

Creating Communities of Practice:

Using Information Technology for Learning and Communication
in Automobile Dealerships

by

Anne Beamish

Bachelor of Architecture
Carleton University, 1979

S.M. Architecture Studies
Massachusetts Institute of Technology, 1993

Master in City Planning
Massachusetts Institute of Technology, 1995

Submitted to the Department of Urban Studies and Planning
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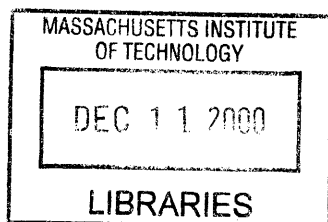
at the Massachusetts Institute of Technology
September 2000

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Author: _____
Department of Urban Studies and Planning
August 7, 2000

Certified by: _____
William J. Mitchell
Dean, School of Architecture and Planning
Professor of Architecture and Media Arts and Sciences
Thesis Supervisor

Accepted by: _____
Associate Professor Timothy Riddiough
Chair, Ph.D. Committee
Department of Urban Studies and Planning



ROTCH

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Abstract

The Ford Motor Company, like many other firms, is concerned with maintaining their competitive advantage in a rapidly changing and somewhat unpredictable business environment. One way of dealing with this new environment is to use information technology to create and support communities of practice—a group that constantly shares knowledge and information. Ford already has Fordstar, a private satellite system for delivering training programs to its dealerships, but would like to expand its use and take advantage of other information and communication technology to increase learning and communication. Dearborn, however, perceives the dealerships as being rather lukewarm in their enthusiasm for information technology (IT).

This research shows that there are many problems and obstacles to using IT to create and support communities of practice, but in this particular case, the problems do not lie with the individual dealership employees. These individuals are not modern-day Luddites or acting irrationally. In fact, the dealerships are reacting in a quite reasonable way given the circumstances of their work environment. It is the structure of the industry, business practices, work environment, and culture, rather than the individual, that conspire against creating communities of practice or increased use of IT for learning and communication.

The study also demonstrates that dealership employees are not a monolithic group. Technicians, parts employees, service advisors and salespeople all work under different conditions, and

consequently react to information technology, learning, and communication in quite different ways.

The overall lesson gained from this study is that in order to use information technology to create and support learning and communication within an organization, a very subtle and fine-grained understanding of the workplace and its social, technical, economic, organizational and physical environment is required. Only with a thorough understanding of the work practices and environment can technology and policies be crafted to suit the needs and attitudes of a specific community.

Thesis Supervisor: William J. Mitchell
Title: Dean, School of Architecture and Planning
Professor of Architecture and Media Arts and Sciences

Thesis Advisors:
Frank Levy, Daniel Rose Professor of Urban Economics,
Department of Urban Studies and Planning
Sherry Turkle, Professor of the Sociology of Science, Program in
Science, Technology, and Society
Lawrence J. Vale, Associate Professor of Urban Studies and
Planning, Department of Urban Studies and Planning

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Chapter 1: Introduction

Background

Over the past several decades, the business environment has changed rapidly. The number of manufacturing jobs has declined while the size and importance of service sector has dramatically increased. Firm loyalty on the part of customers, employees, and employers has diminished. New computer and telecommunication technology has also radically changed the shape of many industries, and not only has local competition intensified, but firms must now compete on a global scale. Because of these rapid changes, the future appears to be increasingly unpredictable to many managers.

Firms and organizations—private and public alike—have become increasingly concerned with how they will adapt to this new and changing business climate. In response, they have begun to search for ways to reinvent themselves and to look for new ways to gain competitive advantage. Two common strategies have been the result. One is to introduce or increase the use of information and communication technology to enhance productivity. The second is to increase the emphasis on learning, communication, and sharing knowledge within the firm or organization—to develop a work environment that is variously called a learning organization, occupational community, or community of practice.

Information technology (IT) is seen as key to organizing the workplace and coping with the changing business environment. The early emphasis of IT in the 1950s and 1960s was to introduce hardware and software in order to manage and manipulate data. More recently, however, communication technology has opened up new possibilities in the workplace by offering colleagues, who may or may not be located nearby, new ways to communicate synchronously and asynchronously.

Employee training is also seen as key to remaining competitive by ensuring that staff keep up with changes in their field of expertise. Learning in the workplace has traditionally focused on formal training and classroom-based learning. U.S.

companies spend billions of dollars annually on training but recent research (EDC 1998) has found that up to 70% of the learning in the workplace takes place informally (i.e. outside the classroom). Increasing organizational learning is a goal shared by many firms, but the term has caused confusion because learning by individuals is known and understood relatively well, but it is much less clear how organizations learn or how individual learning is linked to the organization.

IT and training have long been considered tools to increase competitive advantage but traditionally they have been quite separate fields. Over the past few years, however, they have become deeply interconnected as communication technology has become pervasive in both the workplace and the home.

Technology that was once used to manage data is now also used for sharing that data, for communication and sharing knowledge among employees, and for distance education. The line between IT and learning has blurred, as has the physical boundaries of the workplace—customers, workers, managers, and head office may no longer be physically co-located—and the dissolution of these boundaries have created as many challenges as opportunities for firms and organizations.

The concept of communities of practice—a group that constantly shares knowledge and information—is based on the assumption that learning, whether it be formal or informal, is essential to the health and well-being of the organization. It also assumes that information technology will act as the means to both store and share that knowledge and to support communication and collaboration within that specific work-based community. The idea of community, which has long been associated with physical location and social groups (e.g. small towns and neighborhoods), has migrated to the work and market place. Though terms such as learning communities or communities of practice are often rather loosely defined, they are useful concepts because rather than seeing the worker as an entity that simply absorbs and internalizes information, it views the individual as a learner in a social and cultural environment.

Research Problem

The desire to use IT to enhance communication and learning and to support communities of practice is widely shared by many

organizations, firms, and groups. Though the adoption and use of computer and communication technology offers the possibility of facilitating communication between employees, implementation has not been easy. Firms and organizations that have attempted to become more competitive by introducing IT to enhance collaboration, learning, and sharing of knowledge have struggled with the task. The obstacles they face are both numerous and complex, ranging from competition between work groups or employees and a lack of incentive, to the inability to articulate knowledge and workers who are geographically remote or institutionally independent.

Automobile manufacturers and their dealerships are good examples of the problems many firms and organizations face. The company's head office is usually centrally located and its dealerships are widely distributed throughout the country and the world. Automobile companies have an additional interesting organizational feature—even though the manufacturer and the dealerships are highly inter-dependent, the dealership staff are not employees of the auto company because each dealership is independently owned and run. Head office can offer incentives and try to coax dealerships, but they have no direct management control.

Not surprisingly, there can be tension in this relationship since dealerships often feel that head office is overstepping its role and trying to micro-manage their businesses. On the other hand, it is understandable why the car manufacturers want the control—they depend on the dealerships to sell their products. Dealerships are the company's public face, and in a time when there is intense emphasis on increasing customer loyalty, manufacturers are very sensitive to how customers are treated since their success in no small part lies in the hands of the dealerships.

The automobile industry has experienced many changes over the past decade. The design and manufacturing cycle has shortened and vehicles are much more complex, which means that the service department has to cope with a constant stream of change and innovation. The quality of the vehicles has improved, and the differences between the makes are becoming smaller.

Competition among manufacturers and among dealerships is even more intense. Profits for new car sales are down and the focus for revenue has shifted from the sale of new vehicles to the service department. Customers are changing as well. They are less loyal to any particular brand, they have become more knowledgeable and discriminating, and they expect to be treated in new ways. Customers are more willing to gain information about vehicles and the sales process from the Internet, and some have even begun to purchase their new cars and trucks online, which undermines the traditional power of the local dealer.

The Ford Motor Company is a good example of a firm that has made a great effort to introduce information technology into the dealerships and to increase training in order to deal with the changes within the industry. Over the past several years, they have developed Fordstar, one of the world's largest private satellite systems, that links all 6,000 Ford dealerships in the U.S. and Canada to their head office in Dearborn, Michigan. The system is used to broadcast training programs to the dealerships throughout the workday, six days a week. They are also very aware that part of keeping ahead of their competition means learning new ways of doing things and taking advantage of the knowledge that already exists within the firm and the dealerships. In addition to traditional distance training, they would like to use the technology to encourage dealership employees to share their knowledge and experience with Dearborn. The Company's goal is to take advantage of information technology in as many ways as possible. They are convinced that not only can IT help them support communities of practice, but it can help them to communicate with customers.

In spite of Ford's efforts, enthusiasm, and heavy investment, Dearborn perceives the dealerships as being rather lukewarm in their embrace of computer technology, the Company's satellite training programs, and the concept of increased communication and sharing of knowledge.

Reluctant dealership employees, however, may have quite legitimate reasons for not adopting or using the technology. Due to (in hindsight) an unfortunate decision on the part of Ford in the early 1990s, the hardware and software officially sanctioned

for use in the dealerships is excessively expensive—often many times more than the cost of the identical equipment in a retail computer store. The sometimes uneasy tension between head office and the dealerships and the view by dealers that Ford is trying to control them excessively also does not always promote a speedy embrace of new ideas or a willingness to share information. In addition, many employees may have strong incentives not to share knowledge outside their dealership. Part of the problem may be financial—they may feel that their time is spent more profitably selling cars or repairing them. Part of the problem might be motivation—they may not wish to share their expertise if they are in direct competition with other local dealers. And part of the problem may be Ford's culture—people at Ford describe the company, like many other companies, as better at talking than listening and learning. And employees may not be enthusiastic about the training programs for logistical reasons or because of the program content.

The reaction is not uniform between all dealerships and employees, however. Some dealerships are open to introducing computer technology into their business and there are some employees who are enthusiastic about technology and the Fordstar training programs, but in general, the reaction of most dealers and dealership employees could be described as lukewarm and unenthusiastic.

Most dealers and their employees would wholeheartedly agree with the importance of sharing of knowledge within the firm. They know that they have experience and information that could help Ford design better vehicles, better repair procedures, and better policies, which would clearly benefit both Dearborn and the dealerships. Many also accept the idea of life-long learning. And very few have any overt hostility to information technology. Why then do they not become intensive promoters of collaboration and learning or intensive users of information technology? And why aren't they willing to use information technology to communicate and share knowledge across organizational boundaries? What obstacles do they face and what can be done to overcome some of those obstacles?

Importance It is crucial to understand these issues because the need to encourage learning, interdisciplinary collaborative work, supporting communities of practice, and sharing of professional knowledge is certainly not limited to automobile manufacturers or their retailers. These are general problems faced by almost all organizations, especially those with geographically distributed employees.

And though there has been much discussion and many claims that information technology can support communities in general, and communities of practice in particular, there has been much less attention paid to the social, economic, physical, and technical conditions necessary for this to occur.

Of course the lessons learned from a study of the Ford Motor Company and its dealerships may not be directly generalizable to all workplaces or communities, but it should provide some important clues that will require further research and testing to understand just how these results may be applicable to other sectors and organizations.

I hope that this research will demonstrate that not only is learning and sharing of knowledge an important part of any organization, but that under the right conditions, information technology can be used to enhance and support communities of practice.

The Study

Purpose The general purpose of this study is to gain a deeper understanding of the implications and challenges of introducing information and communication technology into the workplace for supporting communities of practice. More specifically, the purpose is to consider the work conditions under which this technology may be accepted by some employee groups and resisted by others, and what steps an organization could take to encourage its wider use in the workplace.

The literature claims that the work environment is fundamentally important and has a direct influence on learning, sharing of knowledge, and the use of IT, but it is short on specifics that describe exactly what that environment should be. In addition, the literature offers plausible (as well as occasionally contradictory) hypotheses on the separate topics of informal learning, IT adoption, and impact of IT on organizational communication, but there is often little discussion on the interrelationship among these topics. And because much of the literature deals with these issues at an abstract and conceptual level, there is often little indication of the steps an organization could take to move from being a non- or low-user to an active and effective user of IT to enhance learning and communication in the workplace.

There are often two opposite approaches that this type research takes. One is to conduct large-scale surveys of often dissimilar firms and the other is to carry out intensive small-scale and detailed studies of a single workplace. The resulting theory tends to be either abstract and general or extremely specific.

In this study, I use a number of theories from currently separate fields—communities of practice, learning in the workplace, and adoption of technology—to study the use of IT for supporting communities of practice. My intention is to locate this study closer to the middle-ground—between the large-scale surveys and the detailed study of a single unique workplace—by looking at a very small number of workplaces that are very similar to many others. And finally, this research is intended to offer practical insight as well. Its aim is not to verify or disprove a specific

theory or hypothesis but instead to view a situation through the lens of several theories in order gain insight that leads to practical, concrete, and specific solutions to a widespread problem.

Although there is no single overarching theory that completely or satisfactorily explains why some workplaces and groups react more positively to digital technology for learning and communication, there are a number of plausible hypotheses that are woven through the literature on learning organizations, learning in the workplace, communities of practice, spatial theory, computer-supported cooperative work (CSCW), computer-mediated communication (CMC), and information technology adoption. These hypotheses can be summarized in a series of statements.

- Different groups within the dealership will react differently to the technology depending on the nature of their work. Some employee groups within the workplace will be more amenable to formal and informal learning, depending on existing social and professional links, the work culture, incentives, expectations, and past experience. Some employee groups within the dealership will be more amenable to using information technology, depending on training and education, profession, culture, financial incentives, expectations, and past experience. Acceptance by groups and individuals will depend on what the introduction of the technology symbolizes to them, whether the technology supports or threatens their social role, whether it fits their notions of learning, and whether it benefits them directly.
- Learning, sharing knowledge, and communication is taking place between dealership employees and to a lesser extent between dealerships, even though employees may not think of it in terms of learning since they tend to associate the term with the formal classroom training.
- Those who share information with others outside their workplaces will do so if that other firm or group is not in direct competition and if the other firm, group, or individual, can reciprocate with valuable information. In addition, those who identify with a professional group may be more willing to share information with their peers in other organizations or firms.

These general hypotheses all turn out to be true in the case of auto dealerships. Indeed, as we will see in greater detail in the following chapters, employees do not react to information technology or learning or sharing of knowledge as a monolithic group—how they react depends on their view of themselves and the role they play within the dealership. There is much more learning and sharing of knowledge that takes place within the workplace than most managers and employees would assume because they view learning as a formal process that requires a teacher to profess and a student to receive and internalize the information. And finally, there is some, albeit limited, sharing of knowledge and resources between dealerships, even between those that are in direct competition.

Research Questions

The main research questions for this study are: how has the introduction of Fordstar and Internet technology for purposes of learning, communication, and sharing of knowledge been received by dealers and the various work groups within the dealerships; and what steps can be taken to create and support communities of practice? To answer this question, there are three interrelated sub-questions:

- 1) What is the nature of work in dealerships? What groups of employees work there, and how does their work, background, role, attitudes, etc. differ? What are typical work practices? How is information technology currently used in the workplace?
- 2) How is learning and sharing of knowledge currently taking place in Ford dealerships? What has been their past experience, and what are the attitudes and perceptions of dealership employees towards learning? What kind of communication and sharing of knowledge takes place between employees, between employees and management, between the employees and Ford, and between dealerships? What are the attitudes of those who use Fordstar?
- 3) How is information technology currently being used in dealerships? What are employee attitudes and perceptions towards it? And what role does it play in their learning and sharing of knowledge?

Research Methods

The research was essentially a qualitative study of Ford dealerships based on in-depth semi-structured interviews and observation. This type of study was chosen because the research questions require methods that can uncover a story or a description of events and attitudes.

Background information was gained through the collection of relevant documents and publications, discussions with regional and head office employees, participating in Fordstar training sessions, and attending dealer events in the Boston metropolitan area.

The bulk of the observations and interviews took place at a busy medium-large Ford dealership in one of Boston's northern working-class suburbs.¹ It was chosen for the very practical reasons that it was relatively accessible, but mainly because the dealer, management, and employees were agreeable to participating in extended interviews and observation as they went about their daily work. Less extensive interviews were conducted with three other dealerships in the Boston metropolitan area. Though the Sam Adams dealership was relatively unique in its openness and willingness to be studied, it was considered by the Ford Regional office to very normal in every other respect. Indeed, interviews with other dealerships, conversations with staff who had worked in other dealerships, watching Fordstar training sessions, and attending regional Ford dealer events, all reinforced the view that the work, experience, attitudes, and opinions of the Sam Adams dealership employees were widely shared by other dealerships in the region and across the country.

The research took place over a 16-month period from May 1998 to August 1999. Detailed information on work in the dealership was collected through extensive observation of work practices and interviews with the employees of Sam Adams Motors during 24 workdays during September–October 1998, December 1998 and February 1999. Participation in the interviews by the dealership staff was voluntary. Observations entailed watching employees

¹ The dealership, referred to as "Sam Adams Motors" in this study, was a busy and successful dealership with two other sister "stores" in other parts of Boston.

at their work, observing how they interacted with each other, their customers, and their work environment.

Interviews were conducted with as many of the staff as possible, including the dealer or owner, the parts, service, and sales managers, dispatchers, parts employees, service advisors, technicians, and salespeople, as well as the Fordstar coordinator. Longer, repeated, and more in-depth interviews were conducted with the various managers because they usually had the most experience in their department and were very familiar with other positions since many had worked their way up through the dealership ranks. In addition, many had worked in other dealerships and were able to compare practices in other workplaces.

In addition to interviews and observation, a number of Fordstar training broadcasts for service and sales employees were watched. Not only did this give a Ford Dearborn perspective (i.e. what they thought the dealerships should be doing), but the system allows participants to call in to comment or discuss their experiences during the program, which provided an additional perspective from a wide range of dealership employees across the country.

The purpose of the interviews and observations was to generate a rich description of work, learning, and IT use in these dealerships. Questions focused on typical work practices and attitudes, how the employees learned to do their jobs, typical relationships within and between dealerships, and career movement.

The interviews and direct observations were recorded through field notes. The interviews were not taped in order to address employees' concern for privacy and confidentiality and to encourage a more candid discussion. All interviewees also received both verbal and written assurance that everything they said would be considered confidential and no individual or dealership would be identified in any paper or report. The detailed field notes taken during the interviews and observation periods were transcribed or rewritten within 24 hours. From these notes, new or clarifying questions were developed for the next set of interviews and observations.

The primary way of enhancing the validity of this study was through triangulation. Information was collected from a diverse group of individuals and settings, using a variety of methods: detailed interviews and observation, documents, and attendance in Fordstar training broadcasts. All helped to compare individual dealerships against the norm and to check that observations and understanding being developed were accurate. Feedback and clarification was also sought from those at Ford and the dealership employees themselves.

Automobile dealerships, such as Ford dealers, are particularly advantageous places to study because they are so similar. They sell the same product; they organize the workplace in essentially the same way; they have the same types of employees; they have the same types of jobs; and they have the same relationship to the manufacturer of the product they sell. Some may differ in size and the management style may vary somewhat, but their similarities far outweigh any differences.

A second reason that Ford dealerships are interesting cases to study is the nature of the franchise relationship. Because dealers are not Ford employees, Dearborn cannot simply order the dealers to adopt information technology or to develop communities of practice—they have to try other means to convince them to do so. As a result of not having to comply to a direct order, there is a wider range of responses on the part of the dealership employees.

Outline This study is based on two related assumptions, taken from the communities of practice and occupational communities field. The first is that work and learning are social activities. To understand work and how technology fits into the workplace, one must have a clear and fine-grained understanding of the work that takes place. The second is that in order to design effective ways for using information technology to support collaboration, learning, and communication in the workplace, one must look at and understand the technology from the perspective of the employee, and not strictly from the employer's point of view.

There is no single overarching literature on communities of practice, learning in the workplace, and the adoption of information technology, but all three fields overlap considerably.

As a result, this study looks at these three main areas separately and considers how each of them applies to a Ford dealership.

The remainder of this dissertation is divided into six sections. Chapter Two reviews the history and current situation of automobile dealerships and how the business has changed over the past decade. Chapter Three examines the typical organization and structure of a Ford dealership, and then looks at the work environment and work practices of the service and sales departments. Chapter Four looks at the expected benefits of information technology in the workplace, the computer systems typically found in a dealership, as well as the how the various systems are used by employees. Chapter Five considers learning organizations and organizational learning as well as the formal and informal learning that takes place in dealerships. Chapter Six examines the literature associated with communities of practice, computer-supported cooperative work, and computer-mediated communication, and then examines the types of communication that takes place between Ford Dearborn and the dealerships. And finally, Chapter Seven summarizes the obstacles faced by dealerships for using information technology to support communities of practice, and suggests a number of ways to overcome them.

Chapter 2: Automobile Dealerships

History of Automobile Dealerships

Introduction In some ways, the early days of automobile manufacturing must have resembled today's Internet startup companies with its brand-new technology, high demand, public enthusiasm, and what was considered limitless opportunity. It was a business open to many, and many eagerly took advantage of the opportunity. While today's industry is highly concentrated, it wasn't always so—over 5,000 automobile manufacturers have come and gone in the past century (Ketelle 1988).

An auto manufacturer at the turn of the century was essentially an assembler of components and supplier of finished vehicles to agents, distributors, and dealers. The plant needed to produce automobiles was rather modest and the assembly time was short (shorter than the 30-90 day credit period the parts manufacturers allowed). In addition, early in the century "the demand for automobiles was so high that manufacturers were able to extract exorbitant concessions from distributors and dealers in exchange for exclusive territorial rights. Advance cash deposits of 20% were required on all orders, with full payment demanded immediately upon delivery through a sight draft attached to the bill of lading. And cars had to be accepted according to a prearranged schedule, regardless of current retail sales, thereby allowing the manufacturer to gear shipments to production" (Flink 1975:43). It was indeed a business opportunity that many manufacturing shops eagerly took advantage of, but it didn't last. By the 1920s, the local metal shop could no longer become an auto manufacturer because entry required high levels of capital and the industry had become an oligarchy of large and powerful companies.²

At the turn of the century, automobiles were sold by agents. The earliest dealers were very often village blacksmiths, harness makers, or the local farm implement dealer who sold automobiles as a sideline (Ketelle 1988). Customers would place an order with

² Henry Ford played a significant part in this change by developing the automobile manufacturing assembly line, where the capital requirements were high, but the production costs were much lower.

2. Automobile Dealerships — *History of Automobile Dealerships*

the agent who in turn would order the vehicle from the manufacturer, pick up the automobile at the train station, and deliver it to the customer. As business increased, agents found that they had to establish a place of business where they could display, sell, deliver, and service the vehicles. For some, the volume grew so large that they began to distribute their vehicles to other businessmen to sell (Marr 1985). Eventually the model that we are most familiar with today—the independently-owned franchised dealership—became the norm.

Automobile dealerships were once commonly located in urban downtown areas, often in converted sheds or storefronts. In the 1920s, purpose-built dealerships gradually began to appear and by the 1940s manufacturers were publishing property and facilities planning guides (Genat 1999: 43). In the 1970s the trend was to move the dealerships out to the suburbs where the price of land was less and where dealers could build vast purpose-built facilities.³

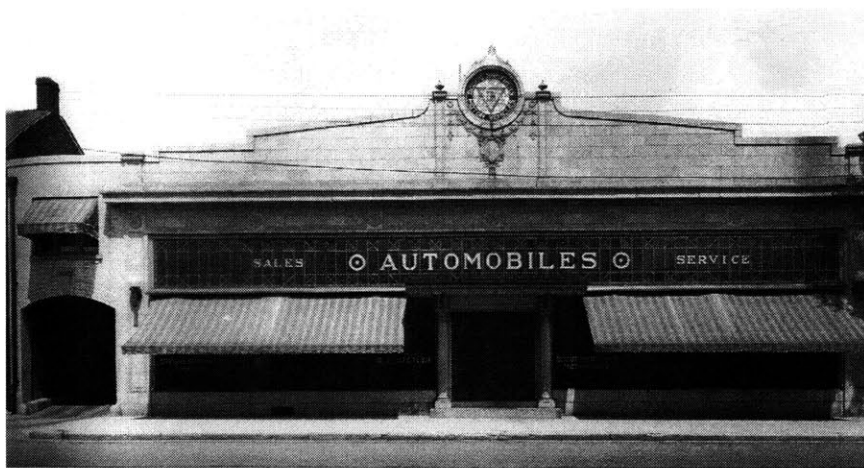


Figure 2.1: In the 1920s, purpose-built dealerships gradually began to appear. The dealership shown here is a Dodge dealership in York, Pennsylvania designed in an Art Deco style. “Above the windows is extensive custom tile work and elaborate detail. The circular pediment at the top of the building holds a stained glass Dodge Brothers insignia. The opening to the left is the entrance to the service department. York Historical Society”(Genat 1999: 41).

³ For a visual record of the automobile dealership’s evolution during the 20th century, see Jay Kettle’s 1988 *The American Automobile Dealership: A Picture Postcard History*.

2. Automobile Dealerships — *History of Automobile Dealerships*

The franchise for the early dealers was a relatively straightforward 2-page document. The dealer outlined the territory he was claiming and often attached a map as well. The requirements were also fairly simple. The dealer was required to have a facility from which to sell, display proper signage, stock spare parts, repair vehicles, and of course, sell cars. Ford franchisees had the additional requirement of servicing all Ford cars, even those that were bought from other dealers (Genat 1999: 17-19).

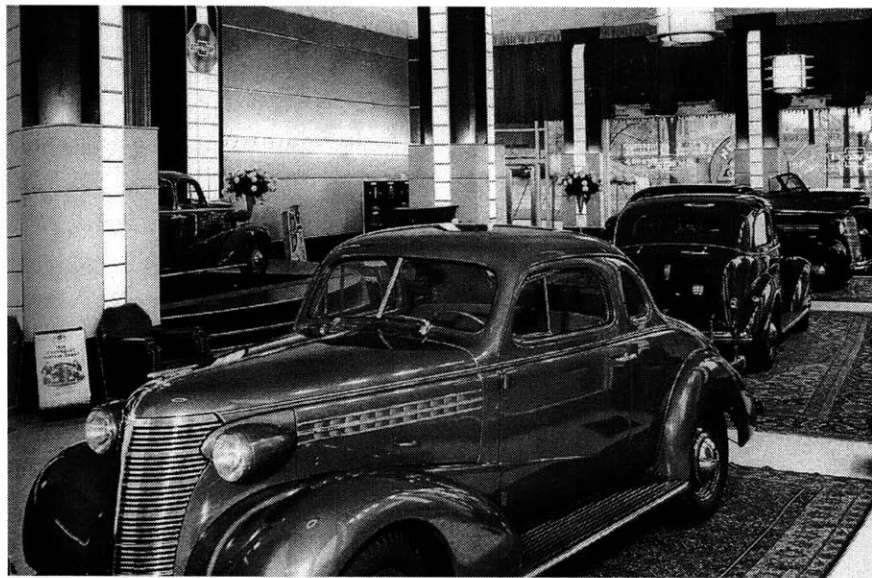


Figure 2.2: Though today's dealership may not be the epitome of elegance, the showrooms of the 1930s and 1940s were known for their luxurious decor. "This Chevrolet dealership showroom is a showcase of Art Deco design. Each of the support columns is intricately decorated with illuminated panels. The walls carry the same theme with horizontal detailing and integrated lights. Each of the new 1938 Chevrolets is displayed on its own individual Persian rug. Leather covered chairs are strategically placed throughout the showroom and elegant flower displays suggest affluence" Genat 1999: 49).

During the first half of the century, manufacturers also operated factory-owned dealerships, selling directly to the customer—a system that continued until the late 60s and early 70s (Marr 1985).⁴ Factory stores always caused concern to the dealers

⁴ See James Flink's *The Car Culture* (1975) and *The Automobile Age* (1988) for a good overview of the history of the automobile industry.

because of the competition they created, but these stores had an important function in the early days because they also did final assembly. New cars shipped from the factory would be assembled at the factory store with factory-trained technicians. Dealership technicians would assist in the assembly (an early form of on-the-job-training) and then drive the finished vehicle to the dealership where it would be sold (Genat 1999: 20).

Henry Ford was one of the first manufacturers who realized that a strong dealer network was essential for a surviving in the automobile industry (Genat 1999: 10), but reading the historical literature on the auto industry, particularly that of Ford, offers some insight into the current culture and uneasy relationship between Dearborn and the dealerships. The distrust and ill feeling that still sometimes intrudes on today's usually professional relationship may well have its roots in the past. For example, according to James Flink (1975), the tension between Ford and its dealers dates back to the end of the 1920s. As he states, when sales were dropping and the factory had a large inventory, "consignments of unordered cars were forced on over 6,300 Ford dealers, who had the choice of borrowing heavily from local banks to pay cash on delivery for them or forfeiting their Ford franchises. Henry Ford thus avoided going to the bankers himself and preserved his one-man rule and personal profits by arbitrarily unloading his financial problems onto the backs of thousands of hard-pressed small businessmen" (1975:102). And in 1926, though production was cut, Ford increased the number of dealerships from 8,500 to 9,800 in the hope that increased competition would result in more aggressive sales. Instead, most dealerships lost money, some went bankrupt, and others switched to General Motors (Flink 1975:106).⁵

Recalling some of the more unflattering history about Ford's early days is not meant to imply that the company was somehow unique. Indeed, the other manufacturers were equally capable (and guilty) of being underhanded, unfair, and difficult employers and business partners. The literature claims that all auto

⁵ The stories of Henry Ford's harsh business practices have to be balanced against the ones that admire Ford for his generosity and foresightedness. By deciding to pay his workers twice the average daily wage, some claim that he changed the face of American consumerism by permitting his employees to purchase an automobile which up until 1914 was seen as transportation only for the rich (Genat 1999: 8).

manufacturers must take equal responsibility for the unsavory reputation auto dealerships have gained over the years and the unethical sales and shoddy service inflicted on the customer. Dealerships did not cultivate this reputation in isolation. The manufacturers forced their franchised dealers to accept too many cars, maintain unnecessarily large inventories of spare parts, buy expensive new repair tools, and put in high-volume dealerships where competition was already ruinous (Flink 1975:192-193). Under these conditions, it's not surprising that the dealership sales department became notorious for high-pressure tactics, misleading customers, and selling products that customers didn't want at inflated prices.

Of course, a history of treating dealers harshly in the past is not necessarily the cause of the current situation. There are innumerable instances of organizations, and indeed nations, radically changing their culture, how they treat others, and how they think of themselves. The culture of Ford has changed since the 1920s, but neither should the past be ignored or dismissed as irrelevant. Many, but not all, things have changed and it is quite possible to imagine how a historical residue of distrust and fear might still linger within the Ford culture.

Automobile Dealerships Today

Characteristics As the National Automobile Dealers Association (NADA) is quick to point out, automotive dealerships play an important part in the nation's economy by employing 1,062,800 people, paying \$39.7 billion in salaries, spending much of their \$60 billion in expenditures locally,⁶ and of course generating tax revenue on sales worth \$534 billion.⁷

Though the automobile dealership as an institution continues to maintain its economic importance, it has undergone major changes in recent years.

The total number of new-car dealerships has decreased from 29,000 in 1978, to 25,025 in 1988, to 22,600 in 1998, but the more dramatic change is in the size of the dealerships. The number of small family-owned dealerships that sell fewer than 150 new cars per year has dropped dramatically from 11,500 in 1979, to 6,725 in 1989, and down to 4,256 in 1999. Dealerships selling between 150 and 399 new vehicles per year have also decreased but not as sharply. In contrast, the number of large dealerships has increased. Those selling 400-749 vehicles per year have increased from 3,700 in 1979 to 6,160 in 1999. And the largest new-car dealerships, selling more than 750 vehicles per year have increased from 4,100 to 5,824 over the past 20 years (NADA 1999).⁸ (See Figure 2.3.)

Though there are fewer dealerships, the news for the auto industry is still very good with the total sales of new cars almost doubling

⁶ For example, dealerships spent a record \$5.3 billion on advertising in 1998. On average, a dealership spends a total of \$234,755 annually, with over half spent on newspaper advertising and the rest divided between radio, television, and other media. A dealership would spend an average of \$340 on advertising per vehicle sold (NADA 1999).

⁷ All data, except where noted, comes from the 1999 NADA Data, Industry Analysis Division of the National Automobile Dealers Association (NADA). The data is published annually in *Automotive Executive* magazine as well as on their web site at <http://www.nada.org/nadadata/>. Also note that the NADA data reflect *all* automobile dealerships, not only Ford.

⁸ A 1998 J.D. Power and Associates report, *Dealer Attitude Study*, revealed that the top 5% of dealer principals accounted for 31% of all new-vehicle sales in the country, and suggested that manufacturers will likely soon have to change their rules and practices to reflect the different sized dealerships. And NADA states that by the early 1990s, multiple-dealership operators had become the rule rather than the exception. More than half of all dealerships were part of a chain (two or more dealerships) and more than 30% were part of a four-or-more dealership chain (1991:25).

2. Automobile Dealerships — *Automobile Dealerships Today*

from \$280.5 billion in 1987 to \$533.5 billion in 1998. For its part, the Ford Motor Company sold an average of 3,581,909 vehicles each year for the past decade, making up almost 25% of the total market share.

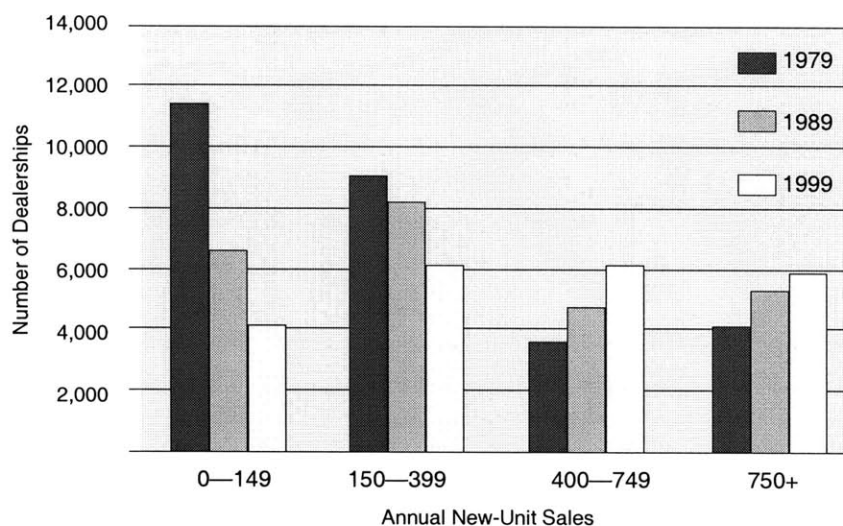


Figure 2.3: Number of New-Car Dealerships, 1979-1999.
Source: NADA Industry Analysis Division (NADA 1999:37)

Change has also occurred within the dealership, with the importance of the sales department being usurped by the service and parts department. In 1984, the sales department was king, producing approximately 67% of the average dealership's net profit. By the mid-1990s, the proportion of profits from sales had tumbled, but by 1998, the situation had improved again with sales contributing approximately 30% of the total profit at the average dealership (NADA 1999:33).⁹

In contrast, the service and parts department's contribution to net profit increased dramatically, increasing its share from 17% in 1984 to 47% in 1998. For the first time, the service and parts department is now an important player in the dealership hierarchy. (See Figure 2.4.)

