

Labour shortage, rising wages and Brexit pose cost risks for dealers

Despite being the biggest vehicle preparation business in the UK – generating £72 million turnover and engaging more than 2,500 contractors – Assured Group is still concentrating on growing the company as it celebrates its 20th anniversary in business.

While most of its vehicle preparation business is with daily rental companies, such as Enterprise, Europcar, Hertz and Avis, Gary Peasnell, Assured Group's sales director, said its dealer customers have grown by 25% over the past three years and now make up almost half of its business.

Managing and providing access to a large team of workers, as well as equipment, chemicals and materials, makes up a big part of the service Assured Group offers to dealers.

Many dealers do not want to keep valeters on staff, because of the cost burden, and they find managing the ebb and flow of staff tricky. Outsourcing to an expert can ease the administrative burden and free up time to focus on selling cars.

The company has a management team of 100 people based across the UK and the Republic of

Ireland, plus 400 permanent employees and a pool of thousands of self-employed contractors.

Peasnell said: "Dealers want flexibility to increase staff during busy times and to know they are not going to be caught out with a busy forecourt of vehicles that are not ready."

"We are not the cheapest, but we offer a consistent service at a good price point. There is, of course, a massive focus on the price point with our dealer customers, but they also want to know they are going to get a quality service."

Peasnell believes being an established business that is privately funded makes the company more able to suit its customers, rather than just investors.

Its size and experience will also help it to steer through some of the upcoming challenges facing everyone in industry.

While Assured Group wants to grow its dealer business, it is facing challenges with increased costs as a result of the introduction of the £7.20 living wage in April this year. It has absorbed the wage increase as much as possible, reducing the impact on costs for dealers.

The UK's decision to leave the EU could also have



a big impact, as most of Assured's operators are hard-working migrants.

Heath Evans, Assured Group's managing director, said: "There are interesting times ahead within the industry."

"We are facing a number of issues, general tightening of labour supply across the whole country, the potential limiting of the eligibility for low-skilled workers entering the UK following Brexit, minimum wage to living wage increase and the government's plan to increase this to over £9 per hour by 2020."

"The pricing within the industry has remained static and slow to react to these changes for many years."

Evans said the valeting industry is also facing a "thorough review" by the HMRC about how companies used self-employed workers.

Assured has already engaged with the top 10 companies within the valeting industry and started discussions to form a focus group to represent the industry and enter into dialogue with HMRC regarding the status of workers and a long-term solution for the industry.

Despite these challenges, Assured has retained and won new contracts, such as a 32-dealership

deal with Pendragon. It has also won recent contracts with Westover Group and Imperial Cars and works with BCA, Smart Fleet Solutions and Pendragon.

Assured's customers complete a monthly satisfaction audit and the average score across its garage division from the past three months is 9.1 out of 10.

Peasnell said the company is winning business due to its service levels, but also because it keeps at the forefront of digital technology, which competitors can be slower to react to.

Assured offers an online digital management system within each dealership, which its valeting teams use to track jobs. While competitors may offer something similar, Assured led the industry, introducing its first version in 2004.

The digital touchscreen system lets dealers and Assured track jobs in a paperless work process and audit trail. Once a job has been inputted and recorded it cannot be altered. The system also shows who ordered the clean, who cleaned the vehicle and the time it was completed.

Dealership staff do not have to leave their desk to issue work at the valeting bay and it allows real-time customer billing to help dealers keep on budget.



"There is, of course, a massive focus on the price point with our dealer customers, but they also want to know they are going to get a quality service"

Gary Peasnell, Assured Group

The system can provide daily, weekly, monthly or specific job reporting and invoicing. Evans said: "Our monthly audits track how well we are performing for customers."

"If we need to make adjustments to our processes, we can. Our 100 regional managers are on top of this on a daily basis, but this can be quite reactive."

"What's great about the management system is that we can see the sort of volume being loaded at each dealership and we can start to be more predictive about what sort of resource will be needed by dealers at peak periods."

Contact between Assured is through the regional managers, either on the phone or email and there's a dedicated support line at Assured's head office to handle any potential issues from customers.

MOVING INTO VIDEO

While vehicle preparation is Assured's bread and butter, it has been diversifying into new areas to support its future growth.

It has a facilities management team, which draws on its expertise to source flexible staffing for dealership cleaning. The company also provides distribution drivers on short- or long-term contracts basis, as well as dealership security staff.

Assured has also launched its Go View It video and imaging application, which dealers can bolt on to the valeting services.

Peasnell said: "It makes sense to get video and images as soon as the vehicle has been

valeted. Most dealers need images and video to be online within 72 hours."

Go View It works by dealer staff using an iPad to capture high-definition video and images of stock as soon as vehicles have been valeted.

The system uses automatic number plate recognition technology to catalogue vehicle imagery to dealers' online sales portals.

The next launch for Assured is to add more functionality to Go View It, including vehicle damage assessment for dealers' aftersales departments, something which can easily be picked up during the valeting process.

To find out more, please call us on 01926 887 988, email info@assuredgroup.org or visit www.assuredgroup.org

