to spend effort trying to change their minds about automotive work.
- Because this group is in school, we know where to find them (versus trying to address “all techs currently employed anywhere”), for still more focus.
- Because this group is in school, we have allies: instructors and administrators, who are always wish to show students more employment opportunities.
Better awareness = pull many levers

There is no “silver bullet” for raising awareness of auction jobs among tech students: we’ll need to pull many levers at once.

Source: ACA

For example: job seekers use multiple tools

Techs and tech students find work through multiple channels, so auctions need to cover multiple bases in turn.

![Diagram showing job search methods]

WHICH OF THE BELOW DID YOU USE TO RESEARCH COMPANIES ON YOUR RECENT JOB SEARCH?

- Visited the company career site for role details: 65%
- Visited company career site for details on the culture and history: 54%
- Read employee reviews on Glassdoor: 39%
- Researched the company on Salary.com or similar sites: 27%
- Asked friends and family about the company: 10%
Awareness Solutions Matrix

NAAA leads
1. Promo pack
2. Training module
3. Internship design
6. Job Boards
7. Association partnerships
8. Supplier agreements

SOLO effort

PARTNER involved
4. Internship execution
5. School visits
9. School programs
10. Job Fairs
11. On-sites

AUCTION leads

Bold font = involves instructors; red font = highest yield (author’s estimate)

Omitted: solutions that benefit only one individual auction at a time (e.g., retention of Hireology, an integrated hiring and talent management platform for online recruitment of techs).
First: in each solution, play to our strengths (1)

First auction strength versus rivals: minimal evening and weekend work. The AVERAGE dealership tech is working two weekend days every month; the AVERAGE JiffyLube is open 11 hours a day; etc.

<table>
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<th>Region</th>
<th>Days/Week</th>
<th>Hours/Week</th>
<th>Weekend Days/Month</th>
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<tbody>
<tr>
<td>Region 1: New England</td>
<td>5.1</td>
<td>42.9</td>
<td>2.0</td>
</tr>
<tr>
<td>Region 2: Mid-Atlantic</td>
<td>5.1</td>
<td>41.9</td>
<td>1.6</td>
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<tr>
<td>Region 3: East North Central</td>
<td>5.1</td>
<td>42.6</td>
<td>1.5</td>
</tr>
<tr>
<td>Region 4: West North Central</td>
<td>5.1</td>
<td>41.9</td>
<td>1.6</td>
</tr>
<tr>
<td>Region 5: South Atlantic</td>
<td>5.1</td>
<td>44.2</td>
<td>2.3</td>
</tr>
<tr>
<td>Region 6: East South Central</td>
<td>5.3</td>
<td>47.6</td>
<td>2.0</td>
</tr>
<tr>
<td>Region 7: West South Central</td>
<td>5.2</td>
<td>46.3</td>
<td>2.6</td>
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<tr>
<td>Region 8: Mountain</td>
<td>5.1</td>
<td>42.9</td>
<td>2.3</td>
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<tr>
<td>Region 9: Pacific</td>
<td>5.0</td>
<td>41.3</td>
<td>2.4</td>
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</tbody>
</table>

Source: NADA, JiffyLube

(Cont.): in each solution, play to our strengths

First auction strength versus rivals: minimal evening and weekend work. New-car dealers are steadily extending weekend and evening hours, averaging 56 open hours in 2011, and well over 60 at present.

Source: NADA (56); author’s discussions (60)
In each solution play to our strengths (2)

Second (potential) auction strength versus dealers: more predictable weekly paycheck due to use of hourly rate (versus flat/clock rate). We do not know auctions mostly work this way, but interviews suggest that they do.

Source: ASE ATMC Training Benchmark Survey

These strengths can offset the dealer pay edge

Auctions need to stress these strengths to offset the pay gap between them and new-car dealers. Generally, auctions can match independent aftermarket (garage) pay, but not new-car dealer pay.