⁹ In fact, NADA estimates that if the profits generated by finance, insurance, and service contracts were removed from the calculation, the average dealership new-vehicle department has been operating at a loss since 1987.

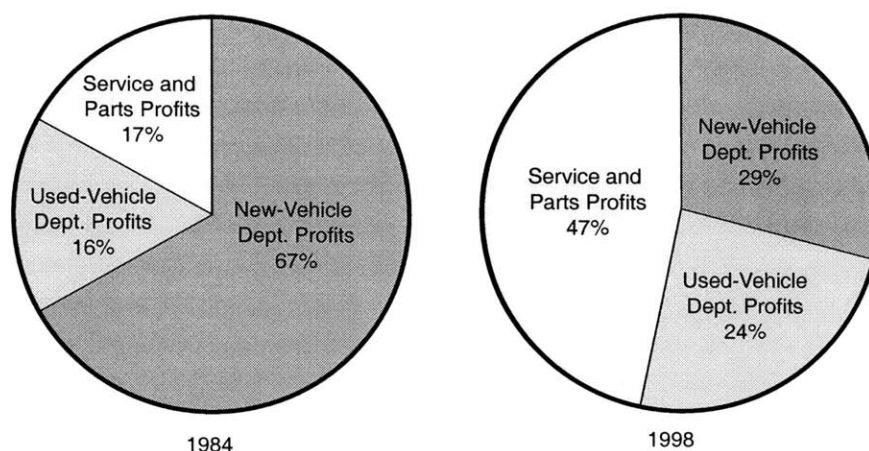
2. Automobile Dealerships — *Automobile Dealerships Today*

Figure 2.4: Proportion of Total Dealership Net Profits in 1984 and 1998 (NADA 1999:59)

The decline of new car sales as a source of profits translates into lower income for the dealers, as well as the individual salespeople whose incomes are based solely on commission. Gross margins as percentage of selling price declined from 10.18% in 1979 to 8.41% in 1987 and dropping to 6.39% in 1997.¹⁰ (See Figure 2.5.)

In the service and parts departments, sales reached a record \$64 billion in 1998 (NADA 1999:47)¹¹ due in part to greater efforts to encourage customers to return to dealerships for maintenance and non-warranty work on their vehicles.¹² To help accomplish this, more than half of dealers now offer evening or weekend hours in their service

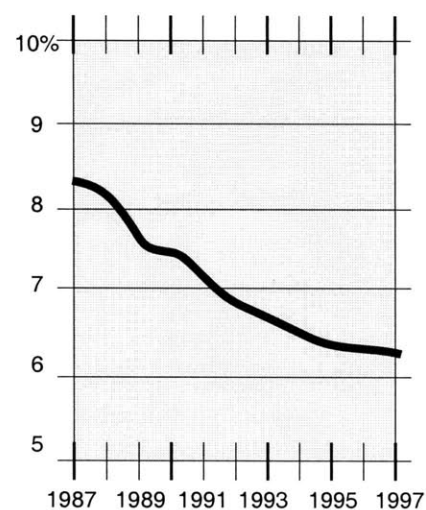


Figure 2.5: Gross as Percentage of Selling Price, new vehicles retailed. Source: NADA Industry Analysis Division. NADA 1999:43)

¹⁰ While the margins may have decreased, the average new-vehicle selling price increased from \$14,100 in 1988 to \$23,600 in 1998.

¹¹ This was an increase from \$39.56 billion in 1987 (NADA 1988).

¹² The service department is now in active competition with the independents—the franchised tune-up, brake, muffler, oil change, and transmission shops.

departments with the average service department open 52 hours a week.

Increasing customer loyalty in the service department hasn't been an easy task, however. According to a J.D. Power and Associates 1998 *Service Usage and Retention Study*, 46 percent of customer expenditures for service goes to non-dealer providers and about half of the defections from dealerships is attributable to customer dissatisfaction caused by the amount of time taken to service the vehicle and the need to return to the dealership because of unsatisfactory work. The study found that most customers use non-dealer providers because of convenience, location, amount of time to get the work done, good past experience, and competitive price.

Changing Environment

As the automobile business changed during the 1990s, car manufacturers and their retailers have struggled to keep up. They now operate in an environment where today's vehicles are much more technically complex than ever before, the differences between makes of cars are becoming less, the quality of vehicle has increased across all makes, the competition is intense, and customers are less loyal to any particular brand. As a result of these new circumstances, the auto companies are attempting to increase customer loyalty by focusing on customer satisfaction and emphasizing routine maintenance in addition to their traditional repair service.¹³

Auto manufacturers have always competed for their market share, but the competition among them has increased even further. In the sales department, for example, not only do they face competition from local dealerships, but car sales via the Internet are becoming much more frequent and detailed consumer information is now widely available online. J.D. Powers (1999b) in their *New Autosopper.com Study* report that 40 percent of new car and truck buyers now use the Internet at some point in their purchase, including 2.6 percent who purchase their new vehicle over the web.¹⁴

¹³ Many dealers have responded by also offering more pleasant physical surroundings, and in more extreme cases providing amenities such as child-care facilities and coffee bars.

¹⁴ These percentages have almost doubled since the previous year.

In addition, thanks to widely accessible consumer information on the Internet, customers have become more knowledgeable and discriminating, all of which contributes to a lower markup (and profit) on car sales.

This perhaps should not have come as a surprise to today's dealers since fifteen years ago, it was predicted that "the information explosion of the 80s and 90s is consuming everyone and that as the consumers become more educated, they will demand greater quality and value; that profits will go to those who deliver the satisfaction consumers want, and that those who do not, will not, or cannot learn how, will be easy competition and early fatalities in this new environment" (Ferron and Kelderman 1984: 5). But apparently it did come as a surprise since not everyone shared this view. A survey done in 1982 by NADA indicated that most dealers and salesmen at the time predicted that the sales process would stay the same (Ferron and Kelderman 1984: 159).

Not only do dealers face competition from local competitors and the Internet, they may soon be competing with their own manufacturers. In response to this new business climate, the Ford Motor Company is launching an experiment, called the Ford Retail Network (FRN), to create several regional superstores over the next five years in Salt Lake City UT, Rochester NY, Tulsa OK, San Diego CA, and Hartford CT. Within these areas, Ford will buy stakes in the dealerships, combine resources, inventories, and employees, and reduce the number of stores, thereby reducing competition between Ford dealers. This new approach includes sales and service outlets that feature no-haggling selling, salaried sales staff, and a web site that will allow customers to search the inventory from home. In addition, the centers will be supplemented by neighborhood service centers that will offer extended hours, and no appointment maintenance, warranty, and light repair work. The purpose of the experiment is to create a non-pressure sales environment for the customer.¹⁵

¹⁵ The plan to consolidate dealerships is going much slower than planned because of tightened franchise laws in major states such as Texas and because some dealers felt that Ford was forcing them to sell. Ford is not unique in its attempt to find a more efficient way to sell vehicles—GM is also in the process of buying out dealers in an attempt to reduce distribution costs and enhance customer service

In 1984 Ferron and Kelderman (150) described the development of manufacturer stores as a “threatening wild card” to the franchise system. They feared the “prospect of a manufacturer losing market share and with no where else to go, deciding that the only alternative is to abandon the dealers in order to lower the short-term costs of distribution dramatically. We don’t know of any manufacturer in this frame of mind or financial condition, but we think the risk is sufficiently high to warrant attention to what has been referred to as a ‘doom loop’ judgement.”

Though Dearborn’s experiment may not have been motivated by falling market share, and though the competition within these areas have been reduced, the FRN is still making many dealers and salespeople very uneasy. In principle they certainly understand the need for change—it’s clear that the business environment has changed and the old system of selling cars is becoming less viable. As Naughton (1996: 72) states, “car makers would like dealers to improve the showroom experience. After all, they spend hundreds of millions of marketing dollars to turn their products into exalted objects of desire. And they spend hundreds of millions more to persuade consumers to step into the showroom—only to have them abused and alienated.” But salespeople worry about their role in this new system and how it might affect their income, while the dealers focus more on the overall effect it may have on their business. They fear that the dealerships located within driving distance of one of these new experimental groups will suffer if customers are drawn away or if customers go to the new dealerships to purchase the car but return to their local dealership for servicing only.¹⁶

Relationship Marketing

Because of the intense competition between automobile companies, Ford has begun to put a much greater emphasis on relationship marketing, which emphasizes increasing customer loyalty, creating stronger ties with customer, and ultimately encouraging them to stay with the same dealership for all their sales, repair, and maintenance needs. Ford intends to do this by placing a greater emphasis on customer satisfaction, for example

(Muller 1999). Dealers are fighting back, however, and it is not clear if Ford and GM will succeed (Ball 2000).

¹⁶ Ford service departments are obliged to service all Ford vehicles, irrespective of where they were purchased.

by offering prices and services for routine maintenance that compete with the local garage, and becoming more aware of customer needs and preferences.¹⁷

Business and management researchers have begun to look closely at the process of building and strengthening customer relationships. Most agree that repeat customers are more profitable than new customers because they are less costly to keep, are more likely to buy additional services, and they provide favorable word-of-mouth advertising for the firm. What every retailer tries to do is to turn new customers into repeat customers (Hallberg 1995).

It's not an easy process, however. Customers arrive feeling vulnerable especially when they lack information, expertise, freedom to go elsewhere, or recourse if things go wrong (Seiders and Berry 1998). There also may be a gap between the expectations of the customer and those of the management that can cause problems and misunderstandings (Parasuraman et al 1991).

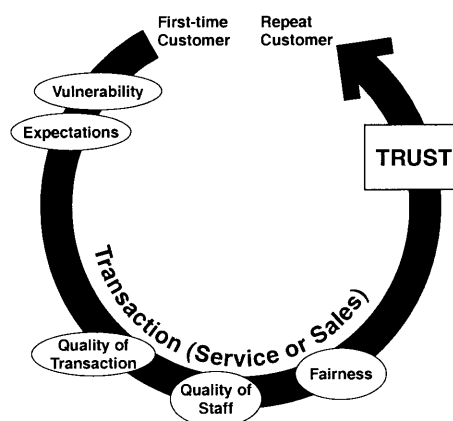


Figure 2.5. Diagram summarizing the research on the issues faced by customers and businesses in the process of building trust.

Research has found that customers judge the quality of their experience based on tangibles such as the appearance of the facilities and personnel, the reliability of the business to perform their work dependably and accurately, the willingness of the staff to help customers and provide prompt service, the knowledge and courtesy of the employees, and finally the amount of empathy shown by the staff (Parasuraman et al 1991).

¹⁷ Customer satisfaction is a major concern for dealerships, not simply because they want satisfied customers, but because when certain vehicles are in high demand and supplies are tight, Ford allocates scarce cars based in part on customer satisfaction ratings which are derived from surveys done by Ford.

Another aspect to building trust is fairness. The customer must also feel that they have been treated fairly. This is especially important when the service is difficult to evaluate or when customers feel particularly vulnerable (Seiders and Berry 1998).¹⁸ In short, if customers find that their expectations were met or surpassed, the service was either acceptable or good, and if they sense they were treated fairly, the customer will likely develop trust in the business and become a repeat customer.¹⁹

The problem of trust is particularly acute in auto dealerships because of three typical characteristics. (1) The transaction often involves a large sum of money. (2) The customer and the dealership employee know that the transaction is zero-sum: the less the customer pays, the less profit the dealership makes. (3) the transaction contains a serious information imbalance. This is especially true in the service department where the technician and the service advisor know much more than the customer about the true nature of the problem, the repairs that are required (as opposed to desirable), the dealer's actual cost for labor and repairs, and so on. Almost every purchase has one or two of these characteristics, but the combination of all three can lead to substantial customer anxiety (Levy and Beamish 1999).

Customer Relationships

Though the principles behind relationship marketing are hardly new, it is a new way for dealerships to deal with customers. Unlike in the past where a dealership could flourish simply by waiting for the customers to come to them, dealers now have to work much harder to get and keep customers. Sales reps are urged to be less aggressive and more respectful of customers while the service department tries to be more user-friendly.

¹⁸ See Kathleen Seiders and Leonard L. Berry's "Service Fairness: What it is and why it matters" (1998:10) for a detailed discussion of fairness. They state that there are three types of justice or fairness by which customers judge a business: (1) Distributive or outcome, (2) Process, and (3) Interpersonal. Distributive fairness refers to the outcome of a decision or an exchange. Customers must feel that the outcome was based on equity, equality, and need. Procedural fairness indicates the process used to generate that outcome. Customers must feel that the process was consistent, unbiased, accurate, representative, and ethical. And finally, interpersonal or interactional fairness refers to the treatment people receive during this process. Customers must feel that they were treated with respect, honesty, and courtesy.

¹⁹ Trust in this case means establishing the belief that the sales and service personnel have benign intentions and will behave predictably.

The transition isn't always easy, however. It is at the level of the individual where changes in the relationship between customers and dealership employees are felt most keenly. It is on the showroom floor and at the service counter where business theory and new marketing strategies clash with human egos and self-image. While there may be a greater emphasis placed on customer satisfaction, the relationship between customers and the dealership continue to be strained because of old habits, attitudes, and stereotypes.

From the customer's perspective, going to an automobile dealership for service or to buy a new car is rarely an enjoyable experience. They distrust the salespeople and suspect that they will be taken advantage of whenever possible.²⁰ The expectations are equally negative in the service department because customers tend to only go to dealerships when something is wrong with their car; it almost always involves paying a lot of money; and it is inconvenient and disruptive to their daily routine. They feel inadequate because they don't understand auto mechanics or what is expected of them. On top of all this, the vocabulary of cars and car repair is unfamiliar to most customers, and communication is strained even further when the customer's first language is not English. Dealerships add to the uncertainty and confusion with inadequate signage and difficult-to-understand bills. The result is an often distrustful, suspicious, frustrated, and unhappy customer.²¹

²⁰ Automobile dealerships are notoriously unpleasant for women because of employees' arrogant and dismissive attitude. Ford is well aware of the situation and is trying to change this attitude through its training programs.

²¹ An example of the frustration that a customer can experience and how things can so easily go wrong was demonstrated one day at a dealership. In the waiting room (it was in a temporary portable room because the dealership was being renovated) was a customer who furious because he had been waiting for over three hours for a simple maintenance job to be done. He arrived on time, handed over his keys and vehicle to the lot greeter to whom he explained the reason for his visit. He received a tag and went to the waiting room to wait. Unfortunately the customer had never been to the dealership before, and the greeter had not informed him that he still needed to check in with the service advisors. So after two hours of becoming more and more angry, the customer finally confronted a staff member. They discovered that the service advisors had the keys but hadn't bothered for find out who owned them, and so the job hadn't even begun. And because the customer had "missed" his appointment, he was rescheduled for later in the day. A simple 30-minute maintenance job had turned into a 4-hour wait, and both parties considered the other to be at fault.

On the other side, dealership staff maintain an almost equally dark view of customers. Customers are seen as demanding, difficult, uncooperative, and generally unreasonable people. They argue over normal prices and refuse to accept reasonable explanations. From the dealership's perspective, customers cause problems and generally make life difficult for them.²²

The unhappy result is that the relationship between customers and dealership staff is often adversarial, and since both parties see the other as threatening, the result all too frequently is a tense standoff and a lack of communication.

Obviously there are some customers who are completely unreasonable and there are some dealership employees who are unethical, but unfortunately in this relationship, the worst case scenario—the most unreasonable customer and the most underhanded dealership employee—is assumed to be the norm rather than the exception. Under these circumstances, it takes enormous effort and a great deal of charm and empathy on both sides to break through the negative stereotypes.

Though the relationship between customers and the dealership is slowly changing in all parts of the dealership, it is in the sales department where life is even more turbulent. In addition to the constant urging from Ford to be more customer-centered, which in itself is a major shift in attitude, they also have to deal with a completely new type of customer.

Buying a car in the past was an intimidating and traumatic experience for most consumers because they would arrive in a showroom not knowing a great deal about the vehicles they were looking at and even less about the sales process. Then added to the customers' unfamiliarity, innocence, and sometimes naiveté was the sales team's heavy pressure and strong-arm sales tactics.

The Internet as well as other print sources have drastically shifted the imbalance of knowledge, with consumers now having access to

²² Joy Browne states in *The Used-Car Game: A Sociology of the Bargain* (1973) that used-car salesmen view their customers on one hand as being misinformed, unfairly demanding, childlike, malleable, and greedy, yet on the other hand, customers are also seen as a source of income that needs to be carefully protected.

reviews, specifications, pricing data, invoice pricing, information on dealer holdbacks, and factory incentives—all information that used to be privileged by the industry. And customers are making use of it.²³ A recent 1999 *New Autos shopper.com Study* by J.D. Power and Associates revealed that Internet shoppers often know more about the vehicle than the dealership salespeople. They noted that the challenge for salespeople was to learn to deal with this new kind of customer while at the same time retaining an acceptable profit. Dealer invoice information in particular is some of the most sought-after information. It's a double-edged sword, however. On one hand dealers blame their shrinking profits on increasing consumer knowledge, but it also makes consumers more comfortable with the sales process, which makes it easier and more pleasant for the salesperson to make a sale.

Relationship with Ford

One of the most distinguishing characteristic of an automobile dealership is its relationship with the manufacturer. In Ford parlance, Dearborn is referred to as "the factory," dealerships are "the stores," and the relationship between them is sometimes rather awkward and tense, and in some of the more extreme cases, almost bitter. Naughton (1996) summarized the relationship between all automobile dealers and their manufacturers as "an uneasy standoff with Detroit." But there are certainly successes as well. One employee compared the factory-store relationship to a marriage saying, "Some days are great. Some aren't."

The tension stems mainly from the way the relationship is structured and the resulting struggle for control. Ford and their dealerships are independent (each dealership is a privately owned business and the employees are employed by the owner, not Ford) but at the same time, they are completely interdependent. Ford needs the dealerships to sell and repair the vehicles they manufacture, and the dealerships need Ford to produce high

²³ Some of the common web site for sales and vehicle information are: Microsoft Carpoint (<http://www.carpoint.msn.com>), AutoSite (<http://www.autosite.com>), Autobytel (<http://www.autobytel.com>), and AutoWeb.Com (<http://www.autoweb.com>). Consumer information can also be found at: Consumer Reports (www.consumerreports.com), Intellichoice (<http://www.intellichoice.com>), Kelley Blue Book (<http://www.kbb.com>), and Edmunds (<http://www.edmunds.com>). Even the National Highway Traffic Safety Administration has a site at <http://www.nhtsa.dot.gov/> that informs consumers if there are any recalls on their vehicles.

quality, reasonably priced, reliable cars that customers will want to buy.

The manufacturer often sees the dealers as difficult, and unwilling to change or innovate, so they try to influence them through incentives, special programs, and sometimes not-so-subtle pressure. Not surprisingly, dealers can resent this intrusion into their businesses.

Dealers will often admit that Ford's underlying ideas can be sensible and occasionally very good—it's the implementation that they usually disagree with. New programs are frequently considered to be overly complex, awkward, out of touch, theoretical, fussy, insensitive to geographic location and unrealistic.²⁴ Dealerships tend to believe that the corporate office simply doesn't understand what happens in the dealerships. And since most Dearborn employees have never sold or serviced a car, dealers argue that they consequently should not have the right to tell dealerships how to run their businesses.

But Dearborn's belief that dealers are unwilling to change or experiment is accurate in a way. Many dealerships are wary of, if not resistant to, any idea that comes from Ford because they suspect that they will come out on the wrong end of any new arrangement. They feel that they have enough risk in their business without being "guinea pigs for Ford." And because dealerships often find themselves in the position of having no choice but to accept Ford's policies and programs, it is often done half-heartedly which only further convinces head office that the dealerships just don't "get it" and need more pressure, motivation, and incentive programs.

The Physical Environment

The floor plan of the typical dealership offers quite an accurate reflection of the relationship and contact between employees and the customer, as well as the division between the sales and service departments. (See Figure 2.7.) Customers will either enter the

²⁴ One example is the policy that states that parts should not stay on the shelf longer than 6 months. In theory this a good idea, but in the New England where weather can vary so much and extend into other seasons, dealers often keep some parts in stock for longer periods of time, just in case their customers require them. Because of the policy doesn't take into account differences in geographic location, dealerships in this region are penalized keeping the parts on the shelf for too long.

sales *or* the service department; passing *between* the two departments is rare.

In the service department, customers have access to the service advisors, the cashier, and a counter in the parts department. In terms of physical movement, the service advisors have the widest travel range and though they are usually in their place at the service counter, they will also walk back into the service bays and parts department to talk with technicians and staff. Technicians sometimes walk up to the service counter and they regularly go the parts counter, but do not enter the room. Parts staff stay within their department, serving retail customers and technicians from behind the counter.

The diagrammatic plan (Fig. 2.7) also indicates the areas of the dealership that are considered “dirty,” an issue that comes up with some regularity when describing both the work of the service department employees and the design of the physical spaces within the dealership.

Both the 1957 and 1988 *Occupational Outlook* published by the U.S. Department of Labor, Bureau of Statistics emphasize the dirty and physical aspect of work in the service department. “In most jobs, the mechanic handles greasy tools and parts, and it is often necessary for him to stand or lie in awkward or cramped positions for extended periods of time” (Stambler 1957:24) and “Mechanics frequently work with dirty and greasy part, and in awkward positions. They often lift heavy parts and tools. Minor cuts, burns, and bruises are common” (Kirby 1998:2). The 1998 version, however, does note that “some problems can be fixed with simple computerized adjustments avoiding the need to get dirty”(2).

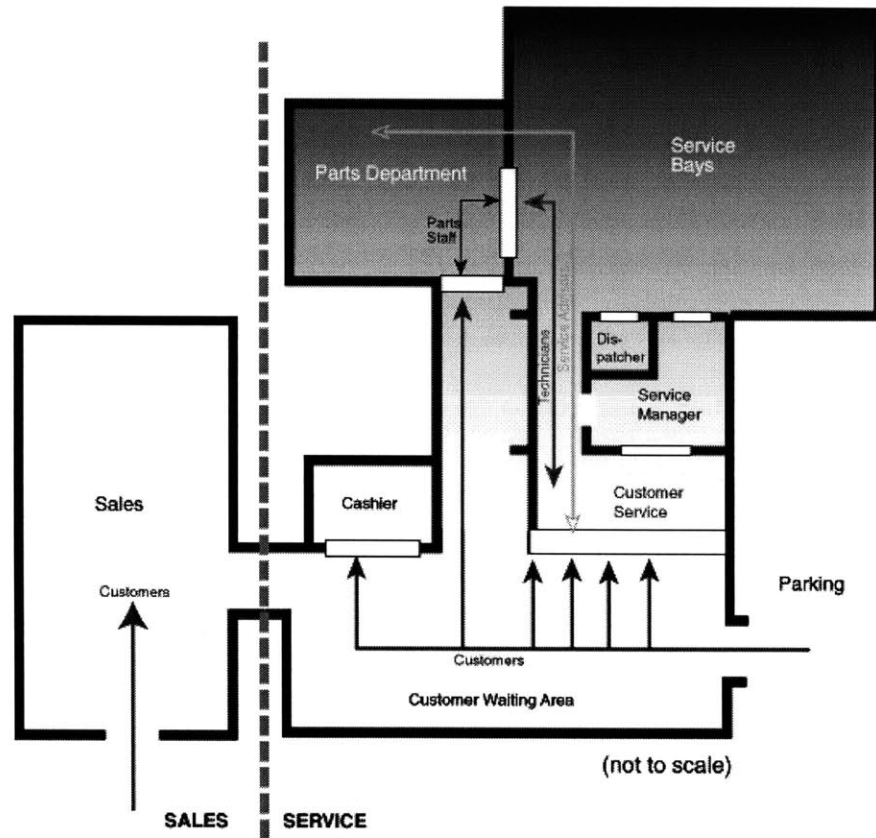


Figure 2.7: The physical layout of a dealership reflects the relationships between departments and jobs, and between customers and employees. This floor plan is diagrammatic only and is not to scale. The gray in the diagram indicates the areas that are considered "dirty."²⁵

Cleanliness is also brought into the discussion of automobile dealership design. The author of a 1956 thesis explained that "the types of spaces are easily divisible in two distinct groups, and are expressed by two separate buildings. First is the clean and quiet atmosphere of the showroom building. Here are located the car displays, closing rooms, office and waiting rooms, office and waiting areas. In general, this is where the public will spend the greater percentage of its time. Here are located all personnel who have so-called 'white collar jobs.'" (Cultum 1956: 13). And he goes on to say "this business demands a special enclosure. It

²⁵ Genat (1999) notes that when new dealership facilities are planned today, approximately 73% of the total floor area is allocated to the service department and 10% to the parts department. The remainder is for the sales department and administration.

demands a building composite which will establish a congenial environment for selling automobiles and an efficient system for their maintenance”(6). Note that on the sales side he says that the environment should be “congenial” while the service side need only be “efficient.” The physical environment of an automobile dealership until quite recently has lived up to this expectation (or perhaps lived down to it is more accurate). While the sales department has usually made an effort to provide a comfortable and pleasant place for its customers (and sales staff), the service department has long had a reputation for customer (and staff) environments that are uncomfortable and unattractive.

Luxury is not a word that can be used to describe most automobile dealerships. Certainly, some dealerships have showrooms and waiting rooms that are pleasant and well appointed,²⁶ but merely functional is more common.²⁷ In the areas designated as employee-only, the offices and workspaces tend to be bare bones, dreary, and colorless. Personal touches are rare.

In short, the physical environment reflects the culture of the dealership and a mentality that—as any dealership employee would readily acknowledge—is driven completely by the bottom line and maximizing profits. They know that there is little interest on the part of their superiors (or they themselves if they are in a management position) in creating a pleasant work environment for the employees because that would only reduce profits at the end of the month, and as everyone knows, it’s the profits that count.

²⁶ With the recent emphasis on customer satisfaction, many dealerships are paying much more attention and investing in creating pleasant public areas when they renovate their premises.

²⁷ This wasn’t always so. In the 1930s and 1940s, the automobile dealership exuded elegance. Images from that time show chandeliers, leather chairs, ornate woodwork, potted palms, fresh flowers, and Persian carpets. (See figure 2.2.)

Chapter 3: The Work Environment and Practices

Organization and Structure of a Dealership

Introduction As mentioned in the previous chapter, automobile dealerships are owned and operated by independent business people who hire their own employees; none of whom are employees of the manufacturer. A dealership would, however, have a franchise or selling agreement with the manufacturer that is essentially a statement of partnership (Marr 1985:35).

It is hard to overemphasize the importance of the relationship between dealer and manufacturer—a relationship that is both independent and interdependent. The National Automobile Dealers Association (NADA) in *Dealership Organization and Management* (1973) describes the manufacturers as the heart of the industry and dealers as its lifeblood (12-13). It goes on to say: “The very first thing that should be understood is that the dealer is in almost every case an independent merchant, operating in his own facilities and with his own capital. The factory has no direct control over his day-to-day operation other than persuasion and, in the last analysis, the implied possible termination of the franchise agreement, which is something that is only used when all else fails” (188). They also note that the essence of the franchising system is the dealer who has a substantial personal investment in the enterprise. This is important because it ensures the owner’s close day-to-day involvement in the business, which provides a reservoir of retail sales and management talent—none of which must be supplied by the manufacturer (13).²⁸

The key person in this relationship, in the eyes of NADA, is the dealer, who they describe as a person driven by the entrepreneurial urge, a risk taker, with a tremendous drive to run his own show. “It takes a certain kind of man to be a successful automobile dealer. In many cases, this kind of man is mechanically-minded, at least to a degree, who if he were not an

²⁸ What NADA often does not say is that dealers are protected by some of the strongest franchise laws. Automobile dealers provide 20% of sales taxes in many states and a large share of local TV and newspaper advertising revenue, and as a result, they have political clout which they’ve used to make it difficult for national retailers to enter the new car business or for Detroit to control the pricing and promotion of its own products (Naughton 1996).

automobile dealer, would in all likelihood be active in an allied field. He is basically optimistic, but essentially realistic as well. He needs to have the sales (and competitive) instinct developed to a high degree. Above all, he must have the unmistakable mark of the merchant—the man who finds his fulfillment in buying and selling—for no automobile dealer ever succeeded in the business unless he had this mercantile facility developed to a high degree. [His] zest for trade seems to be the indispensable ingredient. Not all men have this instinct, and those that do not are unlikely to be happy, or very successful, in the automobile business” (NADA 1973:52-53).

There are certain expectations in this partnership. The dealer expects the manufacturer to provide a good product, vehicles when he needs them, prompt filling of his orders, product information, competitive warranties, advertising, assistance in training his employees, and the assurance that he may keep his franchise as long as he performs up to standard. And from the manufacturer’s point of view, the dealer is expected to maximize sales, provide adequate service, stay in business, keep good records, and to maintain the good name of the product (NADA 1973:192-193).

It is also important to emphasize that the head office and the dealers don’t always share the same viewpoint. For example, the authors of *Betting on the Franchise* make an interesting point on the issue of dealerships servicing vehicles. They say “customers’ satisfaction might be a mutual goal between dealers and the manufacturers, *but the means to providing it may be significantly different for each*. The manufacturers *do not* care if dealers make money on their service operations, but they *do* care that quality serviced is given; and they try to exercise as much control as possible over the process” (Ferron and Kelderman 1984:127).

Layered between the corporate head office and the dealership is the regional field office. Each market area (e.g. New England) is divided into regions and each field office would typically be responsible for 15–20 dealerships. The field office staff are employees of the Ford but work as a liaison between the two parties, representing the manufacturer to the dealership and promoting the dealer’s voice at the corporate office. In addition,

3. The Work Environment — *Organization and Structure of a Dealership*

they work with the dealers to help resolve customer complaints and misunderstandings, provide technical product information, and introduce any of the manufacturer's new programs or policies.

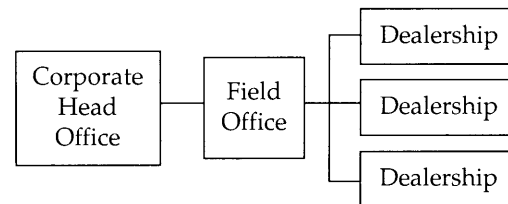


Figure 3.1: The field office acts as a liaison between head office and the dealership

Dealership Structure

The typical dealership is hierarchical and is led by the dealer or general manager. Below the dealer are the managers of the four main departments: sales, office/finance, service, and parts. And below them are the salespeople, clerks, countertermen, and technicians. (See Figure 3.2.)

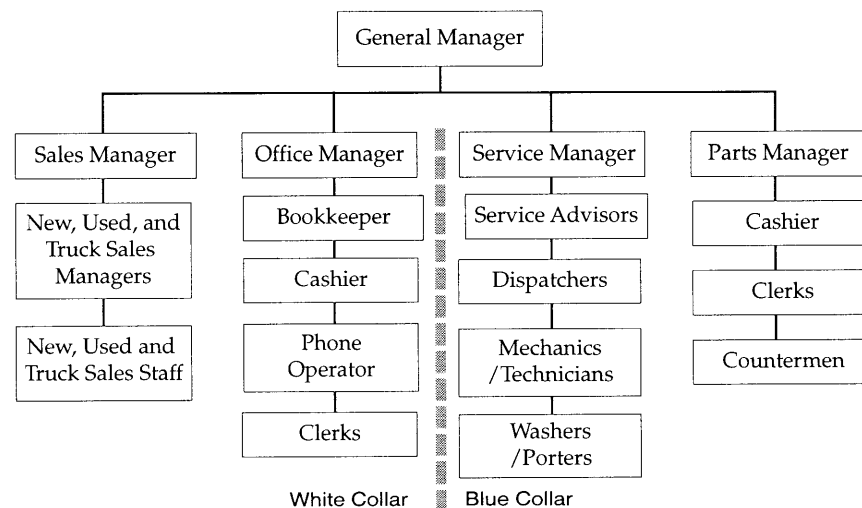


Figure 3.2: Organizational chart of a typical dealership. Career paths are almost always vertical; few employees move horizontally, for example from the service department to sales. There is also a sharp class division between the departments. Sales and office staff are considered white-collar while the service employees are usually blue-collar. Source: Chart adapted from Sullivan 1962:46.

A Typical Dealership

According to the National Automobile Dealers Association (NADA), in 1998 the average franchised dealership had an annual payroll of \$1,766,000 and employed 47 people with an average weekly earnings of \$719 per dealership employee (NADA

1999:50-51).²⁹ Of the 47 employees in an average dealership, approximately 10 work in vehicle sales, 11 will be technicians, 13 will be service and parts workers (other than technicians), and 13 will be supervisors, general office workers, and others.³⁰ A busy medium-sized dealership would repair approximately 50 cars per day and sell 120 cars per month.

Financially, the dealerships of all manufacturers are doing fairly well, generating more than 1.7 percent of total sales or \$403,000 in yearly net pre-tax profit (NADA 1999:33). And in an effort to maintain or increase customer satisfaction, most dealerships are open longer hours. The average dealership service department is open 53 hours per week, and over 60% now offer either evening or weekend hours (NADA 1999:48).

Though a dealership officially has four main departments: sales, office, service and parts, in reality the dealership is split down the middle. On one side is sales and on the other is the service departments with the service department sub-divided into customer service, parts, and the shop.

