

DaimlerChrysler Quantifies Training Quality

The automaker's academy proves its worth to its dealerships.

By Dan Sussman

TRADITIONALLY, training and development managers have been able to sum up the link between training and business results in three words: "Just trust us." There's been little choice since many companies have treated training as a necessary expense rather than as an investment. Consequently the commitment of time and money necessary to identify and quantify training's effects simply hasn't been available.

Automaker DaimlerChrysler Motors is flying or driving in the face of those challenges, however. Weary of being the "fall guy" for failed marketing initiatives, the company's training unit, DaimlerChrysler Academy (DCA), is in the fourth year of a long-term initiative to identify the ways in which it is contributing to the business results of thousands of its dealers.

So far, so good. While Pat Kittle, DCA's director of dealership training, expected that training was having a positive effect, he was happily surprised when the research revealed that dealers' success is directly tied to the academy's dealer certification program. In addition, the training function is receiving new respect at DaimlerChrysler. DCA is now able to better understand which classes are delivering value and are worthy of investment by the company and its dealers.

"So, when people say that training is too expensive, I beg to differ," says Kittle. "If you think training is expensive, try ignorance."

DaimlerChrysler Academy

DCA, based in Auburn Hills, Michigan, provides a wide range of educational services, including training for 4,000 dealerships employing approximately 100,000 people. The academy delivers its training at dozens of regional sites across the country, in dealerships worldwide, and, most recently, online.

In the wake of a product introduction that fell flat several years ago, Kittle and his team found themselves on the wrong end of corporate finger-pointing and recrimination. Stung by what they felt was unjustified criticism, DCA decided to create a task force to develop measurements that would prove training's value to the company.

Until that point, DCA employed little more than cursory Level 1 surveys as testimony to the value of its courses. Kittle wanted more data about the effect of DCA's training, but to create that the academy had to establish consistent tracking and evaluation methods.

"We realized that, if we could just formalize the measurement process, it could become ingrained in the way we do business," says Kittle. "We could set up the measurement plan and learning objectives 'upstream' in the creation process rather than as an afterthought. We could be more consistent about the way we measure ourselves, and we'd have diagnostics we could use to improve our programs."

Among the steps the team took toward standardization was the adoption of a standard software tool as the

delivery platform for all Level 1 and 2 feedback from the field and standardized reporting.

"Rather than having students take a post-course test in the last 15 minutes of class, we're moving into a situation where they can take the test a couple of days later online," says Bonnie Beresford, a retail performance consultant with BBDO De-troit, who is under contract with DCA. "That does a couple of things for us—it helps with the retention of materials and also improves the integrity of our Level 2 measurements."

Certification program

As the task force's work progressed, DCA established a dealership certification program that required candidates to take courses related to product knowledge, selling techniques, and related topics. The academy also established key performance indicators and scorecards for the dealerships. An expert consultant performed multiple regression analyses on the wealth of data on dealership training and business performance to determine what effect—if any—training was having on dealer performance.

"The results showed that our certification program was having a 20.3 percent impact on dealer sales. That was just incredible," says Beresford. "Employee tenure, which had been assumed to be a key determinant of sales success, had only a 1.3 percent impact. It turns out that salespeople who are certified and have a long tenure at dealerships sell

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more, but the salespeople who didn't get certified, yet stayed around for five years or more, had poorer performance."

For example, DCA's analyses showed that certified salespeople sold an average of 73 vehicles in 2004, while noncertified salespeople sold an average of 43 vehicles. Dealerships with a certified service and parts manager averaged nearly \$769,000 in sales that year, while dealerships with noncertified service and parts managers averaged only \$485,000 in sales.

With DCA having exposed the size of training's impact on dealer sales results, the next step was to develop methods of determining which courses and modes of training were most effective. To accomplish this, DCA created retail performance maps. These maps described the totality of sales consultants' and managers' activities; and gap assessments, which revealed the areas in which training and training needs were not aligned.

The biggest "A-ha" revelation yielded by the gap assessment was that the academy's curriculum was failing to address the activities that make up most of a sales consultant's workday, says Kittle.

"Most of our training is aimed at the salesperson's 'applied selling time.' That's the 20 percent of the day in which the salesperson is dealing with customers," he says. "But we were not sufficiently addressing what they should be doing with the rest of their time to turn themselves into their own little profit centers. For example, we needed to effectively prospect for customers through cold calls or direct mail, or follow up with 'orphan' customers—those whose original salesperson no longer was with the dealership."

Training ROI

Beresford notes that the academy was able to make a case with senior management to provide such training because the gap assessment provided hard evidence of the need.

The DaimlerChrysler Academy also needs to prove its ability to reach dealerships that lie outside population centers, where most of the in-person training takes place, says Kittle. It is simply too

costly, for a small, outlying dealership to send salespeople on the road for training, he adds.

According to one dealer, online training is taking much of the training strain off dealerships and is improving the effectiveness of learning.

"We've had a lot of offsite training in the past," says Ken Morgan, sales manager for Zartman Dodge in Lititz, Pennsylvania, which is about 75 miles west of Philadelphia. "You'd go to these big meetings, and you'd have a lot of fun, but there really wasn't enough retention, testing, or gauging of what was going on.

"Now, we're increasingly online. The advantage is that our salespeople are always in the store; they don't have to go out for a day or two. Plus, they can learn at their own pace and can turn downtime in the dealership into productive time."

Morgan adds that DCA has structured the courses so that students are quizzed after each module they take, which helps reinforce the learning. This contrasts with previous online courses in which students were not tested until after completing multiple modules.

Now that the academy has proven the importance of training in sales, it has extended its measurement activities into dealership parts and services operations. Kittle would like to use DCA's new analysis capabilities to bring trainers' compensations into alignment with the academy's mission.

"I want their pay plans to actually recognize and reward trainers for how well they've moved the needle for the dealers they've taught," says Kittle. "Bonuses should no longer be driven by how many people they've gotten into the classroom. It should be a question of how well the trainers have affected sales performance."

Right down to the individual contributor, the phrase "just trust us" no longer will be sufficient. **TD**

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