



### Imperial Automotive Retail

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## Introduction

Imperial Automotive Retail, part of the listed Imperial Group, owns one of the largest networks of motor dealerships in South Africa, representing all the major manufacturers. It also owns Beekman Canopies and Jurgens Caravans.

## Biggest plus

Imperial's Automotive Retail franchises are well-established brands and Imperial is a trusted name in the motor industry.

## Biggest challenge

The company's biggest challenge is the cyclical nature of motor sales. A further challenge is how to assist prospective clients to access finance.

## Facts and figures

Total number of staff employed (full-time): **6 300**  
Annual turnover in Rands for 2009 (RSA only): **R15 billion**  
Industry sector: **Automotive retail**  
Black employees: **49%**  
Previously disadvantaged individuals in management: **18%**  
Women employees: **26%**  
Employee Assistance Programmes: **Stress management, trauma counselling and personal financial planning.**



## The business

Imperial Automotive Retail owns one of the largest networks of motor dealerships in South Africa representing all the major motor vehicle manufacturers including Mercedes Benz, Imperial Honda, Premier Motor Holdings (including Chevrolet, Opel, and Isuzu), Porter Motor Group (offering Ford, Mazda, Alfa, Fiat, Volvo, Land Rover and Jaguar), Lindsay Saker (offering Volkswagen and Audi), Imperial Toyota, Imperial Nissan, Imperial BMW, MAN Truck and Bus Centre Johannesburg, Magnis Nissan. Imperial Automotive Retail retails approximately 70 000 new and used vehicles per annum.

Beekman Canopies (a world leader in fibreglass canopies and related products and the company offering one of the widest ranges of canopies and accessories in the country with depots and agents across South Africa) and Jurgens Caravans (southern Africa's largest manufacturer of caravans, motorhomes and specialised conversions with a network of dealerships across both South Africa and Namibia) are also part of the company.

Each company within the division operates independently and dictates its own operating procedures.

## Talent management and development

People development and the need for continuous learning and new thinking is regarded as a strategic imperative. According to HR Director, Vernon Carr, 'The competitive edge of any organisation is really a result of the quality and skills of its people. The reality is that the base of skilled people in South Africa is not growing at nearly the rate required to support our economy. The result is that the skills shortage is an ongoing challenge. We believe this means that there needs to be a pronounced shift in the role of learning – from a mere operational function to a strategic function.'

Imperial Automotive Retail's people development initiatives are therefore indicative of the company's determination to develop the skills required for competitive engagement. This philosophy persists even in times of economic downturn. 'In periods of downturn it is important to reflect on – and invest in – training to build capacity that will enable us to grow stronger during the next growth phase,' maintains Carr.

The company's training and development focuses primarily on management and technical >>

training. The development of black managers is a priority. The company offers both a graduate programme as well as mentorship services all aimed at attracting and developing young black potential.

In the past year, more than 400 apprentices received high-quality training. 'An efficient motor group requires a team of competent and well-trained artisans,' reveals Carr. 'As vehicle technology becomes increasingly more complex, automotive technicians now require a much broader base of knowledge than they have in the past. Imperial have therefore developed a state-of-the-art training centre in Germiston at a cost of R24 million.' This modern training facility is accredited by MERSETA and

will offer training to petrol mechanics, diesel mechanics and autotronics. It will also be an accredited trade test centre with the capacity to train 640 apprentices a year. In early 2008 the company opened a similar artisan training centre in Cape Town.

Each operating company within Imperial Automotive Retail operates independently with its own HR practices, finance and other disciplines. The only function that is centralised is its payroll. 'We have a minimal amount of centralised policies and procedures but by and large each company is responsible for its own policies and procedures, often determined by the manufacturers concerned,' explains Carr.

Typical jobs include salespeople, marketing,



'We value our people and recognise that successful businesses are built on loyal, motivated and fulfilled employees. We therefore promote and pursue sustainable people management practices and believe that training and development of our people should be our major area of focus.'

**Philip Michaux**  
Chief Executive Officer



**Most companies falling under Imperial Automotive Retail's umbrella offer a full range of benefits including medical aid, pension, and company cars in some instances, six months' maternity leave, paternity leave and study leave.**

human resources, technical specialists such as mechanics, auto electricians, parts, logistics, financial, payroll, administration and fleet sales.

### Salaries, rewards and benefits

The majority of companies within Imperial's Automotive Retail division pay above the industry average with remuneration frequently based on performance. Similarly, rewards and benefits are in line with the average industry offering. Most companies falling under Imperial Automotive Retail's umbrella offer a full range of benefits including medical aid, pension, and company cars in some instances, six months' maternity leave, paternity leave and study leave. Salaries are regularly benchmarked.

### Black economic empowerment

BEE is regarded as a strategic imperative at group level and is managed and executed at Board level. Skills transfer is regarded as a critically important imperative throughout the group and underpins all its empowerment initiatives.

