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**Surviving the tech shortage**

**by Geoff Mutton**

Workshops on the lookout for new staff members will be very aware of the current major shortage of automotive technicians. The problem is a nationwide issue with no relief in sight.

A new report titled *‘Directions in Australia’s Automotive Industry 2017’* produced by the VACC in partnership with Motor Trades Associations, indicated that more than 27,000 jobs, in a variety of fields, are waiting to be filled. This is the highest ever recorded and this figure is expected to rise to 35,000 within a year.

It follows that with more workshops competing for fewer technicians there will be upward pressure on wage rates. This is basic economics – demand exceeding supply.

So how does the workshop handle this tech shortage to ensure the business grows, or even survives.

There are two angles from which to tackle this problem. The first – secure existing staff. The second – recruit new staff.

Logically,prevention is the best way to handle this issue, so your priority needs to be on getting your own backyard in order first. At some stage, however, some staff will want to move on, so the best solution is a combination of both.

1. **Reward the staff who perform well** - It is a little insulting to offer an employee more money only when they announce they are moving to another job. If you wanted to keep them badly enough they should have been paid what they were worth all along. So before you lose those good performing staff, review what you are paying them, taking into account the output they are generating for your business. A pay rise initiated by the boss for great performance is a real surprise for any staff member. It will boost their job satisfaction and that can only lead to job loyalty – in other words, they are more inclined to stick around.
2. **Create high job satisfaction** - There's no question that money is important to employees, but in the overwhelming majority of cases it’s not the only factor that contributes to job satisfaction. Other factors such as working conditions, team morale and praise for a job well done are just as important. What are you doing to create a workplace with high morale and job satisfaction? Do you have a social club, do you lunch together, do you take staff to training, do you provide a cake for staff birthdays, do you have a nice clean lunch room, do you congratulate your staff for a job well done? A yes answer to all of the above will help retain good staff.
3. **Restructuring staff roles** – In many workshops, the owner or a qualified staff member spend most of their time out front, acting as service advisor or business manager. There is no shortage of admin-related staff, so if you are short on technicians consider recruiting admin staff to take on front office roles, keeping technicians on the tools generating income.
4. **Keep an eye on your labour metric ratios** – In October 2017 TaT Biz introduced a business step related to labour metric ratios. See the article and download the calculators at [www.tatbiz.net.au/resources](http://www.tatbiz.net.au/resources). Essentially, these calculators will help you identify if the gap between your hourly labour rate and your average hourly cost of labour is too small. It will help you to make a more informed decision about whether a labour rate increase is warranted, what staff are due a pay rise and whether to recruit an apprentice.
5. **Labour rate increase** – With upward pressure on wage rates it is inevitable that there will be an increase in labour charge-out rates. You could try to absorb the increased costs but there will come a point when that is no longer feasible. Small incremental rate increases every three to six months are less stressful than large increases every two or three years. If you think you might be too expensive, take a peek at some of the invoices your customers have received from the new car dealerships. On average, they are 50% to 100% higher than the average aftermarket workshop invoices.
6. **Recruiting apprentices** – Recruiting apprentices might not be on everyone’s radar but there are a couple of reasons why it is good business practice. The first is that apprentice recruitment is part of the solution to the tech shortage and secondly, it helps bring down the average cost of your labour. The tech shortage is going to force wages up, so a workshop full of highly paid technicians may no longer be a viable option. Recruiting apprentices will help bring down the average cost of your labour, allowing you to pay higher wages to your top performing technicians. It can also help secure a staff member for four or five years.

It may well be difficult to find apprentices, but use your young technician network to seek out school leavers with some interest in vehicles. Introduce them to your workshop on some kind of work experience level until you are both comfortable with the relationship. But don't put a work experience person on the broom, or get them cleaning out oil sumps. Introduce them to the glamour side of repair technology. Show them what scan tools are and what the other sophisticated gear in your workshops can do.

1. **Make your advert stand out from the crowd** – If recruitment is required make your job advert and the position stand out from the crowd. Think of it like marketing for new customers. If you’re going to offer something different like a nine-day fortnight, early or late finish, provision of a work vehicle or five weeks annual leave, promote it in the advertisement – this is what grabs attention. And if you do get to the interview stage don’t promise a pay rise only if they are working well in three months’ time. No decent technician with a mortgage is going to go for this. Offer them what they are worth from day one. With a standard three-month probation period, the risk is with the employee not the employer.
2. **Keep in touch with past employees** – This might sound crazy but staff who jump ship quite often realise that the grass is not greener on the other side. For this reason, when staff resign treat them with respect and wish them well. Having an argument and making them feel like an traitor won’t convince them to stay, and you will alienate them forever. Let them know the door is always open and try to keep in contact. Social media like Facebook, LinkedIn and Instagram make this very easy.
3. **Temporary Skill Shortage (TSS) visa –** In March 2018 the 457 visa system was scrapped and replaced with a completely new Temporary Skill Shortage (TSS) visa system**.** Motor mechanics and automotive electricians are included on the medium and long-term strategic skills list. Under this category, employers can source highly skilled overseas workers for up to four years, with eligibility to apply for permanent residence after three years. Two significant points with this new visa process is that the current minimum salary level is $53,900 plus superannuation, and a new training levy of $1,200 per nominee per year must be paid upfront. So for a four year visa, the upfront payment is $4,800.

Another option is to go for a 407 training visa for up to two years initially. This is much less complex and costs only $280. If this works out with the employee, you can apply for the TSS visa. The advantage of this process is that you get to work with the candidate before committing to the TSS visa.

This is a complex process so its advisable to get the advice of a professional organisation. Alex Laguzza from [www.auz-connect.com.au](http://www.auz-connect.com.au) specialises in recruiting automotive technicians on visas.

There is no doubt that industry associations and government are going to need to work together to solve the current tech shortage. In the interim, there are many things a workshop can do to minimise the impact. It will take more effort, but we remain optimistic that there are still many good technicians out there ready for an exciting career in the auto repair industry – maybe in your workshop.

**The place to start is www.tatbiz.net.au/resources**

**Just go for it!**