<table>
<thead>
<tr>
<th>Category</th>
<th>Average Hourly Wage</th>
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<tr>
<td>Auto: mechanical tech I</td>
<td>$19.50</td>
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<tr>
<td>Auto: mechanical tech III</td>
<td>$28.00</td>
</tr>
<tr>
<td>Auto: all dealer techs avg.</td>
<td>$30.00</td>
</tr>
<tr>
<td>Auto: body/paint tech</td>
<td>$22.50</td>
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<td>Construction: general</td>
<td>$19.25</td>
</tr>
<tr>
<td>Construction: carpenter</td>
<td>$25.00</td>
</tr>
<tr>
<td>Truck driver</td>
<td>$20.00</td>
</tr>
<tr>
<td>Retail</td>
<td>$12.50</td>
</tr>
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</table>

Source: Salary.com
Sidebar: NAAA’s surveys reinforce our findings

From the 2017 NAAA tech survey:

- Most (60%) of current auction techs found the job via WOM (word of mouth), indicating low general awareness, as did our interviews.
- Among reasons for taking an auction job, behind “good benefits” came PTO, manageable hours, and consistent pay, echoing our analysis of the strengths auctions should play to in recruiting techs.
- About 90% of surveyed techs had prior work experience, which is not a problem, but which indicates indirectly a chance to boost our share of graduating students. Techs themselves agreed, as the most commonly suggested source of new techs they cited (85% cited) was tech schools.

Source: NAAA Auction Standards Committee Tech Survey Results, 11/2017

Solution 1 (S1): Promo Pack (NAAA)

Concepts: Awareness of auction-tech career is low at vo/tech school students. Students cannot pursue jobs they are unaware of. Other employers of automotive techs have already developed promotional materials that boost awareness of the opportunities they offer (next slide).

Option: Develop a short promo pack on the auto auction tech opportunity (both mechanical and body/paint) that can be leveraged by member auctions at job fairs and elsewhere, and by vo/tech guidance counselors and career centers. Ensure that the pack can be delivered in multiple media formats (e.g. print, online, video).
S2: Training Module (NAAA)

Concepts: Awareness of auction-tech career is low at vo/tech schools, both among students and instructors. Instructors cannot refer students to job fields they themselves are unaware of. Further, instructors are almost always short of educational materials. Finally, vo/tech administrators are rewarded in part for the number of linkages to employment opportunities they can demonstrate. Other employers of automotive techs have already developed such materials.

Option: Develop a 2-day NAAA Auction Education Module, working with NATEF and other automotive educational groups to generate appealing and appropriate content.

EXAMPLE: The Acme State College automotive technology two-year associate's degree program is designed to give students a solid foundation in the automotive technical skills. We also offer a comprehensive automotive technology certificate and a one-year automotive certificate that contain the core automotive courses you can take right to work. With an emphasis placed on technology, academics, and hands-on application, the student progresses through a logical sequence of courses that includes domestic and import vehicles.

In our state-of-the-art automotive facilities, students use the latest tools and diagnostic equipment to apply practical service techniques to our fleet of late-model vehicles. This builds hands-on skills that can be applied immediately while in the program, in an internship as a participating employer, or upon graduation. The curriculum is accredited by the National Automotive Technicians Education Foundation (NATEF).

Graduates work as: independent or dealership automotive technicians, dealership service advisors, parts department associates, independent service facility managers or owners, factory service representatives, and fleet maintenance technicians or managers. Students enrolled in the two-year automotive associate's degree, comprehensive automotive certificate, or the one-year automotive certificate can select specialty electives like ASE Test Prep, Detailing, Auction Mechanical and Body Maintenance and Repair, Aftermarket Modifications, Maintenance and Light Repair, Honda, DACT, and Toyota TTE.

Source: community college website (disguised)
**S3: Internship Design (NAAA)**

Internships can serve as both low-cost apprentice programs and recruiting tools. Best practices for an “NAAA Certified Auction Tech Internship” can include:

1. Provide real work assignments
2. Hold orientations
3. Provide a handbook
4. Provide relocation assistance (optional)
5. Offer scholarships (optional)
6. Offer flex-time (to work around classes)
7. Have a designated contact person
8. Leverage them as school ambassadors
9. Invite school personnel on site to observe interns
10. Whether they stay or go, get their input!

Source: NACE

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**S4: Internship Execution (auction)**

1. Acquire Internship Pack from NAAA
2. Approach local schools (~900 nationwide!)
3. Share promo and training modules with instructors: *student* awareness starts with *instructor* awareness!
4. Mutually design suitable internship. One proven option:
   - Eight in eight out: 8 weeks of study, then 8 weeks of work at the auction. Repeat each about 4 times: graduation in +/- one year.