Rather than an umbrella BEE policy, each company within Imperial Automotive Retail executes transformation and employment

equity initiatives according to its own set of circumstances. Among others, its BEE programmes include recruitment programmes to employ talented individuals from previously disadvantaged groups, ensuring skills transfer to previously disadvantaged groups and accelerating the advancement of previously disadvantaged groups.

### Responsible citizenship

Each business within Imperial Automotive Retail has its own corporate social investment programmes and initiatives. These include internships or the sponsorship of vehicles for worthy causes. Jurgens Ci, for example, partnered with the 'Right to Care' organisation by sponsoring two mobile clinics for HIV/AIDS testing and counselling for deployment in underprivileged communities. The self-contained units were specially designed in consultation with Right to Care and boasted sufficient space for two consultations to take place at the same time. In addition, each unit was equipped with a generator, air-conditioner, fridge, microwave and water cooler.

In addition, each business contributes a portion of its CSI budget to the Imperial and Ukhamba Community Development Trust »



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which assists underprivileged communities to improve the standard of education at schools. The Trust adopts schools and provides them with support in the form of textbooks, reading material, teaching aids, teacher training workshops, sports equipment and excursions. Once a school has made sufficient progress it is placed on a maintenance budget and a new school is selected.

### International stance

Imperial Automotive Retail operates 24 commercial vehicle dealerships in the United Kingdom. The opportunity for expansion overseas is limited due to the cost of investment and the competitive nature of commercial vehicle dealerships. 'We are in a consolidation phase with our international operations,' explains Carr. 'Our focus will be on improving returns over the next few years.'

### The future

The motor industry is currently emerging from a severe recession which started in mid 2006. However, in spite of a tough trading environment, Imperial Automotive Retail has been producing pleasing results. 'Our view of the economic future of the automotive retail

industry remains optimistic,' says Carr.

He points out that both manufacturers and retailers agree that technology remains the shaping force in the competitive motor industry environment. 'The sheer number of new models being launched each year bears testimony to this statement. The increased technological requirements also require an increasingly sophisticated pool of talent to service and sell these products.'

Traditional motor retailers face a challenge from new sales channels and Internet providers. Yet many dealers will use these channels to win new customers – and not just through car sales. They will also use new technology to offer better value in pricing and in service, and to try to capture business from the increasing number of customers who are keeping cars for longer.

Carr maintains that dealers in Europe and Asia are more likely to see an upsurge in demand for alternative fuel and alternative technology vehicles, than local South African dealers. 'Hybrid engines, however, have reached our shores and an increasing number of manufacturers are offering these vehicles with great success,' points out Carr. 'Electric vehicles are also on their way.'

### The people

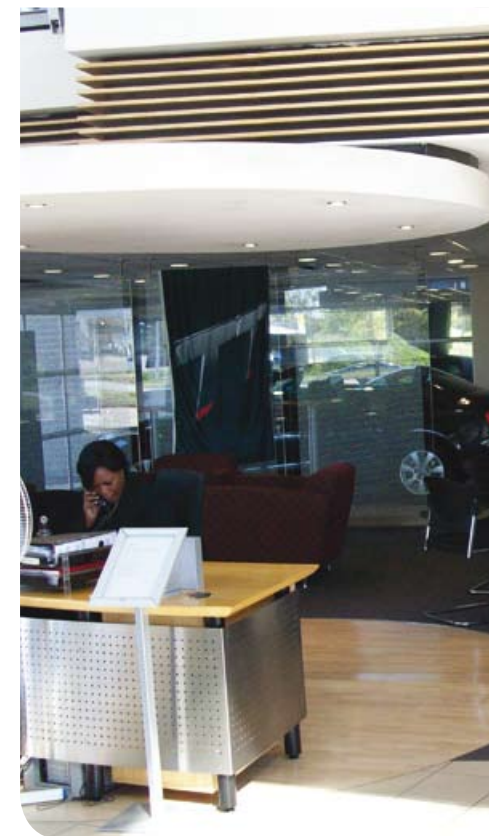
The company uses both internal and external recruitment and selection sources and subscribes to various assessment centres to ensure that it attracts and retains top-calibre individuals who share Imperial Automotive Retail's passion and commitment for the motor industry.

The type of people who flourish at Imperial Automotive Retail are accountable, able to take ownership and responsibility, have significant industry knowledge and are energetic. They have high levels of passion, integrity and enthusiasm. Most importantly, stresses Carr,

they need to have a passion for the automotive industry. 'Petrol heads do really well here,' he says, smiling. 'In order to flourish at Imperial Automotive Retail they need to have petrol running through their veins.'

### Company culture and style

Imperial Automotive Retail has adopted the entrepreneurial culture that characterises the larger Imperial Group. 'We're changing our culture to become more people-centred and to encourage softer leadership skills,' says Carr. 'Ultimately our ambition is to become an employer of choice.'



'I am fortunate to have attended an Imperial Automotive Retail management development programme last year. I have family in other motor businesses and they don't have anything like this – the programme is brilliant and unique to Imperial. After 15 years with the company I feel that my hard work is being recognised and I am being developed to take on more responsibility. This is a great company to work for.'

**Darren Channer**  
Lindsay Saker Airport  
Services Department