Generally the relationship between service and sales is professional, but distant, and contact between the two is minimal.³¹ Each, however, recognizes the need for the other and acknowledges their interdependency. As one service manager said, "the sales department is the engine that runs the dealership," meaning that unless the salesmen sell vehicles, the service department will have no work.

At the same time, friction is inevitable because the two units have very different cultures and two quite different relationships with the customer. Friction can occur when the service department doesn't satisfy a customer who then returns to the sales department to complain and asks for their intervention. Since

²⁹ In 1998, nationwide, dealerships employed 217,900 salespeople, 256,100 technicians, 301,800 service and parts workers, 287,000 supervisors and general office workers for a total of 1,062,800 employees (NADA 1999:50).

³⁰ In the Boston area, a medium to medium-large dealership would employ approximately 10–15 technicians, 8–10 salespeople, and 3–4 service advisors, plus managers and other administrative staff.

³¹ If someone in service knows that a customer is thinking of buying a new car, they'll put them in contact with a sales rep. And if a new car owner is having a problem, the salesman will ask one of the service advisors to phone the customer and set up an appointment.

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sales reps are paid by the automobiles they sell, not the satisfaction of the customer after the sale, salespeople see any problem that flows over from the service department as a money-loser since time spent resolving a customer's problem is time not spent on the showroom floor selling cars—and making money. For the salespeople, the less they see of recent customers, the better.

Each of the departments have quite different cultures, types of employees, and work, and those differences are expressed (and reinforced) through clothing, behavior, and the physical environment. Salespeople are always dressed in suits—it's clear that they never have to get dirty—while the service advisors tend to be casually dressed and the technicians dress in work clothes.

Atmosphere The work in a typical dealership is busy and stressful. The hours are long, with some managers and owners putting in 80-hour weeks. With the long hours and intense pressure, tempers can fray easily and quickly—it only takes a relatively minor problem or frustration for conversations to change from good-natured joking to testy sarcasm. A sense of humor, which most dealership employees seem to have, appears to be essential for survival.

The sense of tension and pressure stems from a combination of two characteristics. The first is the intense focus on profits that creates an atmosphere in which, as one manager said, “the almighty dollar rules.” This is not an unusual attitude in the business world, but automobile dealers have one more requirement layered on top. Typically, dealerships work on a 30-day cycle, meaning that they close out the books 12 times a year. The result is that people are judged on what they did in the past 30 days only, not last month or next month, and as a consequence, there is often little incentive to plan for the future. The situation is further aggravated by the increased competition of the past decade and the need to cut costs even more. This has contributed to some managers feeling that their jobs have been reduced to “fire fighting” rather than management and that any creativity and flexibility they had in the past is rapidly disappearing. Sales are the bottom line in a dealership, and as one person wryly noted, there are endless awards for rewarding quantity of sales, but none for the quality of management.

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Time is money, and there is an ongoing and constant calculation of financial payoff for any new idea. Owners and managers weigh the payoff against the investment—obviously a wise thing to do in any business, but the focus is strictly on the short-term. Even if an innovation had the potential for a large payoff, if that payoff wouldn't occur for a year, it might easily be dismissed.

Added to this focus on short-term profit is the vague but constant fear of being reprimanded or penalized for something they have done or said. Employees worry about managers, managers worry about owners, and owners worry about head office. Employees at all levels worry that if they express their opinions openly and honestly, and especially if what they say contradicts or could be interpreted as criticism of current policy, Ford or the dealership owner would retaliate. This distrust permeates the workplace and as a result, employees hesitate to suggest new ideas or volunteer any information.³² There is a feeling that the less communication there is, the safer they are. Unfortunately this same atmosphere of wariness also permeates the communication within the dealership. There too, employees feel that their ideas are not listened to, or that honest opinions can only serve to get them in trouble with the owner or their supervisors.

The structure is strictly top-down. Ford sends dictates from Dearborn to the dealerships, and in the dealership, information is expected to flow from the owner to the managers to the employees. An example of an employee coming up with a suggestion and having it spread from the bottom up through the chain of command is rare. One employee reported that, "our ideas are often shot down."

Innovation is not particularly encouraged in this culture, and many managers believe that employees are only motivated by money. One manager estimated that at best only 15-20% of his employees were self-motivated—the rest could only be motivated with a financial incentive.

³² For example, Ford frequently sends surveys that are supposed to be anonymous, but they arrive with the dealership's name written on them. Given the level of fear of reprisal, in spite of assurances that their responses will be confidential, many employees say they do not respond honestly.

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Dealership employees often claim that their work can be unrewarding (other than financially, they are always quick to point out), unfulfilling, with little reward for creativity or innovation. Yet in spite of the difficulties and limitations, when asked what they like about the job, most employees first describe their love of cars and then explain how they enjoy the non-routine aspect of their jobs. As they say, “no day is typical.” They like the challenge of their work and they’re proud of what they do.

The Service Department and the Repair Process

The days at a dealership are long and they begin early. Doors are open from 7:00 AM until 6:00 PM most days, and until 9:00 PM at least one night a week. The service department is open 6 days a week while the sales department stays open 7 days a week.

Customer Arrival Many dealerships have “greeters” who meet customers as they drive into the lot. They fill in a form listing the customer’s name, car make, model and vehicle identification number and indicate whether they are there for a scheduled appointment. Greeters also note if there are any scratches or dents on the car since some customers try to blame the dealership for pre-existing damage. They tag the car (put a number on it), take the keys, and park it.

The customer then walks into the service department. Normally they would have telephoned ahead and made an appointment with a service advisor. In the 1970s and 1980s most dealerships did not take appointments and customers could arrive at any time to have their vehicles serviced. That is no longer the case but not all customers are aware of the new policy, which can lead to problems when service advisors have to tell the customers who arrive unexpectedly that they cannot be scheduled for several days or sometimes weeks. Some dealerships try to reinforce the importance of appointments by hanging a whiteboard with the names of the customers, the service advisor, and the time of the day’s appointment. Appointments are spaced approximately 15 minutes apart and many use odd times such as 7:05, 7:20, 7:35, to reinforce the idea that these are precise times, not estimates, and customers are expected to be there on time. But some dealerships prefer to use the term “drop off” or “write-up time” rather than appointment because though they want the customer to bring in the car on time, they cannot promise that they’ll start working on it immediately.

Writing up the Order Customers will either walk up to the first available advisor or they’ll wait for a specific person if they’ve been assigned to one in particular or if they have a preference for an individual. The service advisor pulls up the customer’s name and vehicle identification number on a terminal on the in-house computer system to see if this is a repeat customer and if they have a past

 3. The Work Environment — *The Service Department and the Repair Process*

service history on the vehicle. They question the customer about the job or work to be done write it on the repair order. They are then supposed to check online to see if there are any technical bulletins or recalls on the car. If there are, they print them up and staple them together with the repair order (RO).

The advisor then makes an estimate of how long the job will take. If it won't take long—a simple maintenance job, for example—the customer will go to the waiting room, but if the customer decides not to wait, the service advisor gets their contact information in order to call them when the job is done.

Dispatch The repair order is walked over to the dispatcher. The dispatcher's job is very important because he or she takes the repair orders that come from the service counter and distributes it to the technicians according to the technician's individual expertise, personality, and preferences. The dispatcher is also required to schedule emergency "special" jobs, such as work for a friend of the owner or for a client for whom they need to make a special effort. The dispatcher must perform a delicate balancing act, trying to juggle the pressure and needs of the customers, the dealership, and the technicians.

A good dispatcher is invaluable to the technicians because he/she mediates between them and the service advisors. In one dealership, the software developers of the in-house computer system claimed that the dispatcher's job could be eliminated by developing a program that could distribute and schedule the work according to the technician's specialty³³ and the length of job. It failed because assigning these jobs to the technicians turned out to be much more complicated and subtle than the developers originally thought.³⁴ A technician's basic skill area may be relatively stable, but their experience in specific problem areas can change from month to month and certainly their work output can

³³ Technicians are graded according to their skills and experience. The highest class is A. New technicians may come in with a C or D class. They may also have a specialty such as transmissions, air-conditioning or brakes.

³⁴ The dispatcher's job is a good example of what Lucy Suchman (1994) calls "articulation work" which she defines as continuous effort to bring together discontinuous elements into work configurations. She offers the work of the traffic controller in the operations room of an airport as an example. This person must coordinate across multiple settings and interdependent activities to accomplish the orderly arrival and on-time departure of an airline's flights.

change significantly by the day depending on their health and personal circumstances. Good dispatchers are aware of this and will adjust the distribution of the work accordingly. Theoretically the computer could also assign work according to these changes, but it would entail reentering the criteria (and quantifying it) on an almost daily basis.

One technician claimed to have quit once over the introduction of a computerized dispatch system. Instead of receiving their jobs from the dispatcher, it came to them on their computer screen in their service bay—and he hated it. Eventually the dispatcher's job was reinstated and the technician returned. As he said, "at least now you can talk to someone."

Diagnose The technician starts his work by picking up the repair order from the dispatcher. When he starts on a particular job, either the dispatcher or the technician will log on to the in-house computer to start timing the job. All warranty work must have the time logged. Keeping track of the time for cash work isn't required by the manufacturer, but many dealerships do so for their own information.

The technician starts by reading the description of the problem that the customer gave to the service advisor. He'll look at the vehicle, road test it, use any diagnostic equipment that is relevant, and look up to see if there are any new technical bulletins for that particular part or problem. If the technician thinks that the job will take longer than the standard estimated time for some reason, he types that in. Once he decides what the problem is and how to solve it, he'll make a list of parts needed to do the repair. Depending on how routine or identifiable the problem is, the time for diagnosis may range from only a few minutes to several hours.

Obtain Parts Once the technician knows what he needs, he will generate a parts order which is sent directly to the printer in the parts department via the in-house computer system. A parts employee picks up the order, fills in the code numbers, finds the parts, and puts them on the counter. Most parts are charged to the RO, except for stock items such as brake cleaner, windshield fluid, grease, and coolant.

The technician walks over to the parts counter, picks up the parts, and returns to his bay.

3. The Work Environment — *The Service Department and the Repair Process*

Perform the Repair The technician then performs the repair, during which he may look up more technical information on the computer, or return to the parts department to get another part.

Close Repair Order When the job is complete, the technician types in a “story line” describing what was done, any special comments, what parts were used, and then signs himself off the computer, which stops the timer. This information is then used for billing the customer.

The technician returns the repair order to the dispatcher, letting him know that he’s ready for the next job. The repair order is returned to the service advisor who calculates the bill, and contacts the customer to let him or her know that the vehicle is ready for pick-up.

In the meantime, a washer or porter will take the repaired vehicle, wash it, and then park it in the lot, ready for pickup by the customer.

Deliver to Customer The customer arrives, discusses the bill with the service advisor who will clarify or answer any questions the customer has, goes to the cashier’s office to pay, and then returns to the service advisor to pick up the keys to the vehicle.

Follow-up Not all dealerships have staff specifically designated to ensure quality control in the shop, so a 5%–8% return rate is fairly common, and can often be even higher. This means that of all the vehicles that pass through the service department, 5%–8% of them are worked on without fixing the original problem.

Service advisors are supposed to call the customer 2–3 days after they were in the shop to verify that they are satisfied with the work done (though they don’t always do this). This step in the process was added fairly recently because dealerships and Ford discovered that unhappy customers usually don’t complain directly to the dealership—if they did, the dealership would have the opportunity to correct the situation. Instead, Ford discovered that dissatisfied customers simply never returned.

The Work of Service Advisors

Background Service advisors, who are also called technical writers or service writers, come from a wide variety of backgrounds. Many have automobile or dealership experience of some kind, but it is not a prerequisite. In fact, some suggest that *not* having a technical background is actually an asset because it means that they are less likely to try to diagnose the vehicle's problem—a diagnosis that could mislead and confuse the customer. The service advisor's primary job is to listen to the customer and to record and describe the problem, not to diagnose or second-guess the technician.

Personal Qualities and Skills Some knowledge about automotive repair and the basic operation of a car is obviously an advantage, but if a service advisor doesn't start with that expertise, they will usually gain it on the job. For a service advisor, people skills, not technical expertise, are by far the most important. The best advisors are polite, upbeat, knowledgeable, patient and helpful. They require tact, professionalism, and empathy since they are often the ones delivering bad news to the customer. And because the job can be stressful, they must learn to deflect a customer's anger and not take it personally. Sometimes, advisors say, customers just need to vent, and they have to allow them to do so.

Salary Service advisors are usually paid a salary plus a commission. The commission is a percentage of the sales (parts and labor), and in some dealerships can make up a good proportion of their take-home pay. In the Boston area, the annual income for service advisors is in the mid-\$40,000 range—"not bad for someone with a high-school education," as one manager observed. Of course, receiving a percentage of the sales puts them in an ambiguous position. On one hand they are supposed to be "advisors" to the customer, but on the other, they have a financial incentive to not act in the best interests of the customer and to sell more parts and services than may be absolutely necessary.

Role The role of the service advisor is essentially one of middleman, conduit, or mediator between technicians and customers. At a small neighborhood garage, the technician would probably talk directly to the customer, but at most dealerships, the advisor draws out information about the vehicle's problem from the

customer, passes it along to the technician, and when the diagnosis and/or repair is done, passes the information from the technician back to the customer.³⁵

Physically, service advisors are located in the middle as well. Customers approach them from one side of the counter. And though the information gathered by the advisor is passed to the technician either electronically or on paper, technicians sometimes leave their service bay, walk to the front office, and approach the service advisors from behind if they need clarification on a repair order or to give some specific information that needs to be relayed to the customer.

The job of a service advisor is to “show a happy face and get the maximum amount of information from the customer” as one service advisor described it, but showing that “happy face” is not easy because both the customers and the technicians can be very difficult to work with.

The job is stressful job mainly because of the tension created by being caught between the technicians and the customer. Customers are usually unhappy about being there. They feel vulnerable and assume that they won't be treated fairly by the dealership staff and this negative attitude clouds the atmosphere. And service advisors are often the bearers of bad news: they have to cancel appointments with customers when technicians are off sick; they have to explain why the customer's bill is so large, why the customer's car is not ready at the promised time, and they have to explain the details of the customer's warranty contract which may not cover the parts that the customer assumes. In response to the bad news, the customer tends “to kill the messenger.” NADA (1973: 122) delicately states that “psychological situations may arise such as the case of the customer having a real or fancied complaint.” They recommend

³⁵ See Bonalyn J. Nelsen's *The Nature and Implication of Technological Change and the Rise of a Service Economy: Observations from the Field of Automotive Repair* for a discussion of opacity and transparency in automobile repair shops. She argues that because automobile technicians combine the characteristics of both expert and non-expert work, many organizations manage this cultural anomaly by either promoting opacity (systematically separating customers from the technicians) or transparency (encouraging interpersonal contact between them).

that the service advisor try to counsel and placate the customer, and if this proves unsuccessful, the manager should be brought in.

Paul Marr discusses the unhappy atmosphere thus: “[...] the attitude and nature of the typical customer is much different than is found in many other service businesses. He/she has not made an arbitrary decision that this is a service they would like to purchase. Rather, it is something that the customer is most often forced to do because of a failure of the product; there is no pleasure or enjoyment involved. People are not generally happy to need vehicle service—people don’t want to buy vehicle service. Obviously the customer is often upset and angry, resulting in a negative server/customer environment. This can make the service challenge for the dealership employees a difficult one” (Marr 1985:77).

Service advisors have quite a bit of decision-making power and flexibility, but these decisions can also get them into trouble with management and/or anger the customer. If they are too lenient with the customer, management could accuse them of being too “soft” and affecting that month’s income. If they are too strict, management can still criticize them for being too inflexible and of course the customer will not be mollified.

The Work The work of the service advisor is basically to make appointments, write up repair orders,³⁶ and relay information between the customer and the technician repairing the vehicle.

When a customer phones for an appointment, the service advisor uses the vehicle identification number (VIN) to check the OASIS online system for any recalls or special information on that particular make and model. If service advisors know that special parts may be needed for a particular repair, they can check that they are in stock, and then will set up an appointment taking into consideration what technicians will be available.

When the customer brings in the vehicle, the service advisor writes up the repair order (RO) and attaches any extra pertinent information or history and sends it to the dispatcher. They inform the customer when the vehicle should be ready and arrange to call

³⁶A service advisor might write up 16–20 repair orders per day.

the customer during the day to give them an update.³⁷ And if necessary, they explain what work will be covered under the warranty contract.³⁸ If the car was brought in for diagnosis, the service advisor calls the customer after the technician has checked it to offer alternatives, explanations, and suggestions on the repair that needs to be done. For example, if the technician discovered that a vehicle's engine bearings were seized because it was driven with the engine light on, the service advisor would probably advise the customer that it would be cheaper in the long run to replace the whole engine at once, rather than replace it bit by bit. The customer, of course, would make the final decision on any repairs.

Though the job description of service advisors is fairly straightforward, there are many pitfalls.

Challenges Service advisors can underestimate the time needed for repairs and overbook the schedule, which frustrates the technicians and dispatchers and obviously annoys the customers when they don't get their vehicle back on time. Or if the service advisors overestimate the time and there isn't enough work in the shop, they'll be in trouble with both the technicians and management.

One of service advisors' greatest challenges is to get accurate and detailed information from the customer. Customers can be hazy about a problem, they often have a difficult time describing it, or they may conceal information that makes them look foolish and so more vulnerable. Customers whose first language is not English have an even more difficult time. In the worst case scenario, a customer who doesn't understand the questions or who cannot articulate the problem, will feel frustrated and will likely end up not volunteering any more information or just agreeing with whatever the advisor says, irrespective of whether it is true or accurate. To help rectify this, service advisors now have aids to get clearer information from the customer. For example they have a symptom code worksheet that helps the customer describe the

³⁷ Some dealerships give out beepers to their customers and call them when they have information about their car. Not only does this reassure the customer, it eliminates "nuisance calls" from the customer asking for an update and interrupting the work of the service advisors.

³⁸ Service advisors claim that because customers rarely read their warranty contract until something goes wrong with the vehicle, their work often entails explaining the contract's small print.

vehicle's problem. There is a list of the sounds that the customer might hear (e.g. boom, buzz, chatter chuckle, chirp, click, clunk, grind, groan, growl, hiss, hum, knock, ping, rattle, roar, rumble, squeak, squeal, tap, whir, whine, and whistle). There are lists of driveability symptoms (hard start, no start, runs rough, hesitates, surges, backfires, etc.) and detailed questions about where and when noise, vibration, and driveability issues are occurring.

Not all advisors use these aids however, and they aren't clear themselves why they choose not to use them, whether it be out of a sense of pride ("real advisors don't use aids") or because these aids lengthen a difficult and frustrating conversation that they'd simply prefer to end.

Ironically, even though customers can be vague in the description of their vehicle's problem when they arrive, they can be very demanding about the details after the repair has been done. Advisors sometimes resent this and consider it unreasonable, especially when they doubt that the customer understands the answer. But the customer's demand for information is probably much more benign than the advisor realizes. They may be simply trying to educate themselves and exercise some control over the situation—they don't want to look quite as stupid as they feel and they certainly don't trust the dealership enough to blindly accept any explanation that the service advisors give them. Customers may also demand information as a way of assessing whether they have been charged fairly.

Another problem that both service advisors and customers face are their differing definitions of a "problem." Customers often come in with vehicle problems that are in a gray area in the sense that there is no obvious right or wrong. To an outsider, it's understandable why both the customer and the dealership insist that their position is reasonable and that the other's is not. Of course there are some customers whose behavior and demands are completely unacceptable and unjustified, but the majority are situations where it is quite easy to see how both sides can be right at the same time.

An example of an ambiguous problem is a customer who comes in complaining about a hole in the carpet where her foot rests that

has appeared in less than a year. From the dealership's perspective, it has worn through because there is a weld joint where she rests her foot; the carpet quality isn't the best; she's tall; and she wears leather heels. It's a "normal" occurrence when those conditions exist and they have seen it happen many times. It is not a problem because it's not a puzzle or a surprise and they are unwilling to accept blame or responsibility for something that they consider to be normal, and a cosmetic rather than a safety issue. From the customer's perspective, being tall and wearing street shoes is not reckless, unreasonable, or wrong. The vehicle she bought was expensive, and the carpet seemed to be of a reasonable quality. One can be absolutely sure that a salesman never warned her that her height or footwear could be a liability or that the carpeting was not of the highest quality. For the customer, wearing a hole in the carpet within a year was not normal, reasonable, or acceptable—it was a problem.³⁹

Atmosphere It is always busy in the service area but things get particularly hectic in the morning when customers are dropping off their cars, and again in the evening when they are picking them up.

The work of a service advisor is a job that requires focus, concentration, and a good memory because they juggle dozens of tasks with a constant stream of people demanding their attention—either customers, technicians, or other dealership employees walking in or phoning them to ask questions.

It can sometimes be outright crazy. The service department is set up to be very busy when everything is going well, and consequently, there is little margin for error. When minor things go wrong, they can have major repercussions. And minor and occasionally major emergencies do happen—regularly, but unpredictably. Several technicians can be out sick with the flu. Power can go off. There can be a series of unreasonable customers. Computers crash. Phones go down. Service advisors have to take it all in stride.

³⁹ One also suspects that the customer's gender played a part in the dealership's reaction. If a tall man who wore shoes with leather heels had made the same complaint, it is unlikely that his concern would have been dismissed as unreasonable and frivolous quite as quickly.

There are periodic 5-minute lulls when the phones stop ringing and no customer comes in. During these periods, service advisors will try to catch up on their work, phoning customers, doing follow-up, checking prices, and completing paperwork, all interspersed with good-natured joking and chatting.

Talking between service advisors seems to be important for the smooth functioning of the service desk because they often have to cover for a colleague or pick up some of their work temporarily. Maintaining good and friendly relations between them helps ensure that this happens. Joking and teasing also seem to act as an important pressure valve for them, helping to relieve the stress of the job. Some of the chat is personal (they talk about their kids, a television program they all watched, politics, and their plans for the weekend), but much is also work-related. They remind each other about the correct way to handle a problem and there is much over-the-shoulder help, assistance, informal monitoring and comments from their colleagues. And they will frequently confer with each other if they have doubts or questions about a situation.

The Work of Parts Employees

Background Most employees in the parts department have either an automotive background or dealership experience. They usually learned the job slowly by working their way up through the ranks, for example, from drivers on the lot, to warranty, to receiving and eventually to the parts counter.

Personal Qualities and Skills The staff at the parts counter require the same “people skills” as the service advisors, though they are usually dealing with known individuals (the dealership technicians) rather than the public. They need negotiating skills, patience, good technical knowledge since they often discuss (and sometime argue) with technicians about the parts they need, they need to be detail-oriented, and above all, they require an incredible memory for numbers.

The parts department staff bears the brunt of the technicians’ frustrations—technicians can be as argumentative, demanding, impatient, and difficult as the public—and like the service advisors, the parts employees also have to learn not to take the criticism too personally.

Though the work in the parts department is often more predictable than the service counter, it is certainly never routine—an aspect that the staff enjoys.

Salaries The counter staff earn \$10–\$12/hour as well as a commission. Though they don’t have much control over the quantity of parts used by the technicians, they can influence the sales of their retail and wholesale customers.⁴⁰

The Work The work of the parts department revolves around ensuring that the technicians have the parts they need to repair the vehicles brought in to the service department. Technicians are the primary customers for the parts department and are its driving force. In addition, the department will have retail and wholesale customers, but their needs, though important, are often considered secondary.

⁴⁰ Retail customers are those who buy parts and accessories for their own vehicle and wholesale customers are independent repair shops and fleet mechanics who buy in quantity (Genat 1999:131). The proportion of parts sales that are wholesale or retail vary widely with the dealership.

The main challenge for parts employees is to understand what is being requested by the technician or the customer. If they don't get it right, they waste time and money for all parties. But identifying the right part is getting more difficult every year because of the "ever expanding universe of parts," as one manager described it, the increasing complexity of cars, and the increasing number of models.

Communication with retail customers can be especially difficult because few have an extensive automotive vocabulary or knowledge, and when the customer's first language is not English, identifying the required part is even more difficult. To make matters worse, customers often arrive at the parts department lacking crucial basic information about their vehicle, such as the year, type of transmission, or type of engine. The parts employees readily admit that wholesale customers are much easier to work with since they are usually technically knowledgeable.

Supplying the parts for the technicians is somewhat more straightforward. The technicians, after deciding what parts are required, send their parts orders to the printer in the parts department. A parts employee picks it up and starts filling the order. If it is something simple like a filter, the process will take 10–30 seconds. It will take longer for a more complicated request, but it should never take longer than 5 minutes to fill an order. The requested parts are piled on the counter, and the technician comes by a few minutes later to pick them up.

The parts employees are in constant motion, either looking up parts on the computer, locating them on the shelves, or bringing them back to the counter. No one sits down and there are few breaks. During the rare times when they are not on the phone, talking to a customer, or picking up parts, they do paperwork and assemble orders that will be picked up later in the day.

Physically, the parts department is not especially attractive, and like other areas that the customer doesn't see, dealers do not invest much in it. The work area can sometimes appear messy and chaotic at the counter when the staff are in the middle of a number of tasks and assembling several orders, but the shelves are

all neatly arranged and labeled, and everyone usually seems to know exactly where everything is.

Many parts departments physically isolate the technicians from the retail customers by having two separate counters. This is done because technicians are the department's priority, so they are often served first and most dealers and managers would prefer that the retail customers are not aware of this.

Running the Parts Department A medium-large parts department with 4–5 full-time employees can provide the parts for 15–20 technicians, field 200 telephone calls a day, serve walk-up customers, unload delivery trucks, and answer questions on pricing and availability for the service advisors. The pace of work is busy and fast, with no down time.

A medium-large parts department would carry an inventory with approximately 18,000–20,000 lines of parts, worth about \$350,000. It would not be unusual to have 70% of the parts go to the shop, 5% to retail customers, and 25% to wholesale businesses, but these proportions can vary widely by dealership.

There are three types of parts: the manufacturer's (Ford), generic (wire harnesses, hose clamps, etc.), and remanufactured. Generic parts can be purchased from Ford but since Ford doesn't insist that dealers buy from them, dealers often order from other sources if the prices are cheaper. The remanufactured parts come from a Ford-approved company that rebuilds Ford parts. Most parts departments prefer to use original Ford parts because they're a known quantity, but in an emergency, they will use a remanufactured one, on which the customer receives a full guarantee.

Every part has a number assigned to it that specifies the year, type of vehicle, division, part, color, and location on the vehicle. The parts numbering system has changed radically in recent years so older staff say that everything they've known about parts for the past 30–40 years is now meaningless. The change in system has created a greater problem with communication, and "old-timers" (i.e. long-term employees) find it difficult to learn a new and complicated system after spending years learning the old (but equally complicated) system.

Ordering Every dealership is assigned a specific day on which to place their weekly order. Ford's warehouse fills the order and it arrives back at the dealership two days later. Parts departments can place emergency orders, which will arrive by noon the next day. Special orders take 5 days. The system works quite well and is fairly straightforward. Only when the parts come from a vendor rather than Ford do things break down—dealerships never know for sure when these parts will arrive since communication with the supplier is often poor.

In the past, all orders were handwritten. Today they are typed in and transmitted through the online ordering system. If for some reason the equipment or lines are down, there is a backup system where they can telephone Ford and place the order verbally.

The computer system has a program that also generates a spare parts list for each parts department taking into account their existing stock and past usage, but that list can be adjusted if necessary by the staff.

Ordering the correct balance of stock is a complicated system of obsolescence programs, return percentages, and calculations for special types of orders. A large and varied stock would ensure that any part a technician needs would always be there, but keeping a large stock would also be extremely expensive and take up a lot of floor space. Parts managers estimate what they will likely need, keeping in mind that parts are not supposed to sit on the shelf longer than 6 months and they are penalized if they do. They need to have just the right amount and the right type of part—certainly not an easy task when they can never be sure what type of repair work will come into the shop. Under these circumstances, it's clear why a smooth functioning parts department takes a blend of experience, wise judgment, and a dose of good luck.

The Work of Technicians

Background In any shop, there is usually a mix of skilled technicians with a couple of “hourly guys” who are paid by the hour for routine maintenance work. Technicians are graded and certified and will usually have a specialty such as transmissions, air-conditioning, front-end, or brakes. For example a technician with a specialty in automatic transmissions would work on gear trains, couplings, hydraulic pumps, and other parts of the transmission system. C- and D-technicians who do tune-ups would adjust the ignition timing and valves, adjust or replace spark plugs and other parts to ensure efficient engine performance (Kirby 1998). A shop with 10–12 technicians would typically have a 2-3 A-technicians (highly skilled and experienced), 5–6 B-technicians, and the rest would be C- or D-technicians.

Technicians usually have a high school education or trade school training. Most have experience with cars and have worked in the automotive field while growing up.

Technicians stay at a dealership 5 or more years on average, but some technicians stay at the same dealerships for 12 to 20 years. The turnover is fairly low, but when technicians do move to a new job, they will usually stay with the same line or manufacturer of vehicle. Any good technician, in theory, could learn to repair any make of vehicle, but they would have to start again at the beginning and learn the idiosyncrasies of the new line, which would slow them down and reduce their pay—something which few technicians are willing to do. Since good technicians are hard to get, dealerships are making much more effort to keep them by paying good salaries and creating a better work environment.

In the past, experienced technicians used to migrate from the shop to the front office (i.e. administrative positions) in their career, but this rarely happens anymore because they can make more money as a technician repairing vehicles than they can in management.

Personal Qualities and Skills Any technician or service manager will tell you that probably the most important quality a technician needs is a love of cars, and most will say that cars have always fascinated them and they grew up tinkering with cars in a garage. They must be very skilled

mechanically, and the best technicians are always described as having a “knack” for diagnosing problems. Service managers will say that just because a person is a certified mechanic and scores well on all the tests doesn’t necessarily mean that they can fix cars—they need to have a talent for identifying and repairing the problem. This knack or intuitive feel is also the attribute in which technicians take the most pride. As a retired technical trainer said, the best technician “is a guy who can put his hand on the [engine] hood and tell you the third cylinder is missing” (Levy et al 1999).

Most technicians entering the business today would have completed a formal automotive training program after completing high school. But because automotive technology is rapidly becoming more complex, manufacturers are requiring more formal and on-the-job training for the technicians. As the U.S. Department of Labor states, “there are more computers aboard a car today than aboard the first spaceship” (Kirby 1998:2). As a result, knowledge of electronics has become increasingly important. In addition to computer skills, strong communication, analytical, and mathematical skills are required to keep abreast of the new technology.

It is interesting to note that unlike fifteen years ago, today there is no mention of computers substituting or replacing technicians. In 1984 Ferron and Kilderman (70) predicted that “played to the limit in the creation of an automobile, new technologies could theoretically eliminate the need for highly trained mechanics. Computers should be able to tell anyone with a rudimentary knowledge of mechanics what is wrong and how to fix it. GM is already headed in this direction with its “800 number” central computer which handles diagnosis of tricky problems the dealer mechanic cannot solve.” Practical experience has proved that as helpful as the new technology is, it is no threat whatsoever and will never substitute for a trained and experienced technician. In fact, knowledgeable and talented technicians are even in more demand because with each year’s innovations and new features come many unintended interaction problems.

Salaries Technicians are paid in a variety of ways—salary, by the hour, or by the job—depending on the shop policy, and the technician’s

preference and experience. A-level technicians who are not on salary would be paid depending on whether they are working on warranty and non-warranty work. When technicians work on warranty work, they are often paid by the flat rate system. The time needed for each repair is based on Chilton's *Auto Repair Manuals* that assign the amount of time a competent technician should require to complete a standard repair task. This means that if Chilton estimates a repair job to take two hours, and the technician completes it in less time, they are still paid for the job. Of course, if it takes more than the estimated two hours, they will still only be paid for the two hours. This means that an experienced technician has the potential to get paid for 60-70 hours worth of work in a 50-hour week. Non-warranty work is often paid by the clock, meaning that the customer pays the dealership for as many hours as it takes to make the repair.⁴¹

Salaries range from \$32,000 to \$50,000 per year for a 50-hour week, but a highly experienced and skilled technician could make \$60,000–\$70,000 a year, though this is not typical.⁴²

The work in many shops is fairly evenly divided between warranty and non-warranty (cash) jobs. Most service departments like cash work because if an 8-hour job takes 12 hours for some reason, they charge the customer for the 12 hours. If the car is covered under warranty, Ford only pays them for the estimated 8 hours.

Role Technicians have an interesting, but ambiguous role in the dealership. On one hand they are the ones who do the "dirty work" and have a job that is not a high-status one. Yet on the other hand, it is a highly skilled job and they are paid quite well—often substantially more than some of the white-collar workers in the dealership. Though they may not have high-status "clean" jobs, good technicians are highly prized by customers, the service department, and the dealership.

⁴¹ A-level technicians who prefer to be paid hourly earn in the \$26–\$27 per hour range plus benefits. B-technicians earn \$16–\$20 an hour, and C- and D-level technicians who handle most routine work such as tune-ups and oil changes earn approximately \$8–\$10 per hour.

⁴² Mechanics have received above-average wages for some time. In the early 1960s, the top service technician received \$3.50 per hour plus benefits when the national average was \$2.25 per hour (Sullivan 1962).

This ambivalence of the technician's role is illustrated in the words used to describe the job. Ray Sullivan (1962) discusses the use of "grease monkeys" and "mechanics" and how vehicle manufacturers and dealerships worried that the dismissive names de-motivated young men from taking these jobs. Consequently, since 1959 the Ford Motor Company has referred to service department personnel as "Ford Service Technicians." In a Management Service Letter, the Company explained the reason for its change in terminology by saying: "The Ford Div. recognizes the value of these skilled men who are so dedicated to their profession that they take time for study and work to improve their experience and ability. Therefore, we feel that the time has come to set up a new term to describe the skilled men to work exclusively on the maintenance, repair and adjustment of our complicated modern automotive vehicles" (1962:134).