Source: Stark State College (Mike Conway, Chair of Automotive and Transportation Technology)
S5: School Visits (auction)

Concept: Awareness of auction-tech career is low at vo/tech schools, both among students and instructors. *Instructors cannot refer students to job fields they themselves are unaware of.*

Options might include:

1. Present Promo Pack to a class
2. Bring current techs to a class, to discuss their work, Q&A
3. Present Promo Pack to a faculty meeting, answer questions about presentation of the auction career path by instructors
4. Leave materials behind with career counselors
5. ...

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No auction is far from a school (samples)

Source: National Coalition of Certification Centers
S6: Job Boards (NAAA)

There are three broad options:

1. Job postings on auction web pages (too few listings?)

2. Stand-alone NAAA board (but poor track record of association job boards?)

3. Auction section of independent board (e.g. Indeed); low yield due to candidates using multiple boards?

Consider NAAA-provided short-and-sweet “guide to job boards,” with suggested formats and wording, for auctions to use.
S7: Association Partnerships (NAAA)

There are numerous trade associations already engaged in solving the tech issue: NAAA should investigate working with these, to avoid “re-inventing the wheel.”

S7a: School Ass’n. Partnerships (NAAA)

It might make sense (as a lower priority) to tap into school groups, to reach multiple schools at once. Solution 5 suggests assigning schools to the nearest auctions.
**S8: Supplier Partnerships (NAAA)**

Auctions consume significant quantities of repair/maintain/refurbish parts and supplies. NAAA could consider designating as preferred suppliers those who co-invest in tech development activities. Examples (hypothetical):

- “The PPG Auction Tech Scholarship”
- “The Valvoline Auction Tech Training Center at Acme State”
- “The Safelite Auction Tech Two-Week Training Bootcamp”
- etc.

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**S9: School Programs (auction)**

Concepts: Awareness of auction-tech career is low at vo/tech schools, both among students and instructors. *Instructors cannot refer students to job fields they themselves are unaware of.* Further, instructors are almost always short of educational materials. Finally, vo/tech administrators are rewarded in part for the number of linkages to employment opportunities they can demonstrate.

Options:

a. Contact instructors to discuss assisting them in running for students the 2-day NAAA Auction Education Module. Have an experienced employee sit in for the first use of the Module, to assist instructor and answer questions.

b. Contact instructors to explore donation of supplies (e.g. paint) and vehicles for students to work on.
S9: School Programs (auction)

Concepts: Awareness of auction-tech career is low at vo/tech schools, both among students and instructors. Instructors cannot refer students to job fields they themselves are unaware of. Further, instructors are almost always short of educational materials. Finally, vo/tech administrators are rewarded in part for the number of linkages to employment opportunities they can demonstrate.

Options: a. Contact instructors to discuss assistance needed. Include the NAAA Auction Education Module. Have an expert (industry) available to assist instructor and answer questions on the module, and vehicles for students to work on (e.g. paint) and vehicles for students to work on (e.g. paint).

From one expert: “The most often requested resource instructors ask for is not cash, but donated cars to work on, and supplies and parts to use on them. Schools are desperate for these items, as they all face budget cutbacks.”

S10: Job Fairs (auction, via NAAA)

Leveraging (potential) NAAA partnership with (e.g.) CREF, coordinate auction presence at each major career fair.

Source: CREF
S10: Job Fairs: detail and sample

- CREF coordinates with local schools (perhaps 5-15 Vo/tech High Schools and Community Colleges per event), sets date, sets venue (typically a school, but can be a company location), manages registration (which becomes recruiting database for participating firms), sets up lunch, delivers any swag (e.g. Cintas often provides nice technician shirts), runs entire day-long event
- +/- 20 held annually nationally, in Spring and Fall
- Partners with TechForce, SkillsUSA to promote
- Students attendance (mostly graduating seniors) can run from 200 to over 1,000
- Company attendance is now 50/50 collision repair/mechanical
- Participation costs $1,000 and up

NB: sourced from informal talks, none of the above can be considered official or binding

S11: On-Site Visits (auction)

Concept: Relative to rivals (dealerships, tire stores), auctions have the (mostly hidden) asset of their exciting environment: constant ebb and flow of large numbers of diverse people and vehicles, and of course the auction experience itself. This can all serve as a useful recruiting tool.

Options: a. “Lunch and Learn” visits by vo/tech classes; b. hosting of selected vo/tech school class demonstrations (e.g. "How to Nail a Condition Report in Three Minutes"); c. hosting exams.
But... what do techs think?

What we LIKE about working at an auction: all over the map (again), but:
• **reasonable hours** leads
• with good benefits and good work environment/good people close behind

What we DON’T LIKE about working at an auction: more focused here:
• **more training** please (the single most-cited positive or negative factor)
• more pay
• better career path

HOW can an auction best attract technicians: **no consensus** (no surprise):
• online job boards, open house days, school linkages, WOM, social media – all tied
• and the only write-in’s (three times): more pay (↗ not so much starting pay, but pay increasing with experience)

Conclusions

1. The tech shortage is real, and affects every part of the auto aftermarket, including auctions.
2. There are two main causes: adverse generational attitudes (“grease monkey” image held especially by young people) and low vocational awareness (“auctions use techs?”).
3. Our analysis tells us that solutions should focus on improving awareness at tech schools.
4. Within the resulting focus on awareness among techs in school, we propose 11 actions.
5. There are no surprises and no silver bullets: no one “next big idea” will solve the problem, so multiple tried-and-true solutions need to be employed.
6. Among the 11 proposals, a key consistent theme is “reach the teachers;” automotive instructors can amplify our efforts by acting as advocates on behalf of auction tech jobs.

*Potential Next Steps*
• NAAA and members determine which of the 11 solutions to emphasize, which to drop
• For each of the 11, an action plan drawn up (e.g. team assigned to create the Promo Pack)
• ...
These notes are intended to be accurate, but are an incomplete record of the meeting.

Major Points

• CTI (Carquest Tech Institute) has a tech aptitude or assessment test which our members could use. 99% of techs tests are on subject matter (which part connects to which, etc.), but almost none cover the aptitude of the student for tech work. This could be very useful in recruiting! We would be happier with kids eager to do the work, and equipped to do it, than kids who ace the ASE tests (e.g.), but really are not handy around a car.

• Is there a LinkedIn for blue-collar automotive types? Works as a great source for white-collar, what about for our target market?

Minor Points

• Discussion as to whether CR writers were included; my clarification is that the focus was overwhelming on technicians (mechanical and body/paint), but that there was no reason why the findings would not also apply to CR writers, inspectors, etc.

• There is no shortage of good tech training material (e.g. OEM-provided, often for free) that our members could use in training and thus retaining techs. (Given we seem to have more trouble GETTING techs than RETAINING them, this training material was not a focus of my study, but it is good to know about!).

• The IATN (International Auto Tech Network) was mentioned as a resource, maybe a place to advertise for techs. Mercer to investigate.

• Everyone agreed pursuing veterans is a great idea…but we have no particular entry point for getting them that would be better than anyone else’s.

• Paul Scolese can sort through the various automotive trade associations to see which ones are stronger, and thus worthwhile for NAAA to reach out to, maybe partner with.

• Good point with general agreement in talking to schools. We can gain traction by pointing out we are not necessarily looking for their star students (for which new-car dealers will be competing), but because of the lower level of complexity of auction repairs, we are fine with middle-of-the-pack students. Career counselors and instructors should welcome this, since they need to place everyone (which is hard), not just the star pupils (which is easy).

• Matt Arias and others mentioned existing collision-repair and other courses which NAAA members could leverage, often free charges.

• Word of mouth works, but finder’s bonuses must be paid, starting at $250 or even more.

• Tools: Our rivals are often more generous in buying tools for techs. Tools are important to them.

• People liked the idea of approaching new-car dealers to recruit older techs who want to “step down” to part-time work. Dealers have trouble arranging anything other than full-time schedules for techs, whereas auctions often have more flexibility. They would also be good training resources for smaller auctions unable to afford dedicated trainers.
This report was prepared by Glenn Mercer, an automotive industry analyst with more than three decades of experience, which includes 20 years as a partner at McKinsey & Company, leading that firm’s automotive practice in hundreds of client studies. Since 2007 he’s been an independent advisor to venture capital and equity investors, some of whom are in the automotive world.

Serving as a board member for several automotive firms, an expert witness in auto-related legal cases and a lecturer on the industry, Glenn constantly refreshes his knowledge with research projects. Last year Mercer produced a report for the association entitled ‘Auction of Tomorrow 2027: Planning for Challenging Times,’ and has given presentations at both the 2017 NAAA annual convention as well as the NAAA/CAR conference this past March. In addition to his work for NAAA, Mercer recently completed a study on the future of automotive retail for the National Automobile Dealers Association (NADA).

Questions or input regarding this document, can be submitted to the NAAA at naaa@naaa.com.