Though good technicians are highly valued, most dealers try to keep technicians and customers apart. Unlike in a small independent repair shop where a technician would have the opportunity to discuss the vehicle directly with the owner, dealership technicians are often isolated from the customer. This is done because according to one manager, though the technicians may be very good at repairing vehicles, their "social skills" may not be at the same high level. Service managers fear that technicians could alienate customers by being curt, impolite, or rude. Or at the opposite end, they could be too friendly and sympathetic to the customer, giving away too much time or information. Keeping a distance between the client and the technician gives greater control to the dealership management of the relationship and the process.⁴³

The Work The technician picks up the repair order from the dispatcher for the next vehicle he'll work on. First he reads the symptoms and description of the problem. If anything is not clear, he may go to the service desk to ask the advisor to clarify the description. He may then take it for a test drive, or perform a variety of diagnostic tests using gauges and a variety of hand-held computers.

⁴³ The work done by auto technicians have many similar, but not identical, characteristics to Julian Orr's (1996) Xerox technicians. Orr's technician's have a triangular relationship between the machine, the customer, and themselves, whereas in a dealership the customer is there, but as a more distant actor, who is only heard through the description on the service advisor's repair order.

Depending on the results of the tests, the technician will look up to see if there are any technical bulletins issued on the problem. Once he finds the problem, he will make adjustments or repairs, or after consulting with the vehicle owner if the part is anything more than minor, replace the whole part. If new parts are required, he'll send the request to the parts counter and a few minutes later will walk over to pick them up.⁴⁴ He will then replace the parts, ensure that the problem has been solved by using test equipment or taking it for a test drive, log off the job on their computer, and then inform the dispatcher that he's ready for the next job. In the meantime, a porter or assistant will remove the vehicle from the service bay and park it in the lot.

Getting Help

Repair problems, however, are not always straightforward and easily diagnosed or repaired. When they are not, the technician will call upon others for assistance. He'll first check the repair manuals, technical bulletins, and databases. If that is unsuccessful, he may ask for help informally—the trip to the parts counter is often an excuse to ask others how to solve a particular problem. If that is unsuccessful, the technician will ask the dispatcher for help who may assign a more experienced technician to assist him.⁴⁵ And if the problem can still not be diagnosed or solved in-house, they will contact the manufacturer for assistance. Ford offers a help-line for technicians, a service of Ford's Technical Support Operations, which began in 1983 and has grown to a staff of over 130.⁴⁶

The technician calls and provides the vehicle identification number, the symptom codes, a description of the problem, and what measures they have already taken, including the documentation, if any, they have consulted. They are then

⁴⁴ Technicians are supposed to send their requests via computer to the parts counter but not all do. If they are not pressed for time or if they're looking for a little social contact, they'll walk over to the counter, place the order, and then chat with other technicians or counter staff while waiting for the order to be filled.

⁴⁵ Some dispatchers assign challenging jobs to technicians on purpose to help them learn and expand their range. They'll let the technicians try on their own and if they fail, assign another technician to help.

⁴⁶ The Hotline receives over 45,000 calls per month from dealers with peak days exceeding 2,500 calls.

forwarded to an engineer specializing in the caller's particular concern or type of vehicle.⁴⁷

The Hotline engineer then consults their CQIS (common quality indicator system) database and adds the vehicle identification number, the dealer code, vehicle data, caller's name, and symptoms. The database, in addition to providing a record of the call and repair recommendations, is linked to a technical library that contains the latest technical information including OASIS, technical service bulletins, and internal service messages. With this information the engineer is usually able to resolve the caller's problem—they claim to have an 84% fix rate. If the problem is not resolved by the Hotline, the case is forwarded to the regional office for local handling and an engineer is sent to the dealership to work with the technician to resolve the problem.

The technicians' two most common complaints are that the process can be slow (they say being kept on hold for 15 minutes is not uncommon), with no guarantee that the problem will be solved, and that the engineers do not keep dealership hours.⁴⁸ When technicians discover a fix to a problem, they are supposed to inform tech support, but they often feel that because it takes so long to get through, it's not worth the effort.

⁴⁷ The Hotline engineers who answer the telephone calls typically have a bachelor's degree in automotive technology, extensive practical experience, and are highly skilled in diagnostics.

⁴⁸ The Hotline management is aware of these complaints. As of 1999, the Hotline is not available Saturday or Sunday, but Monday-Thursday, it is open 8 AM to 8 PM EST, and on Fridays they are open 8 AM to 6 PM. In the past keeping technicians on hold was a problem, but their average hold time in 1998 was under three minutes, and fewer than 75 calls per month (out of 45,000) were on hold for 20 minutes or more.

The Sales Department and the Sales Process

Salespeople are the first to say that there is no typical sale because there is no typical individual or family. What follows is an aggregation of many sales observed in showrooms. It may not be typical, but the vignette is intended to give a flavor of the sales process at a fictional dealership called Sam Adams.

A couple and their two young children enter the showroom on a weekday afternoon and walk toward the six shiny new cars in the center of the room. There are seven salespeople in the dealership that afternoon, but most are either with clients or busy working on paperwork. Tom, a salesman with 10 years experience at Sam Adams, has finished his follow-up calls for the day and is pleased to see the family walk in. He claims that his intuition is usually accurate, and to him these customers look like serious buyers.

He approaches them and greets them warmly—the first step in the sales process—taking care to look at each of them, including the children, in the eye while introducing himself and shaking hands with the adults. Tom makes a comment about the threatening clouds gathering on the horizon and they discuss the likelihood of snow and the disruption of their weekend travel plans. He then asks them how he can be of help.

The couple says that they now have a Ford Taurus, but are looking for a second car and are interested in a sports utility vehicle. Tom is now in the second step of the sales process—gathering information. He probes, asking about when it will be used, by whom, and for what purpose. Tom and the other salespeople at Sam Adams believe that matching the right car with the needs of the customer is a priority—not simply selling them just any car. They believe that if the customer gets what they need and want, then they're likely to return again in the future. (The philosophy seems to work since a large percentage of their business is made up of repeat customers.) The couple explain that they have a cabin in New Hampshire that they like to visit on weekends so they're looking for a fairly good-sized vehicle with four-wheel drive that can hold all of them and their gear comfortably. During their conversation, Tom finds out that the

couple, like himself, enjoys fishing on the lakes near their cabin, and he makes a mental note to record this in his database. He finds that the more he knows about his customers and the more they have in common, the easier it is for them to communicate, and ultimately to sell cars.

After listening carefully, and repeating what he has heard to ensure that he understands what they are looking for, he says that he has a couple of vehicles that he'd like to show them—the third step in the sales process. He asks how much they are thinking of spending in monthly payments, but the couple are savvy buyers and just say that they'd like to see the vehicles first and talk money later.

Tom shows them the Explorer—one of their most popular models and discusses possible options. He invites the two children, who are becoming visibly bored, to hop in the cars to see what they think. The parents look pleased at his thoughtfulness. On his part, Tom is relieved that this couple seems to be straightforward and easy to deal with. He has a lot of customers that are suspicious and defensive and who seem to assume that Tom is the stereotypical fast-talking cheating car salesman. This frustrates him because he is conscientious and ethical, and Sam Adams Motors insists that their salespeople treat customers honestly and straightforwardly—a dishonest salesperson would simply never be permitted to work there. But he also acknowledges that not all dealerships follow that philosophy and understands that customers are usually suspicious because they have had a bad experience in the past.

The couple has obviously done their homework and seems to be quite knowledgeable about the vehicle. When he mentions this, they say that yes, they had done some background research on the Internet. Tom, unlike some salespeople who resent customers who know a lot about the product—sometimes more than them—accepts this readily. His attitude is that if the customer has a very clear idea of what they want, then it simply makes his job easier. He does worry, however, about the quality of information that customers get on the Internet since it's not always completely accurate, but this doesn't seem to be an issue with this couple. Tom also keeps up with similar products made by other

manufacturers, so he's able to knowledgeably discuss the advantages of the Explorer over the competitors' products. They seem very interested with what they are seeing, but Tom also wants them to take a look at the Expedition—a higher-end SUV that's on the floor. Indeed, the couple are very impressed with it and remark how much they like it, but after a quick look at the manufacturer's suggested retail price (MSRP) on the window sticker,⁴⁹ they sigh and say that as much as they like it, it is way out of their price range. Tom jokingly says that in that case, he'll put one away for them—they can buy it when they're ready for their next car and they all laugh.

Tom suggests that they go back to his desk to talk for the fourth and probably most important step—price negotiations. On the way back, he picks up some of the promotional balloons in the showroom to give to the two children to play with while their parents talk.

The desk that Tom sits at is not actually his—he shares it with another salesperson who works a different shift, but he always puts out his name plate and a picture of his family on his desk—another potential topic of conversation with customers.⁵⁰ He first quickly gets their names and contact information. This is important because if the customer decides to leave the showroom without buying a vehicle (which is usual), he'll be able to call them back to see how their search is going and if there is anything he can do for them. He tries once again to find out how much the couple is willing to pay, but again, they say that they'd like to first hear an offer from him. Since the customers are experienced buyers, and have obviously done research on the vehicles, he (rightly) assumes that they've done the same research on the buying process that is now readily available on the Internet. Since they probably already know what the consumer guides recommend, he doesn't begin with the MSRP, but a number somewhat lower. That isn't acceptable, and the couple counter

⁴⁹ The price sticker was originally known as a "Monroney label," named after Senator Mike Monroney, chairman of the Subcommittee on Automotive Marketing Practices. The 1958 "truth-in-labeling" law required that the manufacturer put a sticker on the window listing the suggested retail price, cost of optional equipment, delivery charges, and taxes (Genat 1999: 34).

⁵⁰ Displaying family photos is a common and old sales technique used to convince customers that the salesman is a solid trustworthy family man.

offer with an amount 1% over dealer invoice. That amount is unsatisfactory for Tom, but he's relieved that at least they aren't negotiating the holdback—the 3% under invoice that some customers insist on.⁵¹ They discuss the options package once again, and he says that he can only give it to them at that price if they're willing to give up some of the options they wanted. They discuss whether they really need the four-door, and agree that they do. Tom makes a counter-offer, 6% over invoice. That is a little higher than they wanted to pay, so after more discussion, they decide to leave off a couple of options, and agree on a price that is 4% over invoice. It's not a great price in Tom's opinion for either party, but it's certainly reasonable. The price means that the dealership will earn a profit of \$869, of which he'll get 25% or \$217.

Tom records the price that they've agreed to and stands up to say that he just has to get it approved by the sales manager. The couple looks slightly surprised, but he explains that all salespeople must have all sales offers approved by the manager. Pricing can be complicated, and since the document is a binding legal document, the dealership must be sure that they can indeed uphold their end of the bargain. Since Tom is experienced and knowledgeable, the couple is not trading in a car, and the vehicle is available on the lot, the sale is straightforward, and the sales manager signs it readily. Tom is quickly back at his desk with the document in hand. The couple accepts it, but say that they'd still like to think about it and maybe look around a bit more. Tom was hoping for a deal today, but he doesn't show his disappointment. At this point in the sale, he could put enormous pressure on the couple to sign—an approach they call "buy or die," but he prefers, as do others at Sam Adams, to let the customer walk out the door. If they were treated well, and were given a fair price, they

⁵¹ The total invoice cost of the car is due to the manufacturer, payable by the dealership, when the vehicle is ordered, not when it is sold. Since car dealerships (or any retail operation, for that matter) must have an inventory on hand, they must borrow money from the bank to pay for that inventory. The manufacturer pays for financing and maintenance for the first 90 days the vehicle is on the lot, in the form of a quarterly check called "holdback." After the first 90 days, the dealership dips into its own pocket, and into its own profit to finance the car. This amount is "invisible" to the consumer because it does not appear on the dealer invoice (except in the case of Mitsubishi Motors, where the manufacturer allows dealers to charge the customer directly for the holdback). Therefore, the dealer is guaranteed a profit even if they sell a car at cost (if the car is sold within 90 days) (Source: http://www.edmunds.com/edweb/holdback_list.html)

are confident that the customer will return. In this case, Tom is almost positive that he has a sale. He gives them his card, invites them to call him at any time, and says that he hopes to hear from them soon.

The next morning, Tom calls the couple to ask if they've been able to give it any more thought or if there is anything that he can help them with. They explain that they like the vehicle a lot. The price was slightly higher than they had wanted, but have decided that they could live with it. They also admitted that they had gone to other dealerships, but were not happy with how they were treated, so yes, they were going to buy the vehicle, and they wanted to know how soon they could get it. Since the vehicle was in the lot, Tom would have it cleaned and prepared for them and they could pick it up mid-afternoon.

Tom is pleased that the couple decided so quickly. It's not unusual for weeks to go by before customers make a final decision. This one was easy in comparison, and made up for the slightly lower price that he earned on the vehicle.

That afternoon, the couple comes in, again with their two children, who volunteer the information to anyone within earshot that they are there to buy a blue car. They are greeted by Tom, who is expecting them, and the two adults go into the F & I (finance and insurance) office with the dealership's business manager for the fifth step—closing the deal and final signing of papers. Here the manager takes advantage of the last opportunity to sell the customer additional products and offers them services such as extended warranties, additional rust-proofing, insurance, financing, and security systems. The couple already has insurance and financing arranged, so they decline the offer. They do however, decide to take the extended warranty which is added to their invoice.

Once all the papers are signed, the couple returns to Tom's desk where he gives them a rundown on the vehicle's maintenance schedule, tire rotation and tire pressure, driving tips, and warranty information. He acknowledges that this is a lot of information to absorb but that it's also written in the manuals that he has for them. He makes a point of explaining that the keys

have a small computer chip in them so they can't be copied at a normal key shop. If they lose it, or want copies, it will cost \$50. The couple joke that they'll try not to lose their keys at that price. Tom then walks them out to the service area where he introduces them to Kathy, one of the service advisors, as well as Bob, the service manager, who happens to be standing at the front counter. He has them make an appointment with Kathy to return in 90 days for a filter change. The idea behind introducing them to the service side of the dealership is that they want the couple to return to them for all repairs and maintenance in the future, rather than the corner garage.

The last stop is the vehicle out in the lot where Tom wants to make sure that they understand how a special feature works on the four-wheel drive, since they will probably be using it that weekend on their drive up to New Hampshire. He shakes hands with the family, tells them it was a pleasure to meet them, and that he hopes to see them again when they are ready for the Expedition. He says that if there's anything he can do for them in the future, to not hesitate to call, and they assure him that they will. If the vehicle lives up to their expectations, and if servicing goes smoothly over the next few years, Tom is confident that he'll have a repeat customer with this family, and if he's lucky, he may even gain new customers through their friends and families.

The Work of Salespeople

Background Salespeople come from all walks of life. Many come with some type of sales experience, but it is not unusual for them to have held jobs such as medical technician, insurance salesman, engineer, accountant, gas station manager, restaurateur, and musician.

One sales manager explained that many people end up in automobile sales “by accident or necessity,” meaning that few seek it as their first career choice. Another manager said “it’s one business where you don’t need a resumé” and still another called it a “rogue’s gallery.” This view of automobile sales as a low-preference job is reinforced by the fact that few people enter the auto business right out of school. When asked why vehicle sales is not more popular as career choice, salespeople speculate that it has to do with it being a retail business, open long hours, 7 days a week.⁵² And though they don’t usually mention this, the negative stereotype of the car salesman certainly can’t help recruitment to the ranks.⁵³

Personal Qualities and Skills Sales is a tough job, but just how tough is a matter of opinion. One view sees it as brutal and extremely stressful. (Of course, attached to this is a certain amount of pride that they have not only survived but thrived in this difficult environment.) This group sees the sales department as a far more difficult working environment than the service department. One salesman compared the job to being a caveman where you have to go out everyday and hunt the meat you’re going to eat. To succeed in sales, he suggested that a person has to be “hungry,” aggressive (but not so aggressive that you alienate customers), have stamina, be a workaholic, independent, and be willing to work Sundays, nights, and miss your kid’s birthdays. In short, you have to be driven because it’s a “dog-eat-dog” job with a high stress level.

⁵² Work hours are flexible, which salespeople like, but the days and weeks are long. Individual sales reps often work a 60-hour week, while the showroom can be open at least 70 hours.

⁵³ In 1973, Robert Throckmorton wrote that the auto salesman occupies an unenviable position in our society. On one hand, the auto salesman can be seen as a strategic member of an occupation that is crucial for the existence of our society. On the other hand, he is seen as the member of an occupation held in extreme low prestige. For example, auto sales is viewed as an occupation that is a “waste of a college education, no job for a man with talent and brains,” whose membership consists of persons generally seen as “arrogant, liars, cheats, crooks,” and “cigar-chewing, sloppily-dressed, dishonest drifters” (42-43).

The other view is a little less extreme. Sales reps from this group tend to think that they work in a somewhat more kinder and gentler place and consider that their job is at least calmer, if not easier, than what the service advisors and managers have to face everyday.

What is the reward for such an apparently difficult and stressful job? Robert Genat (1999: 87) answers it by saying, "the reward for those long hours is the satisfaction of fulfilling someone's automotive dream and earning a lot of money." In addition to satisfaction, for the ambitious person, the salesman's job is the fastest route to a general manager's job or even to dealer (NADA 1973). When salespeople are asked, they generally agree that money, without exception, is their main motivation. But when pressed, many will admit that it's more than just making money. As one salesman acknowledged, there is "the thrill of getting someone to spend a lot of money because of something I said." Over and above the monthly paycheck, they find pleasure, power, and a thrill in selling.

There is a long list of important qualities that automobile salespeople should have. Some of the most important, not surprisingly, are people skills: the ability to listen, a good personality, and the ability to make people feel comfortable.⁵⁴ They have to be calm and sincere as well as flexible and adaptable because they have to deal with wide variety of customers. NADA (1973) adds that salesmen must be persistent and thick-skinned, with a genuine liking for people. Good sales reps have to be relatively intelligent, able to communicate well, be inoffensive in their manner, easy to understand, like talking to people, upbeat, respectful, and have a good attitude. In fact, some salespeople believe that 90% of success is attitude. One salesperson summarized it thus: to sell cars you need to treat people right, be nice, be fair, and be nice to the people you work with.

⁵⁴ This ability to break down barriers is important because customers often come in feeling afraid and wary either because they've had a bad experience elsewhere or because they're expecting the stereotypical salesman. As one salesman said, "You have to convince your customer that you're human too." And then once the customer is comfortable, you need to "obligate" them, meaning that after you show them the cars, take them on a demonstration drive, and generally win them over with your personality, they'll feel obligated to buy from you.

Good sales reps also claim to possess an intuition about people, or an ability to “read” customers. For example, some salespeople claim that they can tell if a person is serious about buying a car by the way the customer looks as they walk in the door.

Acting ability is also a requisite. As one sales rep explained, if a blue-collar worker comes in looking for a car, you have to become like that person. If a Harvard MBA walks in, you have to become one of them. You have to change your personality to match the customer—a technique they call “reading the customer” or the “mirror and match.” The very best salespeople, according to sales reps, are “chameleons”—they can become anyone, but they manage to do so with complete sincerity.⁵⁵

Tenacity, good knowledge of the product, and the ability to work independently are also highly valued qualities since sales reps have to constantly follow-up with clients who come in to look but don’t buy. A good salesperson will follow up and call customers as often as necessary to make a sale and will find excuses to contact the customer. They call customers who have purchased a car and ask them how things are going, they send birthday cards, and they call to ask if they’re interested in trading-in and buying a new car. The purpose of this follow-up is “to keep your name in the customer’s head” because the amount of follow-up that salespeople do is directly proportional to sales which is directly proportional to their income. In theory, anytime not spent directly with customers should be spent doing follow-up.

Though it is easy to describe a good salesman, it is not always easy for dealers to identify which potential employees have those qualities. They are the first to admit that they can be surprised by who succeeds and who doesn’t. But in general, sales managers say that they’ll know within a couple of months if a new employee is cut out to be a salesman. They also find that some salespeople

⁵⁵ Joy Browne in *The Used-Car Game* (1973:19–20) makes the point that most people assume that the salesman’s friendliness is feigned, but it is not. When there are customers, “things really move. It’s exciting and lively and unpredictable and challenging and, as they admit, just plain fun. When no customers are around, their existence is unimaginable boring. There is nothing to do and nobody to see and all the time in the world to do it in.” “So, part of the eagerness and friendliness with which the salesman greets the customer isn’t feigned at all. In addition to having a sales prospect, he’s very glad to have someone to talk to.”

who perform well initially begin to get worse (i.e. sell fewer cars) over time because they start to take shortcuts in their sales technique. Managers tell stories of sales reps who go from selling twelve to fourteen cars a month down to four. Unlike many other jobs, more experience doesn't necessarily translate into higher sales. Success in sales, it seems, all comes down to a rather mysterious personal quality that one either has or hasn't, combined with good technique.

Turnover is high and most new salespeople don't make it past the first year. A general rule-of-thumb is that out of ten people who come in without an automotive background, nine will quit within the first twelve months. In order to reduce the turnover, many dealerships are now making an effort to be more selective in their hiring practices. Sales managers also find that they have to be a little more tolerant of a less than stellar sales record. In the past they'd just let weak performers go, but now they tend to work with them more, working on their weaknesses and building on their strengths. Sales managers claim that the days of using the Darwinian method of hiring large numbers of inexperienced and untrained salespeople and then letting most of them fail are almost over.

Relationship with Customers Salespeople have an awkward and often frustrating relationship with customers who may be unfamiliar with the sales process and who often have a negative image of car salesmen.

Customers frequently arrive at the showroom expecting the worst, and salespeople are put in the position of having to constantly counter the stereotype of the fast-talking underhanded salesman. Not surprisingly, the honest sales reps—and there are plenty of them—resent this because they take pride in their integrity, and because it is so difficult to convince the customer otherwise.⁵⁶

⁵⁶ It doesn't help their case that when customers do hear about automobile dealerships in the news (other than advertising) it is often about their illegal or unethical activities. For example, it recently came to light that a Boston-area dealership sold a minivan to a low-income single mother with five children, one of whom is blind. She went with \$8,000 in cash, some of which had been loaned to her by her church. She agreed to pay the dealership \$23,000 for a minivan that was advertised at \$18,000—a price that she certainly couldn't afford. When she realized what she had done, she tried to return the vehicle the next morning but the dealership refused. The dealership, after much public pressure, the threat of a law suit, a call from Ford Dearborn, and an investigation by the Department of Environmental Protection, finally agreed to take back the vehicle, return her money, and throw in a

Unlike a hotel or restaurant that may use recommendations or the number of stars that they've been awarded to indicate to the consumer that they can expect a certain level of quality and service, there are no ratings for dealerships.⁵⁷ Consumers either have to learn for themselves, or depend on word-of-mouth recommendations from family and friends.

Customers' views of salesmen and the car buying experience is nicely summarized in the titles of books and magazine articles on this subject—"The Car Buyer's Survival Guide," "Car Hunting: everything you need to know about trade-ins, private sales, valuation, avoiding traps and tricks," "How to Buy a Car: Beating the Sales People at their Game," "I'm a Legal Hold Up Man, I'm a Car Salesman," "In Defense of Car Salesmen: or, Buyers are Liars Too," "What car dealers don't want you to know," "Have I got a deal for you! : how to buy or lease any car without getting run over," and "Kicking Tires Virtually – your days of being double-teamed by sleazy salesmen in white alligator shoes are over: Here's how to buy a car on the Internet."

Of course, this negative view of car salesmen is not groundless. Their reputation stems from customers' experiences over the past 70 years and the structure of the sales process itself. Simply put, auto sales is a zero-sum game where the more the customer pays, the more the salesman makes. The goal of the customer is to pay the least possible, and the goal of the salesman is to get the customer to pay the highest possible price. Automobile sales have always focused less on matching the automobile to the needs of the consumer and more on a process of mildly "tricking" the

free used minivan (Wen and Mohl 1999a, 1999b; Wen 1999). And in a recent issue of *The New Yorker* is a piece called "How to Sell Cars" about a new General Motors salesman learning to sell cars. He is upset when an elderly customer to whom he sold an expensive car was not treated fairly. The story ends with another salesman telling him "You can't be a salesman, Benny," he said, "and expect to go to heaven." (Cheever 2000).

⁵⁷ Obviously handing out "integrity awards" or "customer satisfaction awards" is a double-edged sword for manufacturers, since it implies that some of their dealerships may not reliably satisfy their customers. J.D. Power and Associates, a consulting firm specializing in the automobile industry does, however, offer a rating system for automobile dealerships called the "certified retailer program." It identifies dealerships that "deliver an outstanding new-vehicles sales experience, according to actual customers." To become a Certified Retailer, a dealership must complete a rigorous certification process. Dealerships submit a list of their customers who are then randomly surveyed to determine if the retailer is meeting the highest industry levels of sales satisfaction. They estimate that only about 3–4% of U.S. dealerships will qualify for certification (J.D. Power 1998a, 1999a).

customer or winning a game. A guide from the early 1960s, *The Automobile Dealer and His Employees: A Management Guide to Assist New Car and New Truck Dealers in Building and Retaining an Efficient and Progressive Organization* (Sullivan 1962:99) listed the techniques that salesmen should use to make a sale. None were illegal or misleading, but all were intended to “reduce tension and relax the buyer’s defenses.”⁵⁸ Today no organization or manufacturer would ever publicly recommend using these kinds of “techniques.” In fact, many manufacturers, including Ford, go out of their way to urge salespeople to look at sales as a win-win process, but in spite of the good sense of this approach, the system remains—salespeople are rewarded for getting customers to pay the highest price possible. Consequently, it is no surprise that customers feel resentful and vulnerable—they are not expert at the car-buying game, they operate with minimal information, and a lot of their hard-earned money, to say nothing of their pride, is at stake.

Salespeople often claim that bragging customers aggravate the climate of distrust. As one sales manager complained, customers go to parties and they hear colleagues or neighbors brag about the (usually impossibly) low price they paid for their car. When they hear about the “great price” that that someone else got, they feel that they were cheated because they paid a higher (and probably much more realistic) price.⁵⁹

Without doubt, buying a vehicle has to be one of the most confusing and opaque processes that a consumer has to go through. After all, as one salesman said, where else do you go to buy something but no one tells you exactly what the price is? This vulnerability, suspicion, and lack of accurate information has led to the popularity of consumer information in print and online. *Consumer Reports* who has long published information on

⁵⁸ Some of these included the friendly appeal (“Now, Mr. Smith, I’ll tell you what we can do for you.”), suggestive appeal (“Rather than avoid a slow-down, give the customer time to back out, go right from your sales presentation into a suggestion that ‘we get the car out to you next Wednesday’.”), premium close (“Hold back an extra—a special point that you know will be enticing—and spring it after the entire presentation is over”), and close on a minor point (“A technique which often works is to ask the customer, ‘What color do you prefer?’ When he answers ‘black’, assure him that he will get a black car as soon as it is possible to get ready.”) (Sullivan 1962:98-99).

⁵⁹ Car salespeople note that though customers like to brag about the *low* price they paid for a vehicle, when it comes to bragging about real estate, customers tend to *over*-inflate the price.

purchasing a vehicle in print now also publish online. Other sites include AutoSite, Autobytel, AutoWeb, CarPoint, Kelley Blue Book and Edmunds.

Not surprisingly, salespeople aren't very enthused about customers arming themselves against potentially unscrupulous dealers by becoming more informed. They claim that the information customers pick up on these sites is often slightly inaccurate and when the sales rep tries to correct the misinformation, the customer sees it as an attempt by the sales rep to pull the wool over their eyes. "A little knowledge is a dangerous thing," as one salesperson put it. And of course they aren't very happy with the sites that reinforce the stereotype of the sleazy salesman. One incensed salesman declared that a web site contained a "terrorist handbook" because it described how customers could fight car salesmen with the same rudeness, disrespect, underhandedness, and deception that they could probably expect to receive.

It is an unhappy standoff. Honest salespeople are forever trying to live down their inherited reputation as being underhanded and untrustworthy. They complain that dealers and sales reps "are always seen as the bad guys." Customers often aren't familiar with the whole vehicle buying process (and the stories they've heard only makes them more anxious) with the result, as one salesperson said that, "the public doesn't have reasonable expectations." Salespeople almost see themselves as the victims of a difficult and unreasonable public. They complain that "people are rough," critical, difficult and don't want to pay a reasonable price. They see themselves as business people who have to make a profit to stay in business and they become exasperated with customers who have read everything there is on "beating the salesman" and expect dealer to sell them a vehicle at invoice, or sometimes below-invoice, price.⁶⁰ Wealthy customers cause the most frustration because of their tendency to want to

⁶⁰ Vehicles arrive with the Manufacturer's Suggested Retail Price (MSRP) on the window sticker—usually approximately 9% over invoice. Customers don't usually pay this price unless they are naïve or if the vehicle is in very high demand. Consumer Reports states that it is reasonable to pay 4-8% over invoice. New car margins have been falling steadily—ten years ago, the MSRP would give a dealer 17% over cost, which was expected to be negotiated down to 15%.

“nickel and dime” the salesperson until they get the lowest possible price.

Like in the service department where customers and staff have very different views of what constitutes a problem, sales reps and customers have very different attitudes to prices. Customers generally see the purchase of a vehicle as an enormous, even momentous decision and investment, probably only next in scale to buying a home. Sales reps, on the other hand, become hardened or desensitized to just how expensive cars are. One sales manager acknowledged that they sometimes forget just how expensive a car is for the average household. Other sales reps are outright unsympathetic—on the high cost of vehicles, one sales rep said “so what—if they don’t like it, they should buy a bike.” As insensitive as this sounds, salespeople do quickly become accustomed to the large numbers because in their eyes, a \$25,000 vehicle is really only worth a few hundred dollars because that’s all they will make as commission on the sale.

Changing Customers

Today’s customer is different from the past. Salespeople claim that customers are more knowledgeable, more demanding, don’t buy impulsively, and are a tougher sell in general. Customers expect politeness, respect, and consideration and are willing to go elsewhere if they don’t get it. Gone are the days when the more aggressive salesmen talked about “putting the customer to sleep.” (i.e. numbing and overwhelming them with talk). That technique doesn’t work anymore, and as one salesman said, “You have to kill them with kindness, be tenacious over the phone, and give them a good price.” Salespeople regretfully admit that customers no longer walk in the showroom and buy a car. On average it takes about 2–4 weeks for a customer to select and buy a car, and if everything works normally, a sales rep will spend about 2–3 hours of contact time with the customer (face-to-face or by telephone) spread over two weeks.

Salespeople are also now expected to sell to a whole new group of consumers—women—which apparently hasn’t been easy or smooth because manufacturers have had to introduce training programs that focus on how to sell to this group.⁶¹ These

⁶¹ There are training programs on how to treat women customers for the service department as well.

programs try to break down the stereotype that salesmen typically have about women and emphasize that many women work, earn good salaries, and buy cars. And even if they are not the primary buyer, they have tremendous influence over the final purchase decision. The message is that sales reps ignore this group at their financial peril.

Though it may make excellent business sense not to ignore half the population, it hasn't been an easy transition for the automobile dealership. It would be an understatement to say that the business is a male culture. For most of its history, the automobile industry has either ignored women or not taken them seriously, either as consumers or employees.⁶² A 1962 guide *The Automobile Dealer and His Employees* (Sullivan 1962: 105) gives a flavor of the dominant attitude at the time when describing the salesmen's wives: "The relationship between husband and wife bears heavily on the relationship between salesman and dealer. One of the most important things in a woman's life (or it should be) is her husband's job. Thus it is a wise wife who encourages her husband and injects him with the feeling of confidence." And the drawing below (Fig. 3.3) illustrates the attitude towards women as consumers—they were expected to sit quietly reading a magazine while the man discussed the financial details with the salesman.

Even though the need to sell to this new group may be self-evident, it is a sea change that not all have accepted easily or gracefully. There are still very few women working in dealerships except in clerical or sometimes service advisor positions, and many salesmen still tend to subtlety (and not so subtlety) ignore or act in a condescending manner toward female customers.⁶³

⁶² As Sanford (1983:137) noted, the literature on the automobile "clearly leaves women's voices in the back seat" and the few who do are "almost lost in an all-male chorus up front."

⁶³ One female salesperson acknowledged that she had been treated badly when she went to purchase a vehicle. She saw that even in her own dealership women were treated more disrespectfully than men, and as a result, intended to offer a class at her church to teach women how to fight back and avoid being taken advantage of by salesmen.

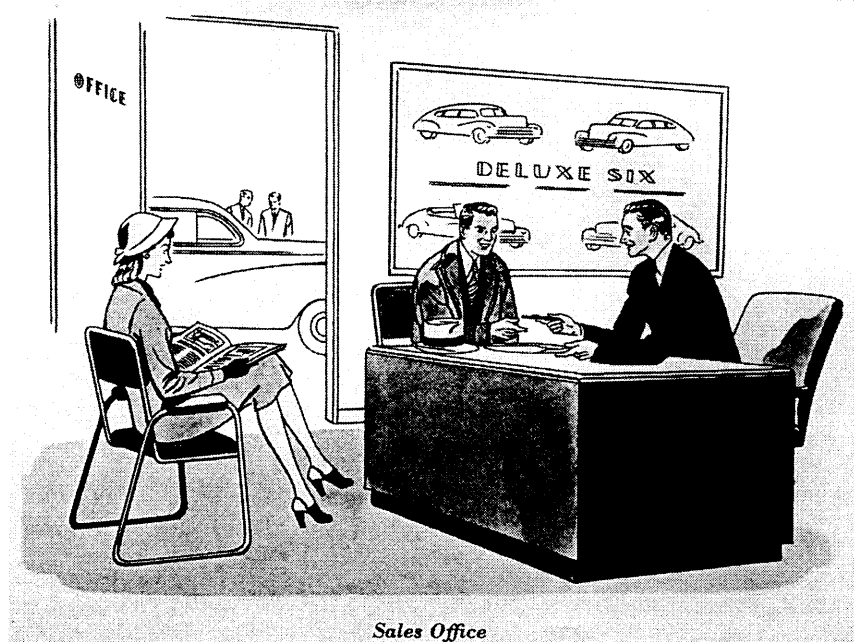


Figure 3.3: “This drawing from the 1948 General Motors book, *Planning Automobile Dealer Properties*, suggests that the role of the female was to read a magazine while her husband purchased a car. Within a few years, dealers would realize that women were purchasing cars on their own. Many dealerships had special Ladies Nights to tap into this growing market” Genat 1999: 97).

Salaries The salaries of salespeople are usually based on commission so what they earn is a direct reflection on the number of cars they sell.⁶⁴ Salesmen can earn \$40,000 a year, or they can make \$80,000, depending on how good they are. New salesmen usually average \$30,000-\$35,000 a year, though a few can get up to \$50,000 or \$60,000. Successful salespeople can sell 10–14 cars per month, which would give them a good, but not extravagant annual salary.

Sales reps earn a percentage—25% is average—of the difference between the sale price and the dealer invoice.⁶⁵ For example, if a vehicle’s invoice price is \$25,000 and is sold at 3% over invoice (i.e. \$25,750), the dealership earns \$750. Of that, the salesperson would receive \$187 plus a base of approximately \$50 for a total

⁶⁴ Some dealerships have chosen to pay their sales staff a salary rather than a commission in an effort to reduce the pressure on both the staff and the customers.

⁶⁵ Robert Genat (1999:94) states that the range is usually 20–30%.

of \$262—not a large sum for a sale that might have taken many hours of work. If the customer pays the dealer invoice price (a case that can occasionally occur), the salesperson receives nothing, except perhaps a sales bonus.⁶⁶ The system certainly explains their effort to push the prices as high as possible, to encourage the sales of higher-priced vehicles, and the intense pressure they are under to maximize sales volume.

Many sales managers and reps are open to the idea of a non-negotiable single price—they say that it would be simpler and less stressful for all concerned. What worries them, however, is who sets the price and where the price is set. They are not against the idea, but they are anxious to ensure that dealers and salespeople can still make a fair profit and income.

Sales Volume

A medium-large dealership would sell approximately 120-140 cars per month. On a slow day, the sales department would sell 2-3 cars, and 7-8 on a busy day. Sales managers estimate that for every 4 people who walk in the door, they'll make a sale to one person which means that a medium-sized store would get about 120-150 people walking into the showroom per week.

The sales department does not make a large profit on each individual vehicle since the average price of a car is approximately \$18,000 and the profit margin is less than \$1,000, of which 75% goes to the dealer and 25% to the salesperson.

⁶⁶ The manufacturer sometimes offers an additional incentive bonus on some models.

Chapter 4: IT and the Workplace

Introduction

Expectations There has been a general expectation that information technology (IT) will revolutionize the workplace, but there's been little agreement on the content of that revolution. As is often the case when foreseeing the technological future, it is seen in extremes. On one hand, many have predicted a benign utopia where technology liberates us from the drudgery of work, allows us greater control over our work environment, and decentralizes power. On the opposite darker side, technology is seen as an alienating, dehumanizing, destructive, and sinister force used (intentionally or unintentionally) to oppress and control the workforce.

Early on when mainframe computers were prevalent, the assumption (and evidence) was that technology would centralize and reinforce the power of those who were already powerful,⁶⁷ but as personal computers became common, the expectation was reversed. There is a long list of authors (Toffler 1980, Pool 1983; Barlow 1994; Negroponte 1995, Gates 1996; Dertouzos 1997) who claim that information technology decentralizes power, enhances democracy, empowers, and generally improves the quality of life.⁶⁸

On the negative side, the subtitle of Braverman's (1974) book *Labor and Monopoly Capital* says it all: "The Degradation of Work in the Twentieth Century." He, along with others, fear that employers are only interested in the labor output of their workers and will use technology to dehumanize the workplace and turn them into "electronic sweatshops."⁶⁹ Though Braverman's

⁶⁷ See Bloomfield and Coombs (1992) for a more detailed discussion of power, control, and information technology.

⁶⁸ See Clement (1994) for a more in-depth look at empowerment of "low-level" computer users. He notes two distinct types of empowerment: one is functional (improved performance) and the other is democratic empowerment (participation as equals in decision-making).

⁶⁹ Paul Attewell in his essay "Big Brother and the Sweatshop" (1987) takes a calmer view of the situation. He concludes that computer technology per se does not create sweatshop conditions. He argues that management has long had the tools through observation, auditing, and other non-computer forms of surveillance to tell who was a good or bad worker. In spite of having the means, they have not turned clerical work into a sweatshop because they do not seek that kind of work environment and the constraints that prevent them from doing so are both numerous and complex.

position may be more extreme,⁷⁰ he certainly isn't alone. Richard Edwards' *The Contested Terrain: The Transformation of the Workplace in the Twentieth Century* (1979) is also pessimistic. He claims that technology will never make the workplace democratic and will never be used to benefit workers or give them more control because hierarchy in the workplace exists and persists because it is profitable to the firm (viii). But even the most cynical authors take care to emphasize that it is not the technology itself that they object to, but rather that technology is used to increase the employer's profit and control, and how it is almost never used for the good of the worker or society in general.

The two opposing utopian and dystopian views are clearly far too rigid to capture the subtlety and the multiple consequences of technical change. In fact, as some authors point out (Barley 1988: 72; Vallas 1990:387-388), both possibilities can coexist within the same firm or organization. And Barley (1988:45) accurately notes that not only can new technology upset the work patterns and shift the relationship among existing occupations and members of existing work groups, but it can also spawn entirely new occupations.

In the past ten or fifteen years, the sweeping polarized views have moderated and rather than trying to predict the future, researchers have turned to conducting empirical research on the effect of technology in the workplace, the relationship between technology and workplace skills, processes of centralization and decentralization, issues of automation, control, productivity, and the adoption of technology. In spite of the attention and effort spent on addressing these issues, the underlying assumption that computers will improve organization performance remains. Researchers agree that IT has and will continue to have a profound effect on the workplace, but what that effect is remains to be answered.

Skills One of the topics researchers are interested in is how information technology affects the skills that are valued and required at work.

⁷⁰ For example, he writes about how "the sad, horrible, heart-breaking way the vast majority of my fellow country men and women, as well as their counterparts in most of the rest of the world, are obliged to spend their working lives is seared into my consciousness in an excruciating and unforgettable way" (1974:xii).

They ask questions such as: do workers require more or fewer skills, or has the type of skills required by the employer simply changed? And what is the relationship of education and training to skill acquisition and job performance?

The first obstacle to answering these questions is to understand the nature of skills, which proves to be difficult because of the tendency to confuse the skills that people bring to the job (talents, abilities, temperaments, interests, capacities, and so on) with those skills that a job requires (Spenner 1990).

At the core of the meaning of the word “skills” is the idea of mental and physical competence or proficiency, but it is not always clear whether these are average competencies shared by most of the population (e.g. skills such as walking, talking, or driving a car) or if they are superior, specialized, and rare (Attewell 1990).⁷¹ This ambiguity is illustrated by the computer scientists’ attempts to create computer programs that can duplicate human behavior. They have found that many of the skills that we consider difficult, such as playing chess well, are much easier to program than those we would consider to be low-level skills such as walking across a room or picking up a ball (Levy et al 1999). If one activity is easy to duplicate, and the other is extremely complex, which requires the most “skill”?

Scarcity or rarity are obviously part of the equation.⁷² Barley (1988) and Attewell (1990) point out that skills are highly valued when they are seen as exotic or strange, but become devalued when it is possessed by many, even though the actual complexity and task may remain the same. Braverman (1974) offers the example from early in the 20th century: the work of teamsters (managing horses) was considered unskilled while operators of motor vehicles were considered skilled. Today, the opposite is true. Those who “can care for, harness, and manage a team of horses are certainly the possessors of a marked and uncommon ability” (429-430). Associated with scarcity are issues of monopolistic power (where no one else is permitted to undertake

⁷¹ See Attewell 1990, Barley 1988, and Vallas 1990 for a good overview and discussion of the conceptual issues of skills in the workplace.

⁷² It is certainly not all of it, however. A circus performer may have a rare skill, but it doesn’t necessarily mean that the skill is in high demand.

the task), how easy or difficult the skills are to learn, secrecy (specialized languages), and uncertainty (the outcome is not certain so one depends of the greater skill of the person performing the activity). These aspects are shared by many high-skill professions including doctors, lawyers, and automobile mechanics.

Early research assumed that skills were easily quantifiable. The U.S. Department of Labor has been studying and quantifying the skills needed for specific jobs for years, but it is only more recently that we have begun to see the social judgements and cultural biases that these “objective” judgments include. As Attewell (1990) states, “ideas about social prestige and authority leaked into task ranking on complexity.” For example, early rankings listed nurse-midwives below a hotel clerk, and a child care attendant was ranked at the same level as a parking lot attendant.

IT Adoption and Use

In addition to looking at the general effect of technology on skills, jobs, and the workplace, much research effort has also gone into investigating the adoption or diffusion of technology in firms and organizations.

The tone of this literature may vary in intensity, but in general, technology is assumed to be a good and positive force with the power to make even a lackluster firm more competitive and profitable. One gets the impression that other than in extreme situations, for example where surveillance may border on abusive, there are rarely any good or sensible reasons to be unenthusiastic about a new technology. Technology is seen as “progress” and a sign of modernity, and consequently those who do resist are portrayed unsympathetically. Though most authors pay lip service to the importance of “culture” and “organizational issues” that account for much of what happens in companies and organizations, there is always the sense that the resisters are at fault. To put it in rather crass terms, the unstated question often appears to be “what's wrong with these people?” Those who do not embrace technology are suspect. Companies who are able to but do not quickly adopt a new technology are “laggards,” and employees who resist are seen as backward, uncreative, and rigid.

In spite of the voluminous work undertaken in the name of technology adoption, the results have been contradictory, inconclusive, and curiously unhelpful from a policy point of view.

As Mohr (1982) states, there are two main approaches to the research on information technology (IT) adoption in firms, calling them variance and process models. The first looks at the environmental, organizational, and managerial characteristics that distinguish adopters from non-adopters. The second focuses on identifying the sequence of events that leads up to the decision to adopt a technology.⁷³

A great deal of effort has been made to identify the characteristics or to predict the types of firms that adopt technology (e.g. Allard 1998, Lai and Guynes 1997; Julien and Raymond 1994). The organizations that are early adopters of technology are considered to be risk-takers, focused on gaining a competitive advantage, tolerant of ambiguity, persistent, have a team orientation, flexible, open, collegial, capable of learning, sophisticated, and wealthy enough to have the surplus funds necessary to invest in a new technology. In addition, the more experienced an organization is with information technology and the less red tape involved in procurement, the more likely an organization will incorporate new information technologies. Least likely to adopt a new technology are those organizations which are risk adverse, focus on cost efficiency, are less sophisticated technically, and have limited funds (Allard 1998; Saleh and Wang 1993, Lai and Guynes 1997).

Rather than looking at the characteristics of the firm, some researchers have focused on the perceived characteristics of a technology that may influence both an organization and an individual to adopt it. These include: relative advantage, ease of use, compatibility of the technology with existing values, needs

⁷³ As Langley and Truax (1994:620) note, the majority of the research on technology adoption is based on a large sample of organizations and identifies environmental, organizational and managerial factors that distinguish adopter from non-adopters. Few look at the sequence of events leading to adoption and even fewer discuss how an organization can move from being a non-adopter to an adopter. And as Fowler et al (1995) state, new technology is often seen as a simple matter of replacing or delivering new equipment or installing new software. The real difficulties, however, lie with the non-technical issues—the human and organizational factors.

and past experiences (Agarwal and Prasad 1998, Harrison et al 1997). One theory put forward by Bretschneider and Wittmer (1993) is that when the computer technology substitutes for an existing technology, diffusion or adoption will be slow, but if the new technology complements existing technology, adoption will be faster.

More and Benbasat (1991) added two important and relevant reasons why individuals or firms would or would not adopt a new technology: the degree to which the use of an innovation is perceived to enhance one's image or status in one's social system, and the degree to which use of the innovation is perceived as being voluntary. As we will see, both these reasons play an important part in the study of automobile dealerships.

The other major emphasis in the IT adoption research has been on "the decision" to adopt or not adopt a new technology (Agarwal 1998, Harrison et al 1997, Williams and Rao 1998, Wozniak 1993). Much less attention has been paid, however, to how the new technology was actually introduced, used, or the results of it.

Langley and Truax (1994) outline the three most common models that explain "the decision" to adopt a technology: sequential, political, and serendipitous. The sequential model claims that the decision process can be decomposed into a certain number of phases, with a sequence that moves from commitment to financial justification. The political model notes the importance of individuals' personality, role, within the firm and claims that technology adoption depends on champions within the organization. And the serendipitous model says that IT adoption depends on serendipitous events in the organization. Irrespective of the model used in the research, there is the assumption that once the CEO or CIO makes the decision to adopt a technology, all else falls naturally into place.

Rejection of Technology

The general attitude in the technology adoption literature is that technology is intrinsically good—whether it be computers or the steam engine—and consequently there must be something suspect, if not wrong, with those firms or individuals that reject or resist a new technology.

The most well-known group who rejected new technology were the early 19th century Luddites who rioted in the industrial areas of England destroying textile machines, to which they attributed high unemployment and low wages.⁷⁴

The suspicion of those who do not happily embrace new technology continues today. For example, Ron Westrum in *Technologies and Society* (1991: 154) describes those who resist new technology as fearful, insecure, or inflexible—not exactly the self-image to which most individuals or firms aspire, and it's rare to find researchers who refrain from making harsh moral judgements. Wanda Orlikowski, however, is one of the few who looks at technology adoption and rejection in a more sympathetic light and who attempts to gain a deeper understanding of that rejection or resistance. In her work, technology is not an inexorable and ultimately irresistible external force, but is an artifact that is “situated” within a human and social environment, and where the artifact can only be understood by making sense of that environment and the artifact's place in it.⁷⁵ Orlikowski and Gash (1994:179) along with Guthrie and Dutton (1992) understand that technologies are in fact “social artifacts” and that their material form and function embody their sponsor's and developer's objectives, values, interests, and knowledge of that technology.⁷⁶ In “Technological Frames” (1994) Orlikowski and Gash looked at how different groups react to technology. They proposed that how users interpret technology (called “technological frames”) is central to understanding technological development, use, and change in organizations. They also suggested that different groups

⁷⁴ Thomis (1970:12) suggests that the Luddite's machine-breaking, or the threat of it, was the basis of power of a number of early trade unions. More recently, the term “neo-luddites” was coined in 1990 and refers to those who “resist the technology of the second Industrial Revolution”(i.e. computers) with the aim of protecting their lives which they see as on the verge of destruction (Sale 1995:237). In addition to Thomis (1970) and Sale (1995), see Darvall (1969) and Peel (1968) for a review and history of the Luddite movement.

⁷⁵ See Lucy Suchman's *Plans and Situated Actions* (1987) and Jean Lave's and Etienne Wenger's *Situated Learning* (1991) for a fuller description on the meaning of “situated” which in essence blurs the line between the artifact and the environment. Context is everything, making technology and the environment interdependent and inseparable. Suchman (1987:179) explains that the use of technological artifacts “is not predetermined, but neither is it random.”

⁷⁶ Guthrie and Dutton (1992) point that how a technology is designed and introduced is a process comparable to legislating public policy. Like a policy, technology is a social construction—the outcome of social and political choices.

within an organization (managers, technologies, clerical workers, etc.) can have significantly different frames of reference (assumptions, expectations, and knowledge of the technology) and as a result, there can be quite different results in its deployment and use within the same organization.⁷⁷

For example, in “Action and Artifact” (1995), Orlikowski looked at two firms and examined users’ action and reaction to a newly introduced technology, and how they differed in particular contexts. She found that there were four distinct types of reactions and each depended on the person’s status, role, tenure, and individual characteristics. At one end of the spectrum was “technological shunning” where users chose not to use the technology at all. Second was “technological skepticism” where users doubted the benefit of the artifact so they only half-heartedly attempted to use it. Next was “technological substitution” where users used the technology to perform tasks that had previously been done in other ways. And finally there was “technological exploration” where users were interested in the technology, but use was wary and episodic because they were concerned about the consequences of using the technology within their institutional context.

As Orlikowski and Gash state, an individual’s frame of reference is a “built-up repertoire of tacit knowledge that is used to impose structure upon, and impart meaning to, otherwise ambiguous social and situational information to facilitate understanding” (1994:176) and can have both facilitating and constraining effects. For example, Zuboff (1988:278) describes a case study where managers were unable to accept a technology that increased the workers’ control and independence. The managers were so locked into traditional managerial values that they could not “wrest themselves from deep-seated images of managerial command.”

As we will see in the following sections, these are some of the issues that Ford faces as they attempt to introduce information technology into their dealerships.

⁷⁷ In Orlikowski’s and Gash’s research, they found that users attitude towards the new technology was shaped by their understanding of the capabilities and functionality of the technology, their understanding of why their organization acquired and implemented the technology, and how they understood it would be used on a day-to-day basis (1994: 183-184).

IT and the Typical Dealership

The story of information technology in the dealerships hasn't been a particularly happy one. For the dealerships, it has been extremely expensive, the systems are difficult to use, and there is a rather confusing mix of equipment and software throughout the workplace.

The use of computers varies with the dealership—as one Ford employee said, “some just aren't into it.” But some certainly are and as one manager said, “computer systems are like drugs to [some] dealers. It never ends; they can never get enough.” The extent to which the dealership embraces information technology may vary, but most stores would typically have a variety of IT systems in place, especially in the service department. (See figure 4.1 for a summary of the information technology in the dealerships.)

History of Three Suppliers

Dealers' discontent with their computer systems begins with a restriction on what equipment they may buy and who they may buy it from. Ford dealerships are only permitted to buy equipment and software from three officially sanctioned companies (ADP, Reynolds and Reynolds, and UCS), and because these companies hold a monopoly, the prices they charge are high.⁷⁸ Since that decision to limit dealers' choice in equipment procurement in the early 1990s (which actually made a great deal of sense at the time), the cost of hardware and software has plummeted, and desktop computers have become simpler and easier to use. As a result, Ford dealers are resentful because they are prevented from taking advantage of these improvements and are obliged to buy antiquated, awkward, and expensive systems.

One manager gave their dealership's Fordstar equipment as an example of excessive prices. The Sony TV and VCR are standard off-the-shelf units, but they were charged \$1,800 for the TV and \$1,000 for the stand.⁷⁹ Another example was the desktop

⁷⁸ Ford used to have an in-house group that developed software for dealerships, but in the early 1990s, in an effort to cut costs, Ford sold its dealer services to UCS, eliminating competition.

⁷⁹ Ford estimates that the average dealership would spend from \$12,000 to \$15,000 to set up the Fordstar system.

computer: it costs \$5,5000 when bought from one of the three companies, but the identical machine could be purchased for far less from a computer store. Though the dealers complain about the cost of the equipment, they did not pay the full cost of the Fordstar system. Indeed, dealers initially paid for the monitor, VCR, and PC, but Ford provided all other equipment.

Another manager estimated that a medium to large dealership would pay several thousand dollars per month to one of the three companies⁸⁰ for licensing, monthly fees, copy charges (for every page printed), hardware, software, and support. Their general feeling is that everyone is making money off this arrangement, except for the dealerships, and not surprisingly they are resentful.

The dealerships are unhappy with the cost of their hardware and software, but they are also not very pleased with some of the systems themselves. Dealership staff complain that their computers can be difficult to use (the systems tend to be DOS- or UNIX-based), slow, unreliable, limited and inflexible (some applications such as OASIS only allow one person to use it at a time), the manuals that come with the equipment are frequently unreadable, and the consultants they have to hire for computer support are expensive and often unhelpful.⁸¹

Systems Dealerships have a confusing mix of equipment and applications. Figure 4.1 indicates the range of systems in a dealership and their users. The bulk of the information technology is located in the service department, especially the service bays and parts department.

The in-house system (purchased from one of the three designated companies) is the workhorse of the dealership. It is text-based and not particularly user-friendly, but though the learning curve can be steep, employees certainly do learn to use it. It is used

⁸⁰ Dealerships can choose which of the three companies they prefer to work with.

⁸¹ One employee told the story of how he noticed that their phone bills were enormous and realized that their computer system was calling long-distance instead of a local number. He called the company that installed it and asked them to change it. They did, but the next month the phone bill was still large. He then discovered that the consultant had come, but had only re-programmed one machine with the correct telephone number, not the dozen that the dealership had. The technician said that he hadn't corrected the others because no one had explicitly asked him to do so.

extensively by the service department to access the customer information and the repair order database on the dealership's mainframe computer.⁸²

Computer and Communication Systems	Service Advisors	Technicians	Parts	Sales	Training Room
In-house system	■	■	■	■	
OASIS (online automotive service information system)	■	■	■		
EDSR (electronic dealer service report)		■			
SBTS (service bay technical system)		■			
SBDS (service bay diagnostics)		■			
DCS (dealer communication) DOES (dealer order entry system)			■	■	
Internet				■	■
Fordstar	■	■	■	■	■
Microfiche			■		
Telephone	■		■	■	

Figure 4.1: Summary of information technology use in a dealership.

⁸² Like all databases, there are problems with spelling errors, typos, and different ways of writing a name. Though they may all refer to the same person, the database counts them as separate customers, resulting in the dealership losing important customer information and repair history. Many dealerships use the customer's phone number as an identification number rather than a unique identifier, which can cause further confusion since numbers change, and many people use multiple phone numbers (home, office, cell).

OASIS (Online Automotive Service Information System) is an online database that contains the latest in vehicle and service information for every vehicle manufactured by Ford and is used primarily by service advisors and technicians to diagnose problems. To use it, an employee dials in to Ford, types in the vehicle identification number,⁸³ and service code (a number representing the problem or symptom). OASIS then displays the latest updated information concerning that problem, including repair procedures. Ford estimates that the system is accessed 3-4 million times a year.

The most common complaint by dealership staff is that OASIS is frequently down—sometimes several times a week and occasionally it can be down for long periods of time—up to a whole day. And it is slow. Service advisors complain that it can take 5–10 minutes to get the information they need⁸⁴ and that only one person can use it at a time.

The EDSR program (Electronic Dealer Service Report), which is part of the OASIS system, was established to identify product problems early on. Its purpose is to encourage technicians to share what they have learned or identified as particular vehicle problems with service engineers who can then begin to develop an appropriate repair procedure. In spite of the system's good intentions, it is underused by technicians—they only receive 1,500 comments or suggestions a month. As we will see in later chapters, the reasons for their low-usage is related to their incentive structure and attitude of the Ford engineers in Dearborn.

The SBTS (Service Bay Technical System) is the technical information system used by the technicians that offers publications, training courses on CD, and access to OASIS. A small shop might have one terminal placed in an easy-to-access location, but a large shop could have up to three. Most technicians like the system and use it frequently to get information about the vehicle they are repairing. The system contains service manuals, recall information, calibration information for

⁸³ Every vehicle is identified by a number that is used to track warranty repair history.

⁸⁴ OASIS is also accessible from the SBTS system in the shop, which apparently can be significantly faster.

reprogramming the diagnostic tools, and technical service bulletins. Technicians go to the machine, print out what they need, and then return back to their work area.



Figure 4.2: SBTS

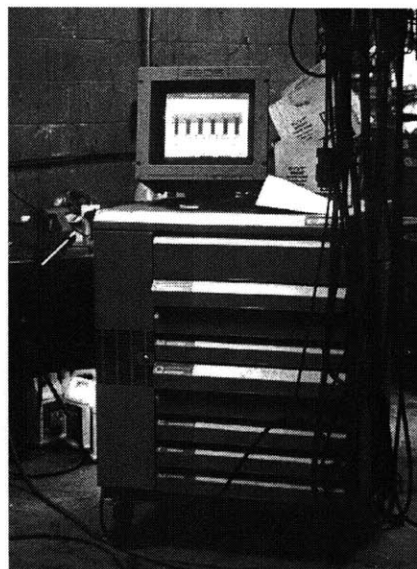


Figure 4.3: SBDS

The SBDS (Service Bay Diagnostic System) is used to diagnose and repair vehicles by reading the diagnostic codes provided by the vehicle's sensors.⁸⁵ A technician inputs the vehicle's symptom and the diagnostic codes into the SBTS to get a problem diagnosis and suggested fix. Each SBDS has twelve standard test functions as well as a "customer flight recorder" and portable vehicle analyzer for diagnostic road testing. Diagnostic information for the powertrain and supporting information is available for all Ford and Lincoln-Mercury vehicles from 1986 through the current model. The diagnostic information for the body, chassis, and electrical systems are only available beginning with the 1995 Windstar.

DCS (Dealer Communication System) is the communication system used primarily by the parts and sales departments. The parts department uses it to order parts using DOES and sales uses the CONCEPTS program to "build" a vehicle onscreen if they need to make a special order for a customer.

⁸⁵ Newer vehicles can have over 200 sensors.

Internet: Some dealers may have access to the Internet in their administrative offices, but currently it is rare to find it in the service, parts or sales departments.

The Internet is one, among many, ways of delivering information to consumers, but to date, dealerships have not embraced the technology.⁸⁶ Those dealership who do have a web page use it mainly as a simple display ad or brochure with basic information such as their hours and location. But even at this level, dealers could add more information about themselves and their employees, as well as price menus.⁸⁷ They could also easily add forms where customers could communicate with the dealership, and dealers could allow customers to access their databases, such as the used-car inventory. The higher levels of interaction come at a cost however. A significant investment of staff time is required to create and maintain the accuracy of the database and to respond to customer input.

Not only is Ford considering replacing their current system of distributing information in paper form on rebates, incentive programs, etc. with the Web, but they are also starting to offer a new service to dealerships to help them increase their use of the Internet and the World Wide Web. As of the summer of 1999, Ford began offering a new service, the Ford Dealer Connection 2.0, which will create and host individual web sites for their dealers. The dealership provides the photos and the text, and the service inserts it into a template. Dealers may also choose to display their inventory of pre-owned vehicles. This service will be a boon to dealers with little technical expertise or who may be located in an area with limited access to Internet providers, but there are disadvantages as well. The information that dealers can provide

⁸⁶ The Internet certainly isn't a substitute for other methods of delivering information to customers. Its main disadvantage is that unlike a newspaper ad where customers may view it by accident as they go about their daily life, customers must make some effort to access the information on the Web. Its great advantages, however, are that the cost doesn't increase with the number of people who access it, and it allows a two-way flow of information between customer and dealer.

⁸⁷ See the report "IT and Customer Relations" by Levy and Beamish which discusses the use of Internet technology in more detail. The report emphasized that in order to build trust between dealerships and customers, dealers had to be more willing to provide information about themselves and their services, not just collect information about their customers. The Internet offered a simple way of accomplishing this.

is limited and the service is fairly expensive. The dealer pays a one-time set-up fee of \$1,275 and a monthly maintenance fee of \$225. Displaying their inventory will cost dealers an additional \$7-\$10 per vehicle in the database.

And more recently, Ford has announced a new partnership with Yahoo that will offer personalized online services for Ford vehicle owners.⁸⁸ The new partnership will allow owners of Ford cars and trucks to use either Yahoo! Autos or Ford's OwnerConnection.com to access services such as online auto services including owner guides, recall information, their Ford Credit accounts, service reminders, maintenance logs, vacation planning, and real time traffic information in major markets. And they predict that consumers will soon be able to schedule an appointment with their dealer directly from their OwnerConnection homepage, and access specialty message boards where they will be able to chat online with Ford engineers and company officials.⁸⁹

Other Technologies: There are a number of other technologies used in a dealership including microfiche and CD-ROM in the parts department, but by far the technology of choice in all departments is the telephone. Much of the service advisors', parts employees', and salespeople's day is spent on the telephone talking to customers and suppliers.

Fordstar Facing increasing competition, a greater emphasis on customer satisfaction, and greater technical sophistication of vehicles, Ford saw increased dealership staff training as key to maintaining their competitive advantage. Training has always been important to Ford, but because 34% of the dealerships⁹⁰ are more than 100 miles from the nearest training center, they could not increase training without employees spending significant amounts of time away from their workplace. Their answer was Fordstar, a

⁸⁸ On the same day General Motors announced a similar partnership with America Online.

⁸⁹ Though this development may be good for the manufacturer and the customer, it will surely make some dealers nervous since they could interpret it as a strategy by Ford to bypass the dealers and interact directly with the customers.

⁹⁰ There are 5,200 dealerships in the U.S., 600 in Canada, and 135 in Mexico.

distance education system that broadcasts from Dearborn to the dealerships via satellite.⁹¹

Growing quickly since it first began in 1994, Ford's Dearborn studios currently broadcast over 60 hours of live training programs each day, on 7 channels, to U.S. and Canadian dealerships.⁹² Topics range from "Improving Parts Operations" to "Technical Training for Non-Technical Personnel" to "Selling to Women." For example, in one month alone, Fordstar offered 23 different technical classes and another 22 classes on parts and service operations. In addition there were classes orienting users in the different parts of Fordstar (distance learning, email, personal computing, etc.), 13 classes for parts managers, 35 classes in sales, and another 12 on general topics.

The system also supports an extranet,⁹³ connecting Ford offices and dealerships with e-mail and bulletin boards, used only occasionally, if at all, by managers.

Fordstar is a VSAT (Very Small Aperture Terminal) system. When a class is broadcast from the studios in Dearborn, the signal is sent to a satellite that bounces it back to earth, and takes about a half-second for a signal to reach the target destination. Each dealership is equipped with a dish antenna to receive the signal, an earth station, TV monitor with which to display it, and several OneTouch keypads for the students to interact with the instructor.

The system is two-way data, one-way video, and one-way voice (the calls from the participants in the dealerships to Dearborn are sent over standard telephone lines). Interactivity is limited. Participants at a dealership receiving the broadcast can see and hear the live trainer on the monitor, but they have only limited voice and data links back to Dearborn. The instructor cannot see

⁹¹ Fordstar was not intended to replace hands-on skills training which still takes place in Ford's 50 training centers located throughout North America. Currently approximately 25% of courses are classroom facilitated and about 75% are delivered via CD-ROM self-study or Fordstar.

⁹² All dealerships have full access to the system except for those in Hawaii and Alaska who get partial access and have the remainder of the broadcasts taped and mailed to them.

⁹³ In Ford parlance "intranet" refers to the communication system within corporate headquarters. They use the term "extranet" to refer to a system that links headquarters with the dealerships, but is not public. "Internet" is the publicly accessible system.

the students. Most of the interactivity occurs through the OneTouch keypad—instructors pose multiple-choice questions to the group and the students respond by pressing the appropriate key on the keyboard. The responses are tabulated instantly for the instructor, who can then display the results for the participants. To speak to the instructor, a student presses the call button on the keypad, and if the person is chosen to speak, their voice is patched through via telephone lines and broadcast to all participants. (See Figures 4.4 and 4.5.)

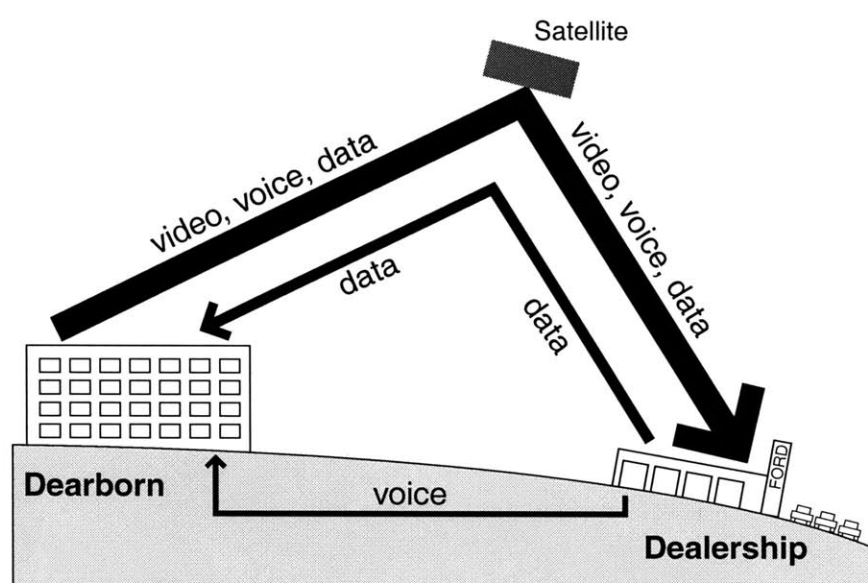


Figure 4.4: Video, voice, and data are broadcast from the MIP (multimedia instructional podium) in Dearborn to the dealerships via the VSAT satellite, while only data is sent back to Ford via the satellite. Voice communication with Dearborn takes place using the telephone lines.

The distance learning equipment is made up of the VSAT dish antenna which sends and receives digital signals to and from the Galaxy IV satellite, a personal earth station, a 27-inch Sony television monitor, a receiver/decoder, a video cassette recorder, a OneTouch site controller, and interactive OneTouch key pads.⁹⁴

⁹⁴ The training room would also have a PC off to the side with a CD-ROM, access to the Ford network with PROFS (the Ford email system), electronic bulletin boards, OASIS, EDSR, etc. as well as basic office software. The computer unfortunately uses the OS/2 operating system, which makes it unusable for most current popular applications. Use of the machine appears to be very limited.

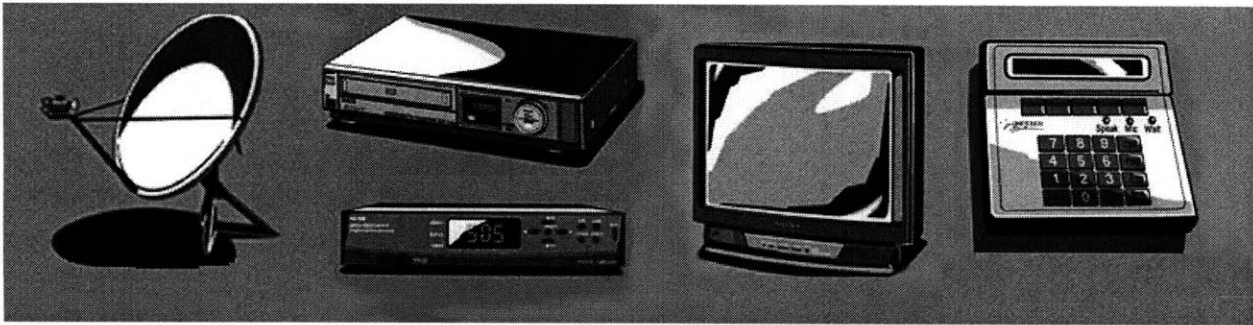


Figure 4.5: At the dealership, the signal from the satellite is received by a 1.8 meter dish and transferred to a PES (earth station). Other equipment include the site controller, a VCR, and monitor. The OneTouch keypad is the main method of interacting and communicating with the instructor

There are currently 18 instructor's studio desks in Michigan, Canada, Australia, and Mexico, with the majority of them in Dearborn. Each studio desk consists of an overhead projector, cameras, tape machines, writing tablet, monitors, computers, controllers, etc. and only requires one instructor and one technical assistant per program. In front of the instructor are 3 monitors: one for the web, another for multiple-choice questions, and a third touch screen with the 9 possible camera shots. The instructor touches on the view or camera shot he/she prefers and it is instantly shown on the monitor.

How Fordstar is used in the dealerships and the content of the classes will be discussed in more detail in the next chapter.

Use of IT by Dealership Employees

Service Advisors The technology used by service advisors is fairly straightforward. They use their in-house system's database for keeping track of customers, appointments, and repair orders. They use OASIS to print out technical or service reports which are appended to the work order. And they use the Fordstar system for their formal training.

Typically, a customer would enter the service area and approach the service advisor to describe the problem he or she is having with their vehicle. The advisor would type in the vehicle identification number and update customer contact information if necessary. If the work is more than simple maintenance, or if it is not clear what may be causing a problem, the advisor may use the OASIS system to check if there are any recent technical service bulletins on the problem. If there are, the advisor will print them and staple them to the repair order. Because using OASIS can be time consuming, they will only use it in special cases. The main use of the computer is keeping track of appointments and repair orders.

The telephone is also used constantly. Customers call in to schedule appointments and colleagues call to ask for information. The advisors use it to contact customers—usually to inform them that their vehicles are ready for pickup.

Parts Employees It is fairly common to find four terminals and a microfiche reader at a parts counter. One terminal is for the in-house system; a Windows PC with an illustrated parts database might also be linked to the in-house system in order to check prices and availability; a third desktop machine would have a CD-ROM reader to locate availability of parts in other dealerships; and the DOES II machine connects to Ford and is used to send orders. The microfiche which was used regularly before the desktop machines came in, is now used mainly as a backup if the computers go down—an event which doesn't happen often.

OASIS is rather straightforward and is used fairly often in the parts department to look up parts and verify the price. Employees complain that the system can be slow, and this was

clearly demonstrated when a parts employee went to verify the price on a part number. The program dialed into the database in Dearborn and then announced that it was going to go through six steps and that it could take a maximum of six minutes per step—a total of thirty-six minutes to check the price of one part. It never takes that long anymore—the system has improved considerably in the past year or so—but the message itself acts as a disincentive. And as mentioned previously, if one employee uses the system, no one else can access it, which can cause occasional frustration during the day.

The DCS (Dealer Communication System) is the communication system used for sending in the parts order. It seems to be quite straightforward and relatively easy to use. The screens are all text-based, and the user chooses from a series of menus. Orders can be created off-line and the user only needs to log on when it's time to send the order.

The program generates an order (using a complicated set of algorithms), but the user can tinker with the order and change the parameters whenever necessary. The parts order is also quite detailed. The printout shows how many of each part have been sold per month over the past year, the number currently in stock, and if there are other dealerships owned by the same dealer, it will show their stock too.

The CD-ROM is used extensively. When there is a problem with communication either with a retail customer or the technicians, the parts employee can print out an exploded view of the area of the vehicle in question. The picture helps clarify which part is needed and it identifies the correct part number. (See figure 4.6.)

On another machine is a CD with a Parts Locator program. This program is sent monthly to the dealerships from Ford, and contains the stock of all Ford dealerships in the country.⁹⁵ The employee types in their location and the part number they need, and the program lists the dealerships and telephone numbers that have it in stock, beginning with the dealerships that are geographically the closest. If there is one within a reasonable

⁹⁵ The program is obviously most accurate when the dealerships first receive it, but it is still considered to be about 80% accurate by the end of the month.

distance, the employee will phone to confirm that the dealership has it, and if so, they arrange for payment and delivery.

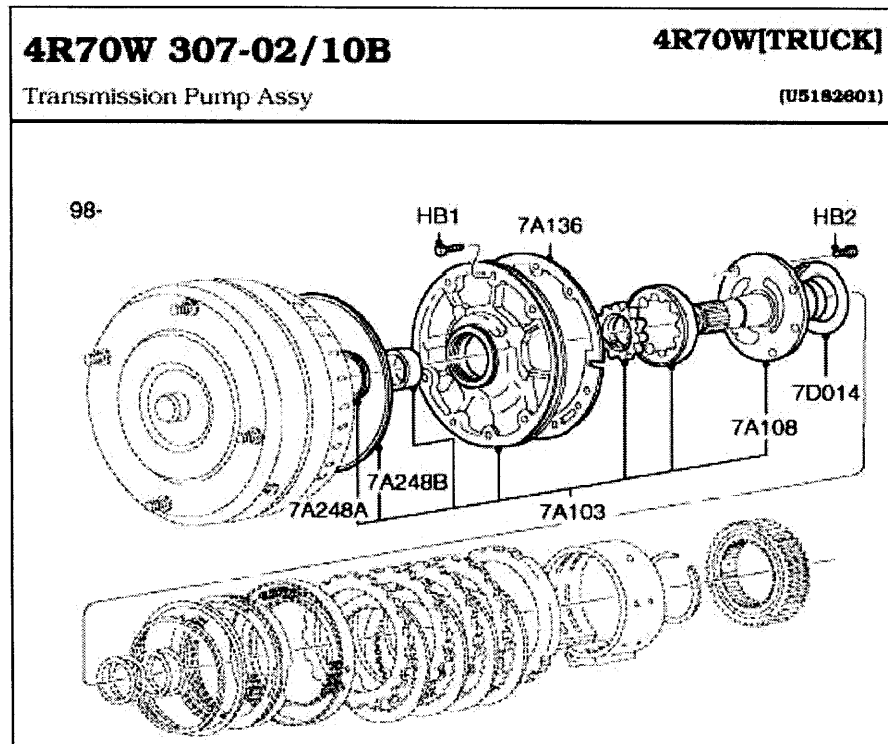


Figure 4.6: The parts counter employees make extensive use of the CD that contain exploded illustrations of vehicle parts and assemblies.

Telephones are the communication instrument of choice in the parts department. Email is considered to be just too slow for their needs. As they say, if they have a vehicle up on a lift and need a part quickly, they need the answer immediately, or they lose money.

Technicians

The technicians in the shop use the most extensive array of computers and information technology, and apparently they have adopted it relatively easily. As one service manager said, "Lots of cars are fixed now without picking up a wrench."

In the service bay area, technicians have a number of services available to them including the in-house database, diagnostic equipment, electronic documentation, databases, and if those services fail, a telephone hotline. How often technicians use these tools—some may use it on a daily basis, others only once a

month—depends on the type of work they are doing and the individual.

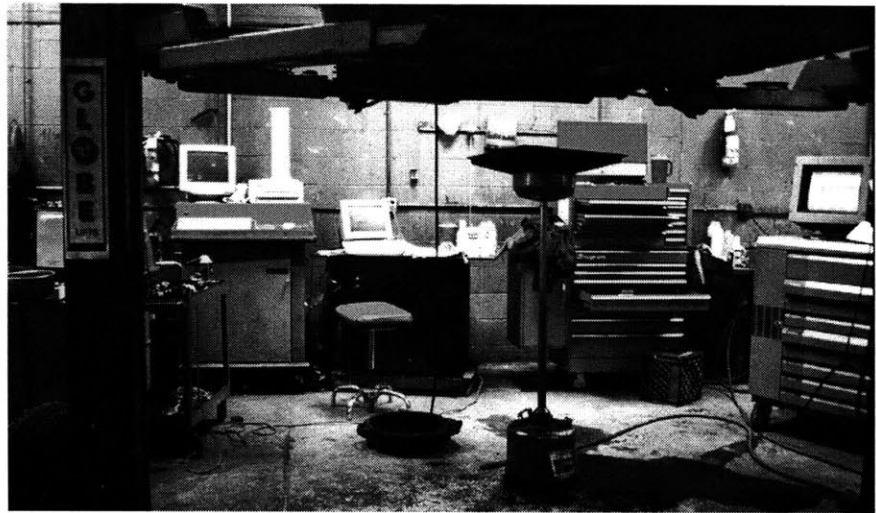


Figure 4.7: Computers are used extensively in the technician's service bay.

In the service department, one would find the SBDS (service bay diagnostic system) and SBTS (service bay technical system) systems. The SBDS is a piece of computerized equipment placed on casters for maneuverability with test probes and meters that can be plugged into vehicles to assess how well it is functioning

and to diagnose a problem that the customer may be having.⁹⁶ The SBTS is a computer system with electronic documentation, training courses, service manuals, technical bulletins, and dedicated access to the OASIS database.

If there is a problem that a technician cannot fix, he or she will contact the Hotline, but before calling, the technician has to have tried looking up the problem using the SBTS.⁹⁷ The Hotline engineers claim that technicians don't like to read the documentation—often with good reason since the text can be difficult and voluminous, so they insist that the technicians read all the pertinent published information before contacting them.

Salespeople The sales department is particularly interesting because though it uses the least amount of information technology, it probably has felt and will continue to feel the greatest impact because of customers' increased use of computer technology and the Internet. Most sales departments use computers to some degree, but they are not on every salesperson's desk. Typically, the computers in the sales department will have access to the in-house system and one may have Internet access with email.⁹⁸

The most frequent reasons for not having computers on every desktop are the expense and the lack of need. Inadequate training has also contributed to a lack of confidence and has made salespeople wary of the computer—they often claim that they are never sure what the machine is capable of doing.⁹⁹

Computers in the sales department are used mostly for tracking customers, working out financial payments, special orders, and retrieving product information. When a customer comes to the showroom, the salesperson is supposed to enter their name and

⁹⁶ Dealerships may also have the New Generation Star that performs on-board diagnostic tests. It is, in effect, a "flight recorder" for on-road testing and diagnosis of problems that are intermittent (i.e. those that only happen occasionally and cannot be reproduced in the service bay).

⁹⁷ In some special cases technicians are *required* to call the Hotline, for instance, before specific repairs, such as brake modules, may be started.

⁹⁸ A new customer management software application, FOCALpt (Focus On Creating Advocates For Life Through Personalized Treatment), was designed by Ford for use throughout the dealership, but which would be of particular use in the sales department. The system is currently on hold however.

⁹⁹ One person described the training provided by the computer firm that supplied the system as "hit and run."

address and the vehicle they're looking for into the in-house database. Since most customers don't buy right away, the salesperson will need this information to contact them later in the week. There are two other incentives to entering this data. Since most customers may visit the showroom several times before buying a car, it's very possible that the original salesman will not be on duty when the customer decides to buy the vehicle. If the sale takes place within a week of a recorded phone call or within two weeks of a showroom visit, the original salesman and the closing salesman split the commission. In addition, if a customer returns ready to buy, and the original salesman is off duty, the customer can't claim that they were offered a lower price because the new salesperson can simply call it up on the screen and verify the original quote.

Sales reps also use the computer for working out lease and retail payments with their customers, and managers use it to check that salespeople are doing the necessary follow-up on customers.

The computer on the sales floor is often connected to the Dealer Communication System (DCS) which allows sales reps to "build" special order cars for a customer using the CONCEPTS program if they don't have one in stock.¹⁰⁰ If the showroom's PCs have a CD-ROM drive, the sales staff can use a CD which compares Ford products with their competitors.

If there is Internet access in the showroom, sales reps can use it to look up the trade-in value of a customer's car on the Kelly Blue Book web site which gives accurate and up-to-date information that both the salesperson and customer can accept as trustworthy.¹⁰¹

¹⁰⁰ Sales reps can also use the DCS system strategically. For example, if a customer from a certain town comes in looking for a specific car in a particular color and the dealer has it in stock, he can go to DCS and check the inventory of the local dealer in the customer's hometown (because he knows the customer will go there if he hasn't already). If the other dealer doesn't have the car, he knows he can push the price up higher.

¹⁰¹ The dependence on the Blue Book information by customers, however, can be exasperating to salespeople because customers think that they know the value of their car. But, as one sales rep explained, the price of used cars is like the stock market—it goes up and down all the time. In addition, the Blue Book averages values and doesn't distinguish between a California car and one from New England. Two identical cars could be worth different prices depending on where they were driven.

And of course the dealerships who have contracts with some of online vehicle purchasing companies, such as Autobytel, would likely have a dedicated computers for that purpose.¹⁰²

The rapidly grow in use of the Internet in everyday life has had a great effect on the work inside the dealership. In addition to creating a more knowledgeable customer, it has increased competition. Not only must dealers continue to compete with their local competitors, they have to also out-bid the new virtual dealerships. Salespeople are getting particularly nervous about this trend and they are particularly worried about the possibility of the manufacturers bypassing them and selling directly to the consumer online. In fact, Ford has begun to experiment with the concept on their Pre-Owned web site (fordpreown.com) in key “wired” areas like Boston and Texas.¹⁰³

¹⁰² Autobytel dealers pay Autobytel for exclusive rights over a certain geographic area. If the customer goes to the Autobytel site and states they are interested in a certain type of vehicle, Autobytel emails the dealer with the customer’s contact information. The salesperson will email the customer back with a quote (usually 1% over invoice) and urge the customer to come in for a test drive. Though the markup is low on these vehicles, salespeople hope to compensate by receiving bonuses for sales volume. In 1999 online sales were still in its early stages with an Autobytel dealer receiving 50-60 requests per month, which might lead to 6-8 purchases—but the scene is rapidly changing. As of January 2000, Autobytel began selling cars over the Internet, bypassing the dealer completely (Meredith 2000).

¹⁰³ The service was developed because the large number of leased cars with 2-year contracts that available. Dealers didn’t want to take the cars back so a web site was created in May 1998. Customers can select their used car, arrange credit, and choose the dealerships where they want to pick it up. The local dealers are not very pleased with this experiment, however. Texas dealers have taken Ford to court to prevent them from selling these vehicles online (Ball 2000).

Chapter 5: Learning in the Workplace

Learning Organizations

Introduction Ford's desire to increase learning within the firm by broadcasting training programs, distributing information, and encouraging two-way communication between Dearborn and the dealerships, though laudable, is not a new concept. An interest in organizational learning and the perceived need by businesses to create learning organizations began in the late 1980s and stemmed from the growing concern of how they were going to function in a rapidly changing and increasingly competitive business environment. By the mid-1990s the need for organizational learning within firms was well accepted.

A number of competing theories were proposed during this period that were intended to help businesses maintain or regain their competitive advantage and to even thrive in this new and turbulent environment. These theories included reengineering, deengineering, JIT (Just In Time) management, and TQM (Total Quality Management) (Bencivenga 1995). The need for creating learning organizations was one of the most popular theories, and it was Peter Senge's 1990 book *The Fifth Discipline: The Art and Practice of the Learning Organization*, followed up by *The Fifth Discipline Fieldbook* in 1994 that is credited with bringing the term "learning organizations" to the forefront.¹⁰⁴

The theory of learning organizations is not limited to business firms. Advocates believe that all organizations, including non-profits, schools, and even governments could and should become active learners, learn from their mistakes and successes, and to continually innovate if they are to remain competitive (Baldwin et al 1997; Lipshitz et al 1996). Senge claimed that "learning organizations" was not so much a competing theory as a unifying conceptual framework under which other quality-related theories could gather. He was confident that it would have a profound impact on an organization or business (Senge 1996:96).

¹⁰⁴ Organizational learning research is not new—authors have been writing about it for thirty years, but it was Senge's *Fifth Discipline* that served as a catalyst for the upsurge in interest (Sligo 1996:508).

The assumption behind promoting learning organizations is that it will enable companies to anticipate and respond to change quickly (Redding 1997: 62), resulting in benefits that are both strategic and financial (Simonin 1997: 1154). Managers, however, sometimes make the mistake of assuming that learning will automatically improve performance. As Tsang (1997:78) wisely points out, organizational learning is neither a necessary nor sufficient condition to guarantee financial and strategic advantage in any business.

There is a sizable literature on managerial learning, organizational learning, and learning organizations. Argyris and Schön (1978, 1996) note that it can be divided into two separate branches. One is normative, practice-oriented, enthusiastic, and largely uncritical. The second branch is found more often in schools of management and business and tends to be more distant from practice, skeptical, neutral and non-prescriptive.¹⁰⁵

It is the researchers from this second branch who most often complain that there is much enthusiasm for the concept but little material that is rigorous or discriminating (Dilworth 1996: 408; Baldwin et al 1997).¹⁰⁶ While much of the rhetoric exhorts companies to become learning organizations, it is relatively uninformative on how to develop this capacity (Simonin 1997: 1150; Lipshitz et al 1996: 292-293). Still others fault the many studies that are based on consulting experience for seldom following rigorous research methodologies and overgeneralizing their theories to all types of organizations. But the critics are not perfect either—the more descriptive academic studies striving for scientific rigor often fail to generate useful implications for practitioners (Tsang 1997: 73).

¹⁰⁵ In their own work, Argyris and Schön tried to take the middle-ground by focusing on individual practitioners who they saw as centrally important because it was their thinking and actions that influenced learning at the organizational level (1978, 1996:xix).

¹⁰⁶ Senge in particular, and the learning organization literature in general, has received some particularly sharp criticism from Long and Newton who said that its popularity in management literature is based on the hope that organizational change can occur painlessly (1997: 284). They went on to criticize the literature for stressing a rational approach to problems while denying the irrational dynamics and motives that underpin much of organizational life (285); never addressing how to move from, for example, destructive competitiveness to a more holistic cooperative experience (289), or not considering age or gender in the dynamics of the learning process or how these may affect a person's readiness to learn (291).

There is no single theory of organizational learning and there is little agreement among researchers on the underlying theoretical issues. Theories include: double loop learning theory, expectancy theory, push-pull theory, systems theory, contingency theory, coordination theory, rational, power and politics, punctuated equilibrium theory, optimal curve theory, feedback theory and experience theory.¹⁰⁷

Definitions Despite the popularity of the terms “organizational learning” and “learning organizations,” a clear definition and consensus on the concept or methodology has proved to be elusive over the years (Garvin 1993:79; Tsang 1997:73). As Tsang (1997: 80) so bluntly states, most talk about learning organizations is maddeningly abstract or vague and perpetually falls short on the specifics. He illustrates his frustration with Senge’s (1990) definition of a learning organization, which is “an organization that is continually expanding its capacity to create its future.”

Other definitions are only slightly more concrete. Gephart et al (1996: 36) define a learning organization as an organization that has an enhanced capacity to learn, adapt, and change. It is an organization in which learning processes are analyzed, monitored, developed, managed, and aligned with improvement and innovation goals. Huber (1996: 822) states that an organization learns when, through its processing of information, it increases the probability that its future actions will lead to improved performance. Lipshitz et al (1996: 293–294) define organizational learning as a cultural rather than a cognitive phenomenon, and a process through which organization members develop shared values and knowledge based on past experience of themselves and others.

The two similar and closely related terms “organizational learning” and “learning organization” are sometimes used interchangeably. Lipshitz et al (1996: 294) point out that both terms are equally ambiguous and the relationship between them is not very clear. Tsang (1997:75) clarifies the difference by saying that organizational learning is a concept used to describe certain types of activity that take place in an organization while learning

¹⁰⁷ See Neilson (1997: 21-22) for a brief description of these theories.

organization refers to a particular type of organization. And, he says, there is a simple relationship between the two—a learning organization is simply one that is good at organizational learning.

Characteristics Though the literature may not offer a great deal of insight into how to become a learning organization, many authors seem certain that they know one when they see one.

The literature offers a very long list of a learning organization's essential features, which again can be frustratingly vague.¹⁰⁸ Lipshitz et al (1996:295), however, are more concise. They state that a learning organization is characterized by its culture. It will show appreciation for and willingness to invest resources in learning activities (continuous learning); show appreciation for and willingness to incur losses to obtain valid information; be willing to expose one's operations to inspection (transparency); judge the actions and opinions of organizational members on their merit and not according to the members' rank, prestige, or any other personal attribute (egalitarianism); and will take personal responsibility for implementing lessons learned (accountability).

Wenger (1996:21) notes that the difference between a true learning organization and one that gives lip service to the idea is the degree to which informal learning activities are recognized, respected, and encouraged. He goes on to say that our institutions are largely based on the assumption that learning is an individual process, it has a beginning and an end, it is best separated from the rest of our activities, and teaching is required for learning to occur.

How Organizations Learn There seems to be substantial confusion about the relationship between individual learning and organizational learning. Both Lipshitz et al (1996) and Tsang (1997:75) warn us against the danger of anthropomorphism—individuals may be equipped to

¹⁰⁸ This laundry list includes: continuous learning at the systems level; knowledge generation and sharing; critical systemic thinking; a culture of learning; a spirit of flexibility and experimentation; adaptability; lack of complacency; ability to tap people's potential for learning as a strategic competitive advantage; people-centered; mistakes are seen as an opportunity to revise the way of doing things instead of a reason for punishment; support hierarchy-free dialogue, a free flow of communication and free access to information; the culture supports teamwork, communication and learning; and an atmosphere open to risks, new ideas, solutions, and concepts (Gephart et al. 1996: 38; Redding 1997: 62; Reger and Wichert-Nick 1997: 805-806).

perform the tasks of experiencing, reflecting, conceptualizing, and memorizing, but it is not self-evident that organizations possess a similar capacity to learn from experience. Lipshitz et al (1996: 293) suggest that because all learning takes place inside individual human heads, an organization learns in only two ways: (a) by the collective learning of its members, or (b) by ingesting new members who have knowledge the organization previously did not have.

Dissemination of Learning

Organizational or community memories are an important source of knowledge, but managers wrestle with how to disseminate this knowledge through an organization.¹⁰⁹ The solution is usually the creation of a large-scale database or digital library to which employees contribute. Two fundamentally different approaches are taken to the problem of managing knowledge. One is create and develop new ways of searching the data that has already been entered into the system. The second is to enable searching of meta-data about individuals who possess the information that someone might need. One seeks to eliminate the need for individuals; the other seeks to bring people together so that they can learn from each other.

Catherine Marshall et al (1995) discuss the challenges of implementing one of these systems. They note that databases require thoughtful and continuing maintenance to weed out inconsistencies and redundancies; they need to reflect the evolution of shared understanding; members must be aware of each other's contributions; the contributions must be mutually intelligible, and they must be useful (69). And finally the multiplicity of the media with its own formats, access, and protocols can also present significant logistical obstacles (71).

They also point out how difficult it is to provide incentive for individuals to add to the shared memory since the effort may outweigh any benefit they derive from it, and it's difficult to ensure that the member's contribution is useful to others.¹¹⁰

¹⁰⁹ Carl Couch states that collective memories are the foundation of social relationships, and those without memories cannot be viable members of social relationships and social structures (1996:7). The same could be said for organizational groups.

¹¹⁰ It should be pointed out that community memory, sharing of knowledge, or knowledge management is not limited to a tangible medium. It may be retained internally within the individual. Julian Orr in *Talking About Machines* (1996) points out that Xerox technicians deal with problematic situations of

Obstacles In spite of the enthusiasm shown for learning organizations, creating one is not a simple task—structural, procedural, and cultural barriers can easily thwart an organization’s efforts.

While it is accepted that learning in organizations is based on people sharing information, employees will only share information if (1) it is easy to find out who specifically within the organization needs the information; and (2) it is easy to contact this person (Huber 1996: 830).¹¹¹ Therefore, an essential aspect of improving organizational learning is removing barriers that block the flow of information from where it is available to where it is needed in the organization (Lipshitz et al 1996: 295). Marshall et al (1995) add that from the user’s perspective, community members are often unaware that the information they need is in organizational memory (79).

Though structural and procedural obstacles can create obstacles, probably the greatest barrier to increasing organizational learning is the culture of the organization. These cultural barriers include the definition of learning and education; incentive and motivation; fear and negative attitudes; and false expectations (Bencivenga 1995:70). Dilworth (1996: 410-411) weighs in on the topic by stating that there are five principal cultural barriers to creating learning organizations: (1) treatment of learning as an individual phenomenon rather than as something that can involve a group of

service and the fragility of control over the definition of the problem and the resolution by using narrative. These “war stories” are the principal means by which technicians stay informed of what’s going on in their field and the subtleties of machine behavior. As he says, these narratives serve the foundation of demonstrating the technicians’ mastery and so both celebrates and creates the technicians’ identities as masters of the black art of dealing with machines and of the only somewhat less difficult art of dealing with customers (2, 126). It also allows other technicians to learn from the experiences of their colleagues. These narratives take place regularly but informally over lunch or coffee get-togethers.

¹¹¹Sligo’s (1996) work showed that there is little equity in the flow of information—who you are and where you are in the organization makes a difference. Brooks (1994) research also points out that low-power members of a group have a more difficult time both contributing to and producing knowledge, and the ability to contribute was related to the amount of formal power they had. They argue that existing power relations are embedded in our institutions, and that these institutions perpetuate themselves. Those with sufficient power to participate in the ongoing production of knowledge, usually reproduce knowledge that supports the existing distribution of formal power (Brooks 1994: 229). She adds that though a flat or non-hierarchical organization is an obvious choice, this isn’t necessary—there are other ways to control or eliminate differences in the distribution of formal power (229). Changes are not easily implemented however—while top management may endorse such initiatives, they often fail to support them on a day-to-day basis (230).

people; (2) fixation on formal training, with little attention given to informal workplace learning; (3) treating business and learning processes as entirely discrete worlds; (4) nonlistening work environments—nonlistening effectively blocks communication and the kinds of idea interchange necessary to promote organizational learning; and (5) autocratic leadership styles which can lead to an atmosphere of distrust, fear, blocked communications, fragmentation of work effort, and stultification of organizational learning.

Certainly, another major obstacle is how we, as a society, define learning and education. As schoolchildren we learned that learning is synonymous with taking in information and being able to produce the right answer, but the purpose of learning has changed. Workers are now being asked to learn in order to do their job better, not parrot back the correct answer to a teacher. Consequently, transforming these old assumptions and habits in the boardroom or on the factory floor is not an easy process and we shouldn't be surprised when the manager or worker shows little intrinsic motivation to learn—that is, to experiment and discover new insights from mistakes and outcomes that don't turn out according to plan (Senge 1996: 98). Senge himself is not entirely optimistic and says that if this attitude towards learning is so deeply established, it may not be possible to reverse it in the workplace (Senge 1996: 104).

Closely related to organizational culture is the issue of incentive and motivation for both workers and managers. Peter Senge (1996:97) firmly believes that intrinsic motivation is best for learning, but acknowledges that extrinsic motivation, whether it be the carrot or the stick, is the bread and butter of Western management. He emphasizes that though he believes in intrinsic motivation, this doesn't mean that rewards are irrelevant (Senge 1996:97-98). Also closely related to the issues of motivation are employees' fears, suspicions, distrust, and deeply held attitudes. There is frequent confusion over the meaning of words such as learning, teams, standards, motivation, and innovation. These words can be a problem because people hear them differently—employees often think that the reason the management wants them to improve is because they are deficient, and naturally, the employees resist what they perceive to be an

effort to make their deficiencies public (Senge 1996:103-104; Dilworth 1996:420).

As discussed in earlier chapters, Ford dealership employees experience all the classic problems of incentives, motivation, and corporate culture. The organization is strictly hierarchical, they fear retaliation for mistakes made or opinions offered, and they sense that Dearborn is always trying to correct what they perceive to be their many deficiencies.

Despite all the reservations about the usefulness of the concept and the severe challenges organizations face in becoming learning organizations, most authors would agree that learning usually, though not always, increases an organization's capacity to perform better. An organization that is quick to correct its errors and react to environmental changes should, on average, outperform one that seldom learns from past mistakes. In addition, lessons learned in the past, if properly stored in the organizational memory, are an important source of knowledge for members of the organization to draw upon (Tsang 1997:79).

To illustrate some of these concepts in a dealership, the next two sections will describe the formal and informal learning that takes place, as well as the obstacles both Dearborn and the individual dealerships face.

Formal Learning

Introduction American firms spend billions each year—\$50 billion in 1998 according to the U.S. Department of Labor—on formal training in the workplace. Ford, like the other automobile companies, has invested millions of dollars in training for dealership employees.

Though training has always been important to Ford, it became an even higher priority in the 1990s in response to the changing automobile industry, which included a greater emphasis on customer satisfaction, increased competition, and greater technical sophistication of vehicles.¹¹² Ford saw highly trained dealership staff as key to maintaining their competitive advantage and future success.

In the past, dealership employees were trained at regional training centers—a rather expensive and time-consuming undertaking.¹¹³ It was clear that Ford needed to find a system that could provide more training to employees in the approximately 6,000 North American dealerships, yet at the same time reduce the amount of time employees spent away from their workplace. They found their solution in distance education and delivering live training via satellite to every Ford dealership.

Distance Education Correspondence courses and the development of a reliable postal system marked the beginning of distance education. Caleb Philips of Boston is thought to be the first to offer distance education. In 1728 he began offering to send weekly shorthand and accountancy lessons to students living in rural areas. Though a satellite system may seem a long way from Philips' shorthand lessons, one of the common threads of distance education has been the enthusiastic embrace of new technologies, whether it be the postal system, radio, television, or the Internet (Mood 1995:1-2).

¹¹² Since the early 1960s, Ford has made an intensive effort to train their technicians with district service schools and in-dealership training (Sullivan 1962: 134-135).

¹¹³ Some dealers complained that they often had to spend \$30,000 a year on employee training. And Ford is not unique in their desire to find a more cost-effective way to train their employees. Many companies have come to realize that while traditional training methods may be comfortable and familiar for workers, formal face-to-face training is often too costly and time-consuming (Kirkpatrick 1999).

There has always been some argument in the distance education field what type of training, learning, or teaching should be included. Jan Hawkins (1991:160) defines distance learning as electronically mediated activity between students, teachers, and information sources that are separated by significant geographical distance. And Mood (1995: 19) summarizes the four main characteristics of distance education thus: (1) The teacher and learner are physically separated; (2) The course or program is controlled by an educational institution; (3) Some form of media is used to overcome the physical separation; and (4) Two-way communication between teacher and learner must be provided.

In general, the literature on computer-mediated distance education is generally very positive and descriptive rather than analytical. One of the few articles that investigates students' frustration with web-based distance education is Hara and Kling (1999) who found that their frustrations resulted from three interrelated sources: a lack of prompt feedback, ambiguous instructions and technical problems, such as lack of access to computers, lack of computer support when error messages appeared, and incompatible software. And little attention has been paid to measuring a project's success. Hawkins (1991:164-167) lists five possible categories for assessing distance education: the practical issues of how well the technology functioned, issues of community creation and definition, issues of discourse (the kinds of conversation and topics that are discussed), activity definition (the activities that occur and the reasons for their occurrence) and finally, issues of quality control.

Using Fordstar

In 1994 Ford introduced Fordstar—not an eighteenth century correspondence course, but a satellite system—to deliver live training to all Ford dealerships.

There is an impressive assortment of programs offered each week. Though over 60 hours and a wide range of programs are broadcast daily, only one program can be viewed at a time in the dealership, so a certain amount of planning is required and one employee in the dealership is usually designated as the Fordstar coordinator. (See figure 5.1.)

5. Learning in the Workplace — *Formal Learning*

EST	7:30	8:00	8:30	9:00	9:30	10:00	10:30	11:00	11:30	12:00	12:30	13:00	13:30	14:00	14:30	15:00	15:30	16:00	16:30	17:00	17:30	18:00	18:30	19:00	19:30			
Channel																												
501		Professional Automotive Selling: Business Development					Relationship Management — Part 2 of 2					Professional Automotive Selling: Greeting and Needs Assessment					Sales Operations Management — Part 2 of 3											
502		Win-Win Negotiating — Part 1 of 2					Effective Communication Tools — Part 1 of 2					Selling Trucks: the Ford Super Duty F-Series Experience					Service Operations Management — Part 2 of 4					Customer Handling: Resolving Customer Concerns — Part 2 of 4						
503		Using Credit Net II					In-Dealership Warranty Counseling Process					Leadership for Dealership Management					Effective Communication Skills — Part 2 of 2					Leadership for Dealership Managers — Part 2 of 4						
504		Warranty Claim Preparation — Part 1 of 2											Using Credit Net II					W&P Manual – Administration Workshop — Part 1 of 2					Receiving and Inspecting New Vehicles					
505		Red Carpet Lease — Part 1 of 4					Building Appointment, Scheduling, and Loading Systems — Part 1 of 2					The F&I Sales Process: Meet and Greet and Qualify — Part 1 of 2					Red Carpet Lease Renewals — Part 2 of 2					Building Appointment, Scheduling & Loading Systems — Part 1 of 2						
506		Tech Time (French)		Fix-it-Right-The-First-Time: OBDII Misfire Monitor					Tech Time (French)		Brake and Noise Vibration				Side Airbag Systems													
507		Tech Time		Refrigeration and Heating: Operation, Diagnosis and Service — Part 2 of 2					Windstar Power Sliding Doors				Tech Time		Tech Time													

Figure 5.1: A typical day would offer a broad range of Fordstar programming for technicians, parts and service operations, sales, and business management.

Ford has recently introduced a program requiring each employee to be certified for their job, meaning that employees must take the appropriate classes and pass a test, and most employees are aware of the classes that they need to take each year in order to either become or remain certified.¹¹⁴ The number of classes employees have to take each year is not onerous—often only one or two are required, but employees are welcome and encouraged to take more classes than the minimum requirements, either on their own time or with permission by their supervisor.

To participate in a class, an employee registers with Ford for the specific class they wish to take, and the workbooks arrive some weeks later. At the appropriate time, they go to the room where the equipment is located, turn on the equipment, set it to the appropriate channel, and type in their social security number on their individual keypad. A database called STARS keeps track of the training each person has received.

¹¹⁴ In the shop, Ford has pressured dealerships to accept certification by introducing a policy of not paying for certain warranty repairs unless it is done by a technician certified for that particular system.

5. Learning in the Workplace — *Formal Learning*

A typical broadcast lasts 2 hours. The first 15-20 minutes are usually spent on administrative matters (e.g. how to use the equipment, which version of the workbook they should be using, phone numbers to call for help, etc.). The instructor, who is referred to as the “host,” is usually a person with many years of experience and who has held the same position as the participants. The host then gives out a short survey to the students (the number of participants can range from a dozen to several hundred) asking what jobs they hold and how long they’ve been in the automotive industry. Participants respond by pressing the appropriate keys on their keyboard. (See figure 5.2.) The answers are tabulated and displayed on the screen for everyone to see. The class then begins. The host covers the material, often requesting that the audience call in and talk about their own experiences, and occasionally stopping to give a multiple-choice quiz. There is usually a 10-minute break at the halfway point. The class continues after the break, often repeating some of the material presented in the first half.

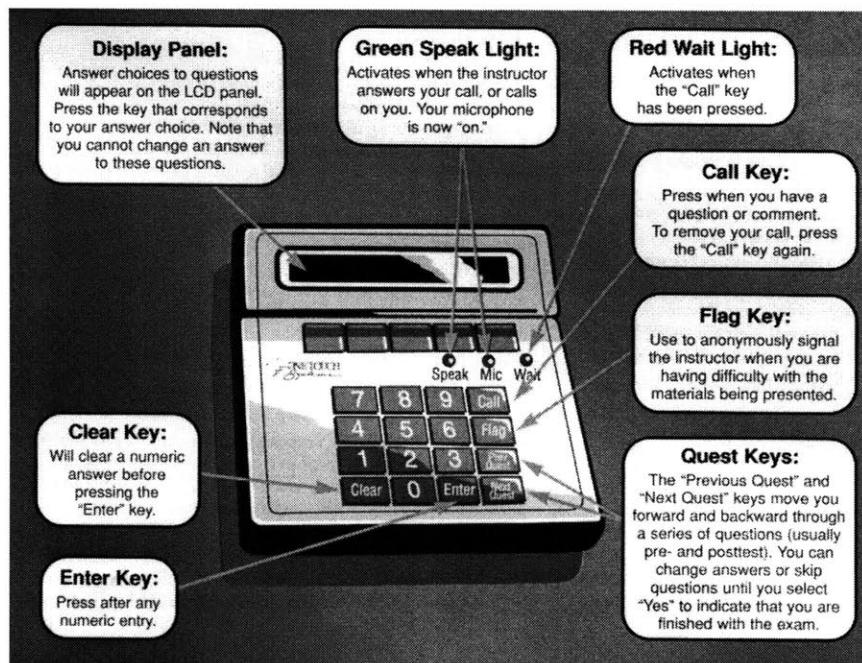


Figure 5.2: Each participant uses the OneTouch keyboard to communicate with the host, either by pressing the correct keys to answer a question, or pressing the call button to initiate a telephone call.

The broadcasts are usually quite professional. The producers and hosts are very knowledgeable about the material and they put a great deal of effort into creating their sessions.¹¹⁵ The pop-quizzes and surveys work well too, with feedback being tabulated almost instantaneous. The interaction part, however, leaves much to be desired. It's technically awkward and the comments from the participants can be banal. To communicate with the host (and fellow students) participants push a call button on their keypads that calls up Dearborn over telephone lines. When the host wishes to speak to the caller, they patch the call into the broadcast for others to hear. In theory, this is could be an excellent way for dealership employees to contribute and share their experience with others—and sometimes it is. Too often, however, calls do not go through and there are far too many calls from people who push their call buttons and when they finally get through say "I was just seeing if this thing worked." Instead of being exciting and informative, the interaction can more often be disruptive and boring.

The sessions are broadcast during the workday, beginning at 8:00 AM and continuing until 8:00 PM, with the majority shown between 8:00 and 5:30. This scheduling obviously makes sense because most dealerships operate during these hours, but they are also the hours when the employees are the busiest. It can be difficult for an employee to take two hours out of a very hectic day. It is technically possible to tape the broadcasts to watch at a later time, but from Ford's perspective the person would not have taken the course because he or she didn't log on or take the test at the end of the class and therefore the program could not be used for certification.

Physical Environment

In most dealerships, the room in which the Fordstar training takes place is out of the way and frequently small and unattractive. They usually aren't the kind places in which one would look forward to spending time. This partially indicates the priority of training in dealerships, but it also reflects dealers' common attitude to the work environment and their employees—if

¹¹⁵ To prepare for the broadcasts, instructors much undergo an 8-hour orientation session and then spend another 8 hours of rehearsal time for every one hour of air-time in order to keep timing and technical glitches to a minimum.

customers don't see it, then it's not worth investing money.¹¹⁶ Fordstar training rooms can best be described as "out of sight, out of mind." On one hand, the advantage of being far away from the sales or shop floor is that there are fewer distractions, but the disadvantage is that it is more awkward to get to and easy to forget.

Objections Though the Fordstar training system has not been warmly embraced by all, it has been accepted, albeit somewhat unenthusiastically. One person called it "an evil necessity." In hindsight, many employees look back at the training in regional centers with fondness because they enjoyed the change in routine and many claim that they learned more with the face-to-face interaction of the classes. Of course they will also good-naturedly admit that their complaints about training are not new or unique to Fordstar—they readily confess that they used to also gripe about being sent off to classes at the training centers.

There are four main complaints that dealership employees have about the Fordstar training system. First, they are so busy and their days are so hectic that it is hard to find the time for classes. For example, the employees in the parts department say that the programs are not very convenient for them because their busiest times is 10:00 AM to 3:00 PM which is the same time when the majority of the programs are on. Shorter classes held at the end of the day would be a welcome improvement for them. Related to this is the problem of scheduling—managers have to plan weeks in advance when their staff will take the classes, but they never know if that day will be particularly quiet or chaotic. As a consequence, many end up postponing their training until the end of the year.¹¹⁷ The current system simply doesn't allow managers to be spontaneous and take advantage of the training when they have an unexpected lull in their workday.

The second problem is matching the classes to the skills and experience of the employees. The introductory classes bore the

¹¹⁶ One exception is a dealership in the San Francisco area who has placed the training room in the center of the dealership and surrounded it in glass, with the idea of showing customers that they take training seriously and that their employees are constantly updating their knowledge. It will be interesting to see if other dealers who renovate their facilities follows the lead of this dealership.

¹¹⁷ Employees lose their certification if they do not complete their required courses by December 31.

more experienced person, and yet a more advanced class would probably overwhelm a new employee with little dealership experience. Only the courses for technicians are rated according to degree of difficulty.¹¹⁸ A related problem is matching the courses to the learning styles of the participants. Some individuals are much more comfortable learning by hearing new material, some rely more heavily on visuals, and others learn best by actually doing or practicing the skill rather than reading or hearing about it.

Another complaint has to do with the pay structure in dealerships. Not all dealerships pay their employees for the hours spent in training. Many dealers do pay their employees an hourly rate for training, but those employees who are paid partially or completely by commission (service advisors, parts counter employees, and salespeople) as well as the technicians who are paid flat rate obviously will make less money during training than they can on the sales or shop floor. In a culture that rewards its employees financially, this is quite a disincentive.

And finally, dealership employees complain about the logistics, management, and organization of the class, particularly the call-in segment. Almost everyone who takes the classes says that they like the idea of hearing from others doing the same job in other dealerships, but they dislike and resent the high number of callers who waste everyone's time by calling in to either check their equipment or have nothing interesting to say.

Training for dealership employees is not limited to the Fordstar broadcasts. In the training room there is usually a desktop PC with CD-ROM used by technicians for FMT (Ford Motor Training) courses as part of their certification which are often lead-ups to off-site training.

¹¹⁸ Basic courses are designed for students with little or no technical knowledge of the system covered. General theory and operation of systems are primarily covered, with some basic diagnostic information. Intermediate courses are designed for students who already have basic knowledge of the systems covered, but would like to increase their knowledge of the systems. Courses will become more specific and be taught in greater detail, with the addition of diagnostic information. Advanced courses are for students experienced in the systems covered. Knowledge of the basic theory is assumed, in increased diagnostic and tool application.

For ongoing skill upgrading, the sales department relies mostly on Fordstar training, but Ford still organizes half-day motivational events and new product seminars off-site for the sales staff. The off-site training was frequently praised because when it was done at the dealership “people could get you,” meaning that they could always be interrupted, and often were.¹¹⁹

Managers often brought up the question whether Fordstar training should be available at home with more emphasis on self-study. The reactions were mixed: some liked the idea that training could be done elsewhere while others were adamant that any training should take place at work and not at home. After all, they argue, the staff already work very long hours and when they do get home, it should be a break from work, not an extension of it. Once employee explained that though he thought the option of self-study was good, he thought it was impractical in his own case because after 9 hours of work, not only was he exhausted, but he also had to take care of family and household responsibilities.

Differences in Attitude

Though the reaction to Fordstar training varies with the individual, the average employee could be described as fairly resigned and accepting. But that average would also hide the quite significant differences in attitude to learning and training between the service and sales department. The service department employees appear to be more open to training in general, and Fordstar in particular. One manager said that as far as he was concerned, “the more training, the better.” This is in stark contrast to the attitude in the sales department where they are reluctant participants in training programs and are particularly unenthusiastic about the Fordstar training broadcasts.

The differences between the departments can be explained by their different assumptions about knowledge and how the training benefits them. Technicians and parts employees, for example, seemed to have the least objection to the training, perhaps because their training is more straightforward and focuses on the nuts and bolts (literally and figuratively) of doing their job. They are quite

¹¹⁹ Of course the counter argument is that while it may be a pleasant change of pace to leave the dealership during the workday, salespeople cannot earn their commission if they are not on the floor selling vehicles.

aware that knowing more about the vehicles will help them work faster and ultimately earn more.¹²⁰

The service advisors and sales are much less receptive, and one could certainly speculate that the content of the training is more difficult for them to accept since much of it does not just focus on the logistics of their job, but are full of recommendations and “new” ways of working with the customer. In essence, the courses tell them that customers are at least their equal and must be treated respectfully—something that some have difficulty accepting, not because they are innately rude, but because it challenges their fundamental view of themselves and their role.¹²¹ If employees see themselves as knowledgeable and competent and the customer as the difficult and ignorant party in the transaction, anything that challenges their superiority is unlikely to be accepted happily or readily.

But it is the sales staff who seem to object most to the Fordstar training. It was a salesman, for example, who stomped up the stairs to the training room saying in a loud and angry voice for the benefit of all to hear “I’d like to get a hold of a rocket and blow up the satellite so that I wouldn’t have to do this [training] anymore” was obviously reacting to something more than merely the potential of hearing a few inane comments from his fellow students. Other salespeople are somewhat less dramatic, but still referred to their required training as “doing time.”¹²²

There are number of explanations for their strong negative reaction to training. First, as was just mentioned, the classes constantly

¹²⁰ There are exceptions, of course, even in the service department. At the individual level, an employee can have difficulty learning or be unenthusiastic about participating in training programs because they may lack the study skills, especially if they’ve been out of school for a number of years. They may not have liked school or not done well, and consequently they may have a negative attitude towards any type of formal learning. And those who use the computer for self-study may be uncomfortable using an unfamiliar technology.

¹²¹ Ford wants to make the consumer more powerful in symbolic ways such as offering greater cheerfulness and obliging attitude. Because this is what “non-expert” or low-status employees such as servants are supposed to do, the service advisors who consider themselves expert and superior find this difficult to accept. In their eyes, a show of respect or deference would lower their status.

¹²² To put their complaints into perspective—the training and testing requirements for salespeople certainly aren’t demanding. Often they only have to complete one training program per year. Neither is the annual certification particularly challenging. It entails a series of four open-book tests, and as one manager said, “If you can read, you can pass them.”

emphasize the need to change their views and attitudes towards customers. The older salespeople who may have been doing this job for years, must find it particularly irksome, because it implies that they have been “wrong” for a long time. And of all the employees, the salesperson’s job revolves around the relationship between the salesperson and the customer. Any potential change to that relationship threatens them, their view of themselves, and their livelihood.

Second, many salespeople believe that sales cannot be taught since the ability to sell is mysterious, innate, and difficult to pin down.¹²³ People either have “the right stuff” or they don’t. In contrast, employees in the service department generally believe that their work and the skills required are learnable and there is a basic assumption that most people can learn. In addition, the technical environment is constantly changing and everyone agrees that there are new components to fix. Granted, some might find it easier than others, given their personalities, talents, and preferences, but most of what they do is learnable with enough effort.

Salespeople also resent the classes because it takes them off the sales floor. The other employees usually receive their standard hourly pay, but not their commission (or flat-rate if they are technicians). Everyone may suffer somewhat financially, but salesmen have the potential of a much higher financial penalty because every hour that the salespeople spend in a class, they aren’t selling vehicles, and if they do not sell vehicles, they are not earning income.¹²⁴ Many say that they spend the 2-hour classes worrying that they are missing the thing they really love—making a terrific sale out on the showroom floor.

And lastly, the sales staff are “people” people. They thrive on face-to-face contact with others, so sitting in a room by themselves watching a television monitor is not their preferred

¹²³ The belief in the innate ability to sell does not contradict the sales managers’ efforts to train their sales staff in proper techniques. The right technique will enable an average person to be fairly successful in selling cars, but having that mysterious quality makes a truly great salesman.

¹²⁴ Note that this is a *potential* penalty only. An average salesman would only sell a vehicle every two or three days, not on the hour.

environment.¹²⁵ They don't seem to mind attending off-site training courses (even though it also means not being able to sell cars) because these courses are their only chance to meet sales reps from other dealerships in the region. As one salesperson said, he always picks up a tip or two from listening to others.

And as always, there are exceptions. Most dealerships would have at least one salesperson who thoroughly enjoys the training programs and go out of his or her way to take more than the required courses.

¹²⁵ A few salesmen complained that even if they were interested in the program, it was hard to concentrate if there were other salesmen in the room because they talked and joked throughout the program.

Informal Learning

Introduction Though American firms may spend billions each year on formal training in the workplace, recent research has shown that between 62% and 83% of employee learning takes place through informal learning (Marsick and Watkins 1990; Verespej 1998, EDC 1998). But despite how common informal learning is in the workplace, very little attention is paid to it because it is often thought of as an intangible form of learning, hard to define, and hard to quantify (Garrick 1998).

As important and prevalent as informal learning may be, the literature consistently makes the point that this does not devalue the importance of formal training. Instead, they note that there are very strong links between the two types of learning.¹²⁶ In short, informal learning plays an important role in the health and success of firms. The same EDC report showed a small but statistically significant positive relationship between informal learning and production performance, with both Day (1998: 34) and Shaw (1993: 352) noting that firms and organizations that emphasize learning did better than those that emphasized sales, promotion, delivery, or service.

Definitions Informal learning can be difficult to define, and is usually defined by what it is not—formal learning. Typically informal learning is described as being not institutionally sponsored, not classroom-based, and not highly structured. It is also characterized by greater control over the content and context by the learner; and it

¹²⁶ If fact, a recent EDC report (1998) “Training Firms” estimated that every hour of formal training yielded a 4-hour spillover of informal learning (Stamps 1998:34). For example, an organization such as Ford may know how a new type of air bags should be installed in an older model of vehicle. They will use a formal Fordstar training program to teach an individual technician how this work is done. In the course of the next year, the technician who works in the adjacent service bay may be trying to do that repair but is having difficulty. The technician who participated in the Fordstar program might take a few moments to walk over to show his colleague how it is done, and the second technician informally learns how to correctly install the air bags. But they discover that this particular model is slightly unusual and the solution learned during the Fordstar program doesn’t strictly apply in this situation. Together they find a solution to the problem and the air bags are installed properly. If the system is working well, the individual technicians who learned how to solve the problem of installing air bags in that model of car, would contact Ford Dearborn via EDSR to inform them of their solution, which would then be fed into organizational memory and incorporated into the Helpline database and formal Fordstar programming and technical training in the future.

is predominately experiential with less predictable outcomes (Marsick and Watkins 1990).

The literature does not completely agree on whether or not informal learning is a deliberate act by the employee. While Mocker and Spear (1982) say that it is non-intentional, most other authors, including Marsick and Watkins say that informal learning can be planned or intentional, as for example, in self-directed learning or help consciously sought from fellow-employees, advisors, coaches or mentors. These authors distinguish non-intentional learning by calling it “incidental learning” and consider it a sub-category of informal learning. They define incidental learning as a byproduct of some other activity such as task accomplishment, interpersonal interaction, sensing, the organizational culture, or trial-and-error experimentation. It is never intentional, seldom explicit, and almost always serendipitous, coincidental, and buried in the context of other tasks (1990:6–8).

Formal Learning	Informal Learning	
<ul style="list-style-type: none"> - institutionally-sponsored - classroom-based - highly structured 	<p>Intentional Learning</p> <ul style="list-style-type: none"> - non-institutional - non-classroom - learner controlled - Examples: self-directed learning, networking, coaching, mentoring, trial-and-error 	<p>Incidental Learning</p> <ul style="list-style-type: none"> - non-intentional - often a by-product of some other activity - Examples: learning from mistakes, assumptions, beliefs, internalized meaning, hidden curriculum of formal learning.

Figure 5.3: Definitions of formal and informal learning.

Informal learning can take place almost anywhere—from organizations that deliberately encourage it to an environment that is not highly conducive to learning (Marsick and Watkins 1990:12). And though most literature implies that informal learning takes place between employees, Marsick and Watkins quite rightly point out that it can also include learning from customers and vice versa.

Though informal learning may be prevalent and important, what exactly do employees learn? According to the EDC report (1998) there are four types of work skills that employees learn informally:

- practical skills (e.g. job-specific knowledge, safety issues),
- intrapersonal skills (e.g. problem-solving, critical thinking, stress management, prioritizing);
- interpersonal skills (e.g. communication skills, presentation skills, teamwork, conflict resolution); and
- cultural awareness (e.g. teamwork dynamics, professional advancement, social norms, and priorities) (Day 1998: 34).

Situated Learning

In the late 1980s, Lucy Suchman introduced the idea of situated practice in *Plans and Situated Actions* (1987). Four years later Jean Lave and Etienne Wenger developed the concept of situated learning (1991). Both are based on the idea that learning and practice are quintessentially social in nature. They call the process of learning in this context “legitimate peripheral participation”—which they emphasize is a way of understanding learning, not a strategy or technique (29). An example is the process by which a new employee begins on the periphery of the work group, but gradually joins in as he or she learns and gains skills and experience.¹²⁷ Becoming a full participant involves engaging with the technologies of everyday practice, as well as participating in the social relations, activities, and production processes of the group and gradually becoming a member of the community of practice (101). Lave and Wenger’s view proposes that a worker does not just absorb new information while they learn, but in fact, becomes a different person (53).

The situated learning approach differs quite radically from the traditional view of learning that sees learning as a one-way, usually solitary, absorption process. In contrast, situated learning redirects the focus from the individual to the world around the learner and their relationship to it.

¹²⁷ An apprentice is a good example of this process. Beginning work on the periphery is advantageous because there is less intensity, less risk, special assistance, and less production pressure (Wenger 1998:100)

Encouraging Informal Learning In spite of a generally accepted assumption that informal learning is valuable in an organization, pin-pointing the exact conditions needed to encourage it is more of a challenge. David Stamps (1998: 34) uses the term “learning ecologies” to describe the mix of interdependent elements and cultural factors that cause informal learning to happen, or not happen, and admits that it is something that cannot be totally managed or controlled.¹²⁸

Like the literature on formal organizational learning, authors are often able to describe the characteristics of the successful firm that encourages informal learning, but suggestions on how to reach this state are either vague or nonexistent. At the level of the organization, informal learning in the workplace is highly influenced by the work context (Marsick and Watkins 1990: 15), organizational environment, and organizational learning style. Argyris and Schön (1974: 18-19) describe two types of organization. One is characterized by unilateral control, secrecy, and win/lose thinking, while the second is more learning-friendly and helps people make their assumptions and beliefs public so that their inquiry (and learning) can take place. This second type of organization has a culture of openness and trust, and recognizes the efforts of employees, which in turn motivates them to learn (Verespej 1998: 42-43).

At the level of the individual, everyone has the potential to learn informally from his or her interactions with others, but not everyone does. Marsick and Watkins (1990: 29-30) claim that individuals who tend to learn informally are proactive and take initiative; they have the ability to reflect critically, and are able to creatively think beyond the point of view they normally hold. Another group of individuals who practice informal learning are professionals who are driven by their commitment to the profession (118) and whose work draws on an extensive knowledge base which they update by reading, interacting with colleagues through professional associations and journals, and participating in seminars and other continuing education (44).

Informal, formal, individual, and organizational learning are all deeply interrelated, and none substitute for the other. A firm with

¹²⁸ Nardi and O’Day (1999) refer to it as “information ecologies.”

individuals who are intensive informal learners will only benefit from them if they are a learning organization. And as the literature notes, informal learning as ubiquitous as it is, is no substitute for formal training.

Dealership Informal Learning Observing the day-to-day activities of dealership employees quickly shows that informal learning and on-the-job training is extremely important and by far the most prevalent form of learning.

In service departments, training-by-peers and informal learning is prevalent. Technicians come to the job with some type of automotive experience and training, but they are required to continue learning in order to be certified. Technicians have a wide variety of informal learning tools available to them, including OASIS, SBTS, and the CD-ROM training programs.¹²⁹ Even though the service bays are noisy and the technicians usually work far enough apart to make conversation difficult, they still are able to exchange information and learn from each other. A prime example is when they are waiting for their parts at the parts counter—if technicians are having a problem or are puzzled about something, they'll often discuss it with the parts employees or other technicians waiting for their parts.¹³⁰ Coworkers who may have had a similar experience offer tips and suggestions, or sometimes simply sympathy for the frustration of a troublesome job.

Sometimes the training is explicit. Senior technicians can be assigned to work with newer ones though this is not always a satisfactory arrangement—young technicians sometimes interpret help as criticism rather than training, and the more experienced

¹²⁹ Some of the technicians use CDs for self-study if they have computers at home, but not all are comfortable using this system.

¹³⁰ This is not the way it is supposed to work officially, and managers are not pleased when they see it happening. Technicians are supposed to send in their order ahead of time and then simply drop by to pick them up. Technicians don't always do this, sometimes out of forgetfulness or lack of planning, but it's clear that many intentionally do not send it in ahead of time so that they can use those few minutes to either socialize or to casually ask about a problem they're having.

technicians sometime resent the time spent away from their own work.¹³¹

Encouraging individual and peer-to-peer learning can be a fairly subtle, but intentional process. In one shop, the dispatcher knowingly assigns work to C and D technicians that is a little too difficult for them. He lets them try it themselves for a while and when they come to him to say that they can't do it, he asks a technician who is expert in the area to help. When the work is done (by the learner), the expert technician checks to make sure it was done correctly. The dispatcher then splits the billable time for the job between the learner and the expert technician so that the expert is paid for the time spent teaching the new person.

Of all the employees, service advisors are the most active recipients of on-the-job training and informal learning. Unlike in the service bays, experienced service advisors and parts employees are routinely asked to teach a new employee.¹³² The standard training procedure is to have a new service advisor sit with the other advisors and slowly absorb what they need to know over a period of several weeks. As they become familiar with the system, they'll start with simple tasks and build up to more complex ones. (New trainees say learning the computer and the codes are the most challenging.) After about four or five weeks, the new service advisor should be able to perform most tasks independently, but it is an on-going process with advisors continually learning from their colleagues, refining and updating their knowledge, though new advisors will obviously ask more questions and need more assistance than their experienced colleagues.¹³³

In addition, the service advisors physically work side-by-side so when they aren't talking with customers, they're frequently talking with each other. Some of the chat is personal but much is also

¹³¹ One A-technician asked to be switched to flat- rather than hourly-rate because he felt with the clock-rate he was being called on too often to help other technicians with their difficult problems, something that he did not like to do.

¹³² Since they are not in direct competition with each other and it is to their advantage to have competent and well-trained co-workers, this arrangement works well for both parties.

¹³³ The way service advisors are trained is a good example of Lave and Wenger's "legitimate peripheral participation."

work-related—there is constant over-the-shoulder assistance, informal monitoring and comments from their colleagues, and frequent brief conferences with each other if they have doubts about how to handle a situation.

In dealerships where the service advisors are within earshot of the service manager, even more teaching and learning goes on. It is very common for a manager to informally monitor the advisors' conversations and to call out a quick answer or suggestion when necessary. Or if the situation calls for a more lengthy explanation, the manager will call the employee into the office for a short discussion.

As discussed in chapter three, some sales departments take a Darwinian approach to training new hires. They may hire 10 new sales reps when only one is needed, and then wait to see who survives or manages to outsell the others. These employers believe that new employees should be “thrown to the wolves” or “thrown to the lions” and if they survive, they keep their job. Salespeople who have been through this process, say with some pride, that they were trained in “the school of hard knocks.” Obviously those who may not appreciate this technique are long gone from the dealership.

Though this was once a popular training technique, most dealerships are no longer quite so harsh. Now dealerships tend to make more of an effort in finding the right person and then provide some kind of basic training. This introductory training is often very informal, devised by the sales manager and sometimes an outside consultant. The training period may last 4 to 10 days, but 5 is the norm, after which new sales employees are expected to sell full time. During this introductory period, they are introduced to the basics of selling (some role-playing and learning what to say at each step of the process), how to fill out the forms, and familiarizing themselves with the vehicles through printed material, self-study materials, video tapes, and test drives. In addition they learn dealership-specific information such as using the computer system and the route they should take when taking customers for the test drive. When asked about their training, one sales manager said he “shows them the location of the keys [to the

vehicles on the lot], the lunchroom, and the men's room." Though said in jest, there is a certain amount of truth to it.

Again, this lack of interest in training, whether it be formal or informal, stems from the salespeople's belief that you can't teach sales. As one person said, "You can teach cars, but not sales." Though there are tips on technique that can be learned, the essential act of selling a car—that raw human to human communication—is not something that can be easily taught. It also entails possessing a chameleon-like ability. As a sales rep explained, customers have to like you if they're going to buy a car from you, but you can't be a "nice guy" if you're going to make money, so you have to convince the customer that you are, without necessarily being one.

Unlike the employees in the service and parts departments, experienced sales reps are not expected or encouraged to teach new employees. Pairing a new salesperson with an experienced sales rep is not done because they claim that it makes customers uncomfortable. Of course, probably the truer reason is that it makes the salespeople uncomfortable. Since sales reps are in active competition with each other, the chances of a senior salesman sharing knowledge, experience, and successful sales techniques with a beginner is unlikely. They do, however, often allow new employees to sit in during delivery of the car (i.e. the time when the salesperson reviews maintenance schedules, driving tips, and warranty conditions with the new customer). Apparently once the customer has bought the vehicle, bringing in a second salesperson is less alarming, and of course, the sales commission has already been safely made.

Though the introductory training for new sales employees may be sparse, extensive daily on-the-job learning does take place by the floor sales manager. The manager's desk is a central point in the show room where all salespeople must go to have their offers approved, and where they gather to chat if business is slow. From this position, the sales manager acts as a coach, supervisor, mediator, and teacher, constantly increasing the sales staff's knowledge of the car business, selling techniques, product information, and customer relations. Though informal, explicit, and rarely recognized or acknowledged as training, sales reps

probably learn more about the business and the process of selling vehicles from their sales managers than from any other source.

Individual sales reps also learn through trial-and-error, experimenting with different sales approaches and techniques to discover what works and what doesn't work for them. Successful sales reps also say that if a person is a good listener, they can learn a lot from their customers who are often very knowledgeable about their particular type of vehicle.

Though peer-to-peer informal learning is often not expected or actively encouraged in a dealership, it certainly does take place. And as the literature points out, informal learning is not automatically positive and can sometimes even be detrimental. Some service managers complain about employees who are either lazy or have bad attitudes and who "contaminate" the other employees by teaching them those bad habits. Another example was given by a sales rep who observed that new and inexperienced salesmen often arrived at the dealership with a fairly positive, or at least neutral, attitude towards women. Unfortunately though, within a few of months of being steeped in the showroom culture and learning from "the old guys," they too gradually became condescending, disrespectful and often rude toward their female customers and fellow employees.

Though there is much for both Ford and dealership employees to learn in this new business environment, as we have seen, the learning process is not a simple one. Organizational, individual, formal, and informal learning are not isolated activities. Each takes place at different levels but are all deeply interconnected and one flows into the other. It is also clear that communication is another essential ingredient in the learning process because without it, learning cannot be shared. The next chapter will look at issues of communication and learning communities—often called communities of practice.

Chapter 6: Community and Communication

The phrase “learning organizations” is frequently used interchangeably with terms such as “learning communities”, and “communities of practice.” As Neilson (1997:15) points out, a fundamental assumption of the literature is that organizational learning is increasingly dependent on technology to facilitate the sharing of information, and that the learning of one person is inextricably intertwined with the learning of others (Marsick and Watkins 1990: 209-210). Because learning in the workplace is interwoven with concepts of community, and communication, it is important to understand some the underlying assumptions and definitions and their links to collaboration, learning, and sharing of knowledge.

Community

Definitions One of the most striking characteristics of the literature on community is how long it has been a concern, how enthusiastically it has been promoted, and how little agreement there is on the meaning of the word.

In 1630, on a ship bound for New England, John Winthrop lectured his fellow passengers that they “must delight in each other, make each other’s condition our own, rejoice together, mourn together, always having before our eyes our Communion and Community in the work, our Community as members of the same body” (Wilson 1968:1). The concern for community became particularly important in the 1800s as modernity, urbanization, and capitalism seemed to threaten traditional ways of life and with it came the conviction that modern life was destroying “community” (Bender 1978:3; Fischer 1982:1). The anxiety about community continues unabated today. Ray Oldenburg (1989) writes about the lack of informal meeting places or “third places,” Putnam (1995) worries about Americans no longer belonging to groups; and Richard Sennett (1977) despairs about intimacy infringing on public life—all of which are taken as examples or illustrations of how we have “lost” community.

The word “community” has a tremendously positive association. “Unlike all other terms of social organization (state, nation,

society, etc.) it [community] seems never to be used unfavorably..." (Williams 1976:66). The general assumption is that one must be part of a community—whether it be neighborhood- or workplace-based—in order to lead a full and happy life, and advertisers and developers do not hesitate to exploit our warm and fuzzy feelings about community in the interest of their product. But community is also a word that comes with strings attached. Not far below the surface are often strong feelings of anti-urbanism and deeply conservative moral judgments about what a good life is. As Bell and Newby (1974) note, it is a term that is rarely used innocently—we use it to praise the past in order to blame the present. The general assumption is that in the past there was community, but in the present it is (or is being) lost. But even lamenting about lost community is not new. The literature offers a picture of repeating community breakdowns from the 1650s to the present day.¹³⁴

In spite of our enthusiasm and desire for community, one of its most distinguishing features is our inability to agree on what community is. Part of the controversy stems from the confusion of whether community is a physical place or a social relationship (Bender 1978:6; Lang 1994:267). As Barry Wellman (1999: xiv) states, some of the problem stems from those who make "the mistake of looking for *community*, a preeminently *social* phenomenon, in places, an inherently *spatial* phenomenon."

Bell and Newby (1974), who wrote one of the more comprehensive summaries of community, claim that there are over ninety definitions of the word, including a geographic area, a common consciousness, shared interests or attitudes, a collection of institutions, social interaction, a sense of belonging, common goals and cooperation trying to achieve them, a history or common past, a distinct identity, homogeneity, and participation in a common life.¹³⁵

¹³⁴ See Thomas Bender's *Community and Social Change in America* (1978) for an excellent historical review of community. He offers a refreshing view, arguing that communities have changed over time and that though the quintessential New England town was a community, a community isn't necessarily a New England town.

¹³⁵ Bell and Newby note regretfully that the effort to define community over the years has been non-cumulative and has reached something of an impasse, if not exhaustion (1974:32).

Community cannot be discussed without a brief look at Ferdinand Tönnies' theories of community. The dichotomy of *Gemeinschaft* and *Gesellschaft*—first published in 1887—has been one of the most enduring. *Gemeinschaft* (usually translated as community) relations are described as intimate, enduring, and based on a clear understanding of where each person stands in society. A man's worth is estimated according to *who* he is, not *what* he has done¹³⁶ and the culture is relatively homogeneous (Bell and Newby 1974:24). The relationships are considered "natural" and *Gemeinschaft* corresponds most closely to the popular notion of community—family kinship groups, friendship groups, and neighborhoods (Bender 1978:17). In contrast, *Gesellschaft* (translated as society or association) is essentially everything that community is not. It refers to large scale, impersonal, and contractual ties (Bell and Newby 1974: 24-25). It is defined as "money relationships" and characterized as "an artificial construction of an aggregate of human beings" characterized by competition and impersonality (Bender 1978:17). Functional roles are highly specialized and interdependent and the kinship bonds are weakened.

The lack of agreement on the definition, however, has not diminished the enthusiasm for communities. Though the majority of literature on community has focused on urban or neighborhood communities, more recently the business world has tried to use the concept to their advantage.

Virtual Communities

Businesses, in addition to selling the idea of community in the physical world, have lost no time in taking advantage of the popularity and growth of the Internet to include e-communities or virtual communities of consumers. Armstrong and Hagel (1996) proposed that encouraging communication on web sites would build customer loyalty, and Robert Hof (1997) tried to convince businesses that they could make a great deal of money by providing an online place where customers could discuss a company's product.¹³⁷

¹³⁶ The irony, of course, is that this concept is so attractive and durable since in many ways it completely contradicts American mythology and Western individualism.

¹³⁷ Not many companies actually went ahead and created e-communities for their customers to discuss their products. There aren't that many products that can generate enough conversation to keep a discussion going, but more important, businesses were very nervous about what customers would say

But virtual communities are not limited to selling consumer goods. Online communities have also been created to support physical communities,¹³⁸ as well as professional and interest groups. These professional or interest communities support geographically distributed members who are interested in a particular professional topic as well as the real-world communities made up of those who physically work together in the same field or organization.

There are a number of definitions for virtual communities, but Whittaker et al's (1997) is one of the more useful—a community is made up of members who share the same goal, interest or activities; who engage in repeated active participation; have access to shared resources; reciprocate with information, support, and services; and share a context.¹³⁹

Not everyone accepts the notion of virtual community though. Those who insist that community must be contained in a physical container will never accept virtual worlds as a community. Joseph Locard states in no uncertain terms that “virtual community” is an oxymoron (1997:224), and anyone who believes that the Internet is democracy actualized lives in a muddle of self-delusion (220). But surely Thomas Bender would counter argue by saying that community has been torn from its territorial moorings (long before virtual worlds came along), and the experience of community did not come to an end (1978:6).

Thomas Erickson (1997) suggests, quite rightly, that “virtual community” may not be the most useful term to describe computer-mediated communication (CMC) among large groups. He thinks it would be better viewed as a participatory genre. He

about their products. They were willing to hear praise and positive comments, but were much less keen on having their e-community turn into an opportunity to complain or criticize.

¹³⁸ See the literature on community networks (Agre and Schuler 1997, Beamish 1995, Beamish 1999, Cohill 1997, Schuler 1996, and Shaw 1999) for a fuller description.

¹³⁹ Nardi and O'Day (1999) prefer to use the word “ecology” rather than “community” because it suggests diversity in a way that community does not (56). Of course, this is because they see communities as homogeneous. A better argument for ecology as a useful word is that it avoids the assumptions and romanticism that comes with community, and because it connotes complexity and intertwining systems. They define an information ecology as a system of people, practices, values, and technologies in a particular local environment. It shifts the spotlight from technology to the human activities that are served by the technology (51).

argues that the framework of “community” offers little to those interested in designing the infrastructure for supporting online discourse and that participatory genre shifts the focus from issues such as the nature and degree of relationship among community members, to the purpose of the communication, its regularity of form and substance, and the institutional, social and technological forces which underlie it.¹⁴⁰ He goes on to say that an online group does not have to be a “community” to be useful or entertaining or meaningful. Online discourse can be useful and engaging even if participants form no lasting relationship, or share few values, or can’t count on one another. What is important is the communication itself, rather than the real or perceived bond.¹⁴¹

Communities of Practice

Closely related to professional, online, and business-related communities are communities of practice. The term “communities of practice” was first coined by Jean Lave and Etienne Wenger in their 1991 book *Situated Learning*. Like the literature on learning organizations, the definition of communities of practice can be frustratingly vague.¹⁴² Indeed, Lave and Wenger, the originators of term, state that the concept of community of practice is left largely as “an intuitive notion” (1991:42), but at the core of the term is the notion that work and learning are social activities and that work is framed by the culture in which the employees are situated. (Kafai 1996:96). Most authors and practitioners use the term fairly broadly to refer to groups working together collaboratively, and actively learning from each other. They also consider communities of practice to be social organizations.

¹⁴⁰ The literature on how to design and build community in a virtual world usually focus on social management, control, or technical issues—almost none discuss spatial issues, or the design of the work environment. Other authors who discuss how to design virtual communities include Michael Benedikt 1991, Amy Bruckman 1996, Thomas Erickson 1997, Mike Godwin 1994, Peter Kollock 1997, and Steve Whittaker et al 1997.

¹⁴¹ This fits in well with the approach of Wellman et al (1996) who think that it is much more helpful to think of computer networks and computer-mediated communication as a form or extension of social networks rather than a community. They can support individuals and computer-supported social networks sustain strong, intermediate, and weak ties. There is even evidence of reciprocal support. What it comes down to is that this form of communication is an extension of life rather than a substitute for real-life communities.

¹⁴² They define it as a set of relations among persons, activity, and world, over time, and in relation with other tangential and overlapping communities of practice (98).

Wenger (1998), in his book *Communities of Practice*, uses the concept of community of practice as an element of a broader conceptual framework. He states that we all belong to communities of practice—they are an integral part of our daily lives, but they are so informal and so pervasive that they rarely come into explicit focus (6-7). He also struggles to define this rather nebulous concept. He says a community of practice is not a synonym for a group, a team or a network. Neither is it a social category or geographical location. As Wenger states, calling every imaginable social configuration a community of practice would render the concept meaningless, as would encumbering it with too restrictive definition. To him, communities of practice possess the following characteristics: sustained mutual relationships—harmonious or conflictual; shared ways of engaging in doing things together; a rapid flow of information and propagation of innovation; absence of introductory preambles, as if conversations and interactions were merely the continuation of an ongoing process; very quick setup of a problem to be discussed; overlap in participants' descriptions of who belongs; knowing what others know, what they can do, and how they contribute to an enterprise; mutually defining identities; the ability to assess the appropriateness of actions and products; specific tools, representations, and other artifacts; local lore, shared stories, inside jokes, knowing laughter; jargon and shortcuts to communication; certain styles recognized as displaying membership; and a shared discourse reflecting a certain perspective on the world (125-126).¹⁴³

But despite its imprecision, the idea of communities of practice does offer a useful perspective. Rather than seeing learning as an absorption and internalization process, it looks outward from the learner to the social and cultural environment in which the individual is placed. This in turn raises questions about the socio-cultural organization of space, the circulation of knowledge, social relations, and the transparency of technology (Lave and Wenger 1991: 55-56).¹⁴⁴

¹⁴³ Wenger also reminds us that communities of practice are not automatically positive. They can also be the source of problems, such as exclusion and narrowness, as much as a key to solutions (1996:26).

¹⁴⁴ While proponents of situated learning stipulate that knowledge resides in the situation and is negotiated between participants, Kafai (1996: 97-98) reminds us that past experiences can also have an impact. He illustrates this point by describing a group of children who had the task of designing

If communities of practice are defined loosely as working groups or cultures, Ina Wagner (1994) asks the useful question of how can different communities be supported to work together and how can the knowledge of different communities of practice be interrelated? She answers by pointing to the work of Lucy Suchman and Leigh Star (1989), who look at the boundaries between groups. Suchman analyzes the processes by which boundaries are constructed and maintained. Leigh Star has developed the concept of “boundary objects” which states that in order for multi-disciplinary groups to work together, actors need to create something in common—data, material structures, or organizational arrangements, and the boundary object needs to be sufficiently ambiguous for actors to fill in their specialized viewpoint (Wagner 1994:258). A practical example of a boundary object in an automobile dealership would be the repair order (RO). It is used by technicians, service advisors, dispatchers, managers, and accountants, and serves to “coordinate the perspectives of various constituencies for some purpose” (Wenger 1998:106).

Occupational Communities

Another very similar and overlapping concept to communities of practice is Van Maanen and Barley’s occupational communities, which they define as a group of people who consider themselves to be engaged in the same sort of work; whose identity is drawn from their work; who share a set of values, norms and perspectives; and whose social relationships meld work and leisure. They go on to say that occupational communities create and sustain relatively unique work cultures consisting of task rituals, standards for proper and improper behavior, work codes surrounding relatively routine practices and, for the membership at least, compelling accounts attesting to the logic and value of these rituals, standards and codes (1984: 287).

Van Maanen and Barley highlight an important difference in perspective between organizational and occupational theory. In organizational theory, the specifics of work are glossed over while the aggregate and general ways people believe and behave in occupational settings are emphasized. The organizational view

software. The children’s process of designing the software was collaborative, open, and flexible, but the products they designed were not, largely because the children already had a preconceived idea of what a software program should be like.

accentuates the meaning an individual's work has for others and sees a person's work as a small part of a larger problem of coordination, authority and workflow (1984: 288-289).

In contrast, the authors developed the notion of an occupational community to understand why people behave as they do in the workplace and developed the framework to concentrate on the meaning of work for those who do it. They believe that social worlds coalesce around objects produced and the services rendered by people at work, and that by examining the social worlds, we broaden our understanding of social control in organizations (289-290).¹⁴⁵

The occupational communities within dealerships are quite distinct. The technicians, service advisors, and salespeople all have their own identify and self-image, as well as distinctive equipment, costumes, and jargon. They believe that they possess esoteric, scarce, valued, unique abilities, and movement out of the community is not seen as particularly advantageous (299-301).

¹⁴⁵ At the same time, they emphasize that there are limits to the extremely detailed ethnographic studies of individuals—rarely do they try to generalize the minutiae across occupations or careers. What they seem to be looking for is a middle ground.

Communication

Communication and community are inextricably linked—without one, the other could not exist. And technology, whether it be the telephone, telegraph, radio, television, or the Internet, has long been used, to assist and extend communication. As Carl Couch (1996:1) notes, few social theorists have analyzed the interconnectedness of communication, information technologies, and social structures. These links are important because the social relationships that people construct reflect the information technologies they use and how those technologies are used in turn reflects social relationships. He also points out that though telecommunication technologies have extended the ability of human beings to associate with one another on the basis of affinity and rendered proximity less important, it does not mean that space has been obliterated. Distance still matters, but it is no longer the barrier to the sharing of information and sentiment that it once was (168, 171).

CSCW and CMC

CSCW (Computer Supported Cooperative Work) and CMC (Computer-Mediated Communication) are two broad, wide-ranging, and overlapping fields. They are both interdisciplinary with participants from software design, human-computer interaction, management, and sociology. In general, CSCW focuses more on software applications (often called groupware) that allow colleagues who are not physically located in the same place to share information, communicate and collaborate.¹⁴⁶ CMC usually refers to person-to-person communication using computer networks and tends to look more at the social and organizational issues involved in how people work and communicate together. Both fields are based on the understanding that most work is carried out in a social context¹⁴⁷ and both tend to put a rather positive spin on the prospect of collaboration,

¹⁴⁶ Robert Neilson in *Collaborative Technologies and Organizational Learning* (1997:40) defines collaboration as the process of shared creation involving two or more individuals interacting to create shared understanding where none had existed or could have on its own. To collaborate is to work on a joint intellectual effort.

¹⁴⁷ Some such as Zack and McKenney (1999: 249) would argue that CMC researchers have only paid lip-service to how social issues influence technology use, and claim that the bulk of the literature reflects the technological imperative.

sometimes to the detriment of the research. As Rob Kling (1991:84) has stated:

“Many CSCW articles impede our understanding of the likely use and impact of CSCW since they rely on concepts with strong positive connotations such as “cooperation,” and images of convivial possibilities to characterized workplace relationships, while understating the levels of conflicts, control, and coercion—also common in professional workplaces.”

Though the CSCW literature often sees groupware as a panacea to work and communication problems in an organization, it is not without its problems or critics. As Goodall (1996) notes, the term CSCW is seen in positive terms and as an agent of organizational transformation, but how this transformation occurs is rarely explained. And Grudin (1990) identifies five reasons for why groupware applications may fail. There can be unequal benefits to those who use the application; it can lead to activity that violates social taboos, it can threaten existing political structures, or demotivate users; groupware can be inflexible; and its development is often based on supporting single users rather than groups.

Designing CSCW applications for groups is not an easy task since groups, by definition, are made up of individuals with different backgrounds, experiences, preferences and roles, all of which can change over time. The designer’s job then is to understand the group dynamics, as well as social, motivational, political and economic issues, in order to create ways to allow the group to successfully communicate and work together (Grudin 1990).

There are three main approaches in the literature on technology and communication in organizations. One is to focus on the technology itself and how it acts as a force on the group. It assumes that provided with the right technological tool for the problem, the outcome would be positive, with higher productivity and efficiency. The second approach is more process oriented. It focuses on the group and regards the technology as part of a web of interpersonal and task interactions, and assumes that technology cannot be separated from human action. Still another branch of the literature, such as Drew and Heritage’s 1992 *Talk at Work* or Lynn Cherny’s 1999 *Conversation and Community*, focuses on the linguistic aspects of communication rather than the content or motivation of the communication.

CMC has a slightly different focus than CSCW. In CMC the idea of using technology in the workplace to communicate within the organization is key, but it is not always as goal- or task-driven and is often associated more with coordination. Though CMC can be very broadly defined, some authors such as Piker and King (1995: 479-480) define it as person-to-person communication, often in text or graphic form, over computer networks with email as the most common example.¹⁴⁸ While e-mail is the most common application studied by both CSCW and CMC researchers, more effort has recently gone into developing and studying applications such as co-authoring tools, intelligent databases, and group decision support systems.

The main purpose of these tools is to support what Van Maanen and Barley (1984) call “dispersed occupational communities” and in particular to establish and maintain interpersonal social ties, particularly so-called “weak ties.”¹⁴⁹ Social ties are the links that bind individuals to other individuals and Granovetter (1973) differentiated between strong and weak social ties on four dimensions: time, emotional intensity, mutual confidence, and reciprocity. Strong ties are maintained through frequent and emotionally intense communication, often entailing the sharing of confidences, and over time, the establishment of reciprocity between parties. Weak ties are maintained through less frequent and less emotionally intense communication and do not require or encourage sharing of confidences or the establishment of strong reciprocities. Weak ties are maintained among extended family members, coworkers not central to an individual’s task domain, and everyday acquaintances made in connection with work, social activities, and mutual friendships. This theory suggests that relative strangers can offer an advantage over friends and colleagues in obtaining useful information.

Email, groupware, and shared databases are all used with the aim of gaining information and expertise from colleagues who may not

¹⁴⁸ As they note, these technologies have long been expected to bring serious challenges to organizational leaders, but in spite of the rhetoric surrounding the transformational power of CMC technologies, like CSCW, there is little written about how these changes occur.

¹⁴⁹ Geographically-dispersed occupational groups often use email or CMC technologies to maintain social and professional ties, but it is certainly not the only method. These bonds can also be cultivated through conferences, conventions, journals, and newsletters.

be available locally. But getting people to share information is not easy. Constant et al (1999: 415) have found that people in organizations tend to prefer to exchange help with those who are in close proximity, are part of a group membership, have a history of prior relationships, and who share demographic similarities. Depending on unknown colleagues at distant locations for technical advice means “depending on the kindness of strangers.” A person may be additionally reluctant to request information or advice from a stranger if there is no way to assess the reliability, knowledge, assumptions or motive of the provider.

There has also been extensive research to understand the effect that CMC has on an organization, but the results have not been consistent. Some studies have concluded that email and similar applications reduce the importance of cues such as age, status, gender, and race which permits low-status or marginalized individuals to participate more freely (Sproull and Kiesler 1991) while others found the opposite.

The most common statement is that CMC is inherently democratic because the focus is on the individual’s ideas, not their appearance, gender, age race, body shape, hair color or clothes (Coate 1997:173). CMC frees people from the bonds of physical appearance (Harasim 1995; Hiltz and Turoff 1993) which in turn eliminates people’s advantages or disadvantages over one another since the only thing that sets them apart is the content of their ideas (Sproull and Kiesler 1991). Though many of these statements have been anecdotal and speculative, some empirical work has been done. Susan Herring (1996:486) concluded that contrary to the belief that the technology allows women to participate, female academics faced the same problems online as they did in their own institutions.

“Despite the democratizing potential ... male and female academic professionals do not participate equally in academic CMC. Rather, a small male minority dominates the discourse both in terms of amount of talk, and rhetorically, through self-promotional and adversarial strategies. Moreover, when women do attempt to participate on a more equal basis, they risk being actively censored by the reactions of men who either ignore them or attempt to delegitimize their contributions. Because of social conditioning that makes women uncomfortable with direct conflict, women tend to be more intimidated by

these practices and to avoid participating as a result. ... [The] conditions for a democratic discourse are not met: although the medium theoretically allows for everyone with access to a network to take part and to express their concerns and desires equally, a very large community of potential participants is effectively prevented by censorship, both overt and covert, from availing itself of this possibility. Rather than being democratic, academic CMC is power-based and hierarchical. This state of affairs cannot, however, be attributed to the influence of computer communication technology; rather it continues preexisting patterns of hierarchy and male dominance in academia more generally, and in society as a whole."

Pikering and King (1995: 484-485) propose that CMC technology will play an important role in an organization or community in two situations. One is a professional occupational community in which members move from job to job in search of better compensation, terms of employment, and professional challenge. These occupational community members are likely to exhibit a relatively low level of organizational loyalty and relatively strong search behavior among social networks in their professional community to facilitate a career of itinerant or self-employment. CMC would clearly be useful in supporting that social network, assuming, of course, that the professional community had access to and regularly used computers to communicate.

The second situation where CMC could prove useful is an organization focusing on reducing costs, downsizing, and streamlining operations in the face of intense fiscal and competitive pressures. Under these conditions, a CMC infrastructure could provide the means to notify and negotiate among organizations shopping for professional services, provide access to essential information resources, provide a conduit for task coordination, and provide mechanisms whereby information products are delivered to the buyer and compensation is delivered to the supplier through electronic funds transfer.

Because communication is such an essential part of community and learning, the next section investigates the types of communication that takes place in the Ford communities of practice—between Ford and the dealerships, between dealerships, and between dealership employees.

Communication at Ford

Between Ford and Dealerships There is a constant and extensive flow of communication and information between Ford and their dealerships, but in general the direction tends to be one-way and top-down. Communication ranges from the daily Fordstar training broadcasts, to the liaison regional staff from the Customer Service Division who visit each dealership regularly, to the weekly box of printed material that every dealership receives.

The Fordstar training makes a good effort at getting feedback from all employees, and acts as both a collector and distributor of best practices. As one host said, “If you’re doing something cool, I’d love to hear about it. If there’s something driving you crazy, bring it up.” However, as described in the previous chapter, few participants take advantage of this communication channel, in large part because getting through to the program host can be so difficult. The technology is not quite robust enough to handle a large number of incoming calls, and to make matters worse, callers clog the system by calling simply to test their equipment, not because they have something interesting to share. Learning about what other dealerships do seems to work better when it is incorporated into the training broadcast itself. For example, it is not uncommon for the broadcast to feature a dealership or several dealerships that are taking a different approach to a problem. The videos allow Ford to describe the new practice in much more detail, and to make it more acceptable and credible to dealers, it is shown as an alternative solution, not *the* only answer. They also sensibly allow dealership employees to explain why they tried this solution and the results they’ve had. Dealers are typically wary about trying out new techniques suggested by Dearborn, but seeing and hearing about the experience from dealers who work in similar conditions is reassuring, making it easier for them to decide if the practice might be right for them.

Another form of communication is via the regional field staff who visit each dealership every 2–4 weeks and who are employees of Ford. One of their roles is to encourage dealerships to participate in incentive programs. As a rep jokingly said, his job was to pester and nag the dealerships to sell more. But probably their more important role is one of conduit between Dearborn and the

dealers. The regional reps not only give a personal face with whom the dealer can interact and present their case, but problems or difficulties that dealers are facing can much more easily be transferred up the chain of command. Dealers can argue and explain why they object to a policy or program and the rep can explain the reasoning behind the decision. Because the reps are responsible for a dozen dealers in the area, they will also have the ability to judge whether a dealer's objections are limited to that one store or if they are shared more widely. And, because they usually have extensive experience in the business, they'll often be able to judge whether the complaint or objection is legitimate. If it is, and if many dealers share it, the rep can bring the concern to the attention of Ford.

Also at the regional level are the staff in the Customer Service Division who also represent Ford Dearborn and mediate in any dispute between customers and dealers. Their role is important because even though Ford's warranty policies are quite straightforward, problems are rarely simple or clear-cut and customers often do not read or understand their policy. A sympathetic customer rep can be a godsend to the service manager because repairs that are not covered under the warranty have to be paid by either the dealership or the customer. If the customer refuses to pay for whatever reason, the dealership is obliged to cover the cost. The customer rep has the ability bend the rules and under certain circumstances they will extend the customer's warranty to cover the cost of the repair for service managers who they know and trust.¹⁵⁰

¹⁵⁰ For example, in one dealership a customer had brought the car in for a recall on a part. Usually the technicians will do a short test drive before working on a car, but the vehicle was brought in with no gas so the technician just changed the part. The customer picked up the vehicle and complained that it was making a thumping noise at the rear (the replaced part was at the front) and accused the dealership of damaging his car. Indeed, there was a serious problem in the rear but the problem was pre-existing and had nothing to do with the replaced part. The dealership did not want to pay and the customer refused. The service manager called up the customer support rep and explained the problem. He admitted that it was their own fault—the technician should have put gas in the car and checked it out first, as is their policy, but he didn't because it had been such a hectic day. Because the customer support rep knew the manager and the dealership had a good reputation, he gave permission for the dealership to fix the new problem and have the warranty for the replacement of the recalled part cover the cost.

In addition to Fordstar broadcasts and personal interaction with regional representatives, Ford sends a heavy box of paper every week containing information on parts, recalls, service, sales, as well as general information for owners, dealers, and managers. The material is separated into packets for each department. The main complaint on the part of the dealers is the sheer volume of information (managers are so busy, they don't have time to go through it carefully) and the system can occasionally break down if the person distributing the packets delivers it to the wrong individual or destination. There are plans to eventually distribute this information via the Internet, which would certainly reduce printing and shipping costs and make the information more accessible, but it would not solve the problem of employees not having enough time to read the information.

In spite of the rather extensive flow of information from Dearborn to the dealerships, dealers complain that they are often left in the dark on some of the most important issues. For example, dealers claim that the Ford Retail Network (FRN) has never been properly explained to them, leaving the goals and objectives of the FRN to their worried imaginations. They also complain that recalls are a constant problem because they are not informed about them ahead of time, and are frequently put in the embarrassing situation of having to find out about a recall from their customers rather than from Dearborn.

The flow of information between Dearborn and the dealerships is not all top-down however. There are some mechanisms that allow dealership employees to communicate with head office. Of all the dealership employees, technicians probably have the most options. They can use the EDSR system¹⁵¹ to report problems, but it is generally considered to be slow, complicated and awkward. The system was set up to capture the experience of the most experienced technicians, but ironically, in many shops it is the hourly and least experienced technicians who use it more. One service manager speculated that they used ESDR to make themselves feel important. In contrast, the highly skilled and

¹⁵¹ The EDSR (Electronic Dealer Service Report) was established to identify product problems early on. Technicians share what they have identified as vehicle problems with service engineers who begin to develop an appropriate repair procedure.

experienced technicians in his shop and who theoretically would have the most valuable information to contribute tended to see it as a waste of time.¹⁵² In addition to ESDR, the technicians' use of the Helpline is a valuable source of information to Ford engineers and product designers.

There are also formal administrative committees created to encourage the flow of information from the dealerships to Dearborn. For example, parts managers have a Parts Managers Advising Committee, a formal committee which represents them and presents their concerns to Ford. An individual can send a suggestion to the members who then submits it to the committee who moves it up to Ford. In the eyes of parts managers, this has been quite successful because it diminishes the sense that the individual would be David in a battle with Goliath. Having the suggestion go through the committee, not only depersonalizes it, but it also adds legitimacy since fellow members must agree with the suggestion or complaint in order for it to move up the hierarchy.

Ford has made an effort to improve how it listens to dealerships over the past few years and there are now standing committees on a number of different topics. Apparently they have been quite effective at getting everyone together to discuss issues more openly, again because of the dealers' sense that there is safety in numbers and because Ford takes the comments of many dealers more seriously than a single individual.

Certainly better two-way communication would be welcome by the dealerships, as well as by many in corporate head office, but there are cultural, historical, and structural problems that stand in the way.

Primary among them is the fear of reprisal among many dealers. They are concerned that if they express their opinions openly and honestly, and especially if they contradict or criticize current policy, Ford would retaliate. Clearly the most extreme punishment would be to revoke the franchise agreement, but there are many other ways to punish a dealership. Customer reps might

¹⁵² For some, it was simply too much of a bother. And for the flat-rate technicians who are paid by the job rather than the hour, there is an additional financial disincentive.

not be so accommodating, deliveries could be delayed, the most popular and desirable vehicles might not be as readily available, or Ford could request an audit.¹⁵³

Interestingly, many dealers manage to reproduce this same climate of fear in their own businesses. An atmosphere of distrust and wariness can permeate the workplace and as a result employees hesitate to suggest new ideas or volunteer any information either within their own dealership. Employees feel that their ideas are not listened to, or that honest opinions can only serve to get them in trouble with the owner or their supervisors—their feeling is that the less communication there is, the safer they are.¹⁵⁴

Employees' reluctance to share their experience or make suggestions is reinforced by the experience of having their ideas ignored or rejected. As an example of how this can occur, Ford knows that the technicians possess extremely useful information and they have made an effort through the Helpline and ESDR to tap into that experience. However, for this system to work, technicians need to send the information and someone needs to receive and use that information. Apparently the college-educated engineers in Michigan are not enthusiastic recipients of the technicians' suggestions for two reasons. First, they tend to dismiss contributions or suggestions made by the technicians because they view them as mere high school dropouts with little to offer.¹⁵⁵ Secondly, these engineers consider the issues and solutions that the technicians bring up as "old" problems of "old" products. They view them as old because the engineering department in particular concentrates on either this year's or future models. In contrast, the service department faces older models on a daily basis. Their workday is spent repairing the models that Ford engineers have long since forgotten or ceased to care about.

¹⁵³ None of the dealers or managers interviewed said that this had ever happened to them personally, but in their minds it was clearly a very real possibility and an ever-present danger.

¹⁵⁴ No dealer or manager ever expressed a desire or conscious intention to produce this kind of negative environment. They could always identify when their own ideas were quashed by their bosses but none ever admitted to doing the same to their own subordinates.

¹⁵⁵ See Smith and Meiksins (1995) for an overview of how engineers attitudes affect the generation and diffusion of best practices. They claim that unlike American engineers, their Japanese and Swedish counterparts tend to regard manual workers as co-workers and not subordinates without input into decision-making.

There is also the more human problem of people simply not wanting to admit that they are wrong. A story about a problem with an alarm system illustrates this well. A new Ford Explorer was brought in by the customer because the anti-theft alarm could not be “armed.” The dealership technicians then discovered the same problem with two other vehicles on the lot. The technician went through the usual problem-solving processes and consulted all the manuals and technical bulletins, and used all the available diagnostic tools, which only indicated that the system was working fine. The technician called the Dearborn Helpline as well as the factory in Cincinnati where the vehicle was made but received no suggestions from either source. He continued to work on the problem, running more tests and started to dismantle the system to see if he could see a problem visually. Eventually he found the problem. A short piece of wire, not listed in the manual, was establishing a circuit between two junction blocks, which was shorting out the system, making the alarm unable to detect if the doors were locked. Simply cutting the piece of wire broke the circuit and the problem was fixed. This technician had spent a great deal of time and energy fixing this problem and understandably was pleased with his success. He then wrote up a report, describing the problem and how he solved it and sent it in to Ford. Normally, technicians who do find fixes to known problems receive a cash reward and this technician expected to receive some type of recognition for his detective work. He then heard that he wouldn’t receive anything, because in Ford’s eyes, there hadn’t been a technical “problem.” As it turned out, when customers order an Explorer, they have the option to refuse the security system and be credited \$270. But because it is too complicated to build some Explorers with an alarm system and some without, they build all of them with an alarm system and the factory shorts the system on the vehicles if the customer has declined that option. The problem in this case had been an order mix-up. The dealership had ordered three vehicles with an alarm system and the factory thought they had requested vehicles without them. The technician had solved what was clearly a problem to him and the customer, but to Ford it was an administrative problem that had nothing to do with the technician. Though they eventually relented, initially Ford dismissed the technician’s efforts as irrelevant and had no intention to compensate him or recognize his work.

Unfortunately, this type of event happens from time to time, but the repercussions are very serious because it becomes symbolic of how seriously Ford takes the technicians and their expertise. Next time, not only will that particular technician not bother to share his experience and discoveries with Ford, but it is very unlikely that anyone else in that shop will as well. By choosing to define the problem so narrowly and ignoring the technician's demonstrated diligence and problem-solving skills, Ford lost the goodwill and future best practices of all the technicians in that shop for several years.

This story illustrates how problems are very much in the eye of the beholder. To Ford engineers it was an administrative problem. To the technician, it was a technical problem, and to the dealer and the customer it was a financial problem. Since one person's "problem" is often another person's "mistake," it is not surprising that employees redefine problems to be more acceptable or to shift blame onto others. It also points to one of the main challenges of creating organizational databases of shared practices. Though organizations and individuals can and do learn from their mistakes, it is a rare employee or department who is willing to publicly admit their mistakes and embed them in their organization's community memory.

The literature emphasizes that employees will only share information if (1) it is easy to find out who specifically in the organization needs the information; and (2) it is easy to contact this person (Huber 1996; Lipshitz et al: 1996). This is inarguably true, but it implies that sharing knowledge is a mechanical process and all that managers need is to provide an unblocked pipeline and the shared knowledge will flow. The anti-security alarm story, however, illustrates that it takes more than just knowing who needs the information and a way of getting it there—the technician and Ford Dearborn had both. This story shows that managers have to be extremely sensitive to how they encourage and motivate people to share their experience and they have to be aware just how easy it is to discourage employees from participating.

Between Dealerships

Because all the dealerships are in competition with each other, not surprisingly, there isn't a great deal of communication and contact

between them. But there is certainly some, and dealers and managers seem to welcome and enjoy the opportunity to socialize and talk about their work. Clearly they have a great deal in common, but the nature of their business forces them to remain at arm's length.¹⁵⁶

Ford, especially the regional office, organizes special meetings and seminars for dealers and managers that help to bridge the communication gap between dealers. There are also regional clubs for service and parts managers that meet monthly. A typical agenda for these meetings, which usually take place in the afternoon, is to go over and discuss recent technical bulletins and then listen to a guest speaker. Not all managers attend these meetings, however, because they are so busy and find it difficult to leave work for an entire afternoon. And understandably, many aren't enthused about attending meetings outside of work hours since their days are already so long. In a few cases, managers say that their employers discourage them from attending.

These clubs are often seen very positively by their members because it is their sole opportunity to talk with others in the same field and learn from each other. And though these groups have been quite vociferous in their criticism of Ford in the past, which clearly did not please Ford, apparently the climate has changed and Ford is now more open to these groups and much more willing to listen.

Fordstar is another mechanism for communication and learning from other dealerships, albeit, with Dearborn acting as mediator. Nonetheless, it is still a useful way of sharing experience and helping dealership employees understand that they are part of a wider community.

The greatest amount of direct and regular cooperation and sharing of resources happens between the parts departments of the local dealerships. If a dealership urgently needs a part that they don't have in stock, the parts employee will check the inventory of all Ford dealerships and contact the nearest dealership to see if they

¹⁵⁶ Of course, the threat is only a local one. Only the dealers located within driving distance would be considered as a rival. The farther away another dealer is, the less of a competitive threat they become.

still have the part. If they do, the dealership will readily sell it at cost, knowing that the favor will be reciprocated one day in the future when they need it.

The goal of encouraging communication and building a community of practice between Ford dealerships is complicated by the ever-present sense of competition and distrust between dealers—after all, the “other guy” could easily steal their customers or employees if they aren’t careful. Under these conditions, any hope of creating a community and would appear to be a rather slight, but some interesting research has been done by Andreas Pyka (1997) and Stephan Schrader (1992) that suggests otherwise.

Their work demonstrated that the sharing of information can and does occur between colleagues in different firms, even firms that are in active competition. This may at first seem counter-intuitive since we usually assume that firms wish to keep their collective knowledge a secret in order to gain a competitive advantage. But Andreas Pyka’s research (1997: 217) shows that firms and individuals often *deliberately* leak and share knowledge with others and that informal networking is an important mechanism for information diffusion. Not all industries share information with each other, however. Firms that shared the most and were more likely to establish large informal networks and a cooperative environment worked in an industry characterized by high technological uncertainty. Schrader (1992: 320-327) also agrees that employees frequently exchange proprietary information with colleagues in other firms, including direct competitors, in the expectation of receiving valuable information in return. Employees are careful about what they share though—not all information is exchanged. What and how much information is shared usually depends on the degree of competition between the involved firms; the availability of alternative information sources; whether the information relates to a domain in which the firms compete; the likelihood that the other firm will reciprocate information; the value of the transferred information to the receiver; and the technical expertise of the information receiver.

And finally, Pyka also points out that information technology such as e-mail and the Internet play a key role in establishing these informal networks (1997: 210-211). In fact, there is a small group

within Ford dealerships who has taken advantage of the new technology to actively encourage discussion and sharing of experience. The Ford Parts Managers Association has had a web site for several years,¹⁵⁷ and there is an online newsletter called the BlueOvalNews with discussion areas for dealership employees.¹⁵⁸ Ford Dearborn's less-than-enthusiastic response to these alternative voices is not surprising since much of the discussion criticizes corporate policy. Currently the Parts Managers are discussing whether there is a way of not paying for a new parts inventory system that would force them to purchase all new equipment and software. Over in the technicians' discussion area of BlueOvalNews, things are even more heated. They are discussing a class action lawsuit because Ford has reduced the number of warranty hours they get paid for a job.¹⁵⁹

Between Employees

The amount of communication, sense of community, and sharing of knowledge between employees in the dealership depend on the employee's position.

For the technicians, the physical environment is not particularly conducive to sharing information. The shop is usually noisy and the service bays are usually too far apart for easy conversation. But in addition to coffee and lunch breaks, they do have ways to socialize and talk about problems they're having with a particularly difficult repair job. Depending on the individual and how the shop is arranged, discussion can happen in the dispatcher's office. This is particularly true if the technicians have a reason to be in the office other than to drop off or pick up work orders. One dispatcher intentionally put the shop's SBTS (Service Bay Technical System) system in his office so that he could

¹⁵⁷ Their mission is to be the advocate and watch-dog of the Ford parts and service business, educating, informing and explaining the positive and negative affects of Ford Motor Company and Ford business partners policies and procedures, as well as consumer, economic, industry and competitive trends that affect members. (Source: <http://www.fmanet.com/>)

¹⁵⁸ They describe themselves thus: "This site is pro-Ford's customers. We're not here to automatically place a halo upon Ford's blue oval. We're here to question, to ask why, to inform, to educate, to say no way, to applaud, to check - to create a balance. BlueOvalNews is a totally ALTERNATIVE Ford news source with a different twist. If you're just looking for Ford press releases, you've come to the wrong web site." (Source: http://www.blueovalnews.com/about_this_site2.htm)

¹⁵⁹ Ford sued BlueOvalNews in August 1999 and tried to close down the web site for publishing two articles, one about the problems of the 1999 Cobra Mustang and another about engine emission standards. The court ruled against Ford. (Source: http://www.blueovalnews.com/court_suit.htm)

informally monitor how the technicians' jobs were progressing, and discuss the repair if they were having problems. And as mentioned in a previous chapter, waiting to pick up parts at the parts counter is a very common (but not encouraged) way to converse with fellow workers.

Because the employees in the sales department tend to be social creatures, they go out of their way to talk and their work environment allows them to do so. The showroom is quiet, pleasant, and conducive to conversation. Salespeople have desks assigned to them when they're on shift, but when they aren't on the phone, doing paperwork, or with a customer, they tend to cluster together in a common area, often near the sales manager's desk or by the coffee machine. Their talk is usually light, revolving around sports, cars, weather, restaurants, news stories, travel plans, or television shows, but work issues are sometimes discussed. Difficult customer stories are popular. However, salespeople are in an awkward position when it comes to sharing knowledge and experience since they are in active competition with each other. There is always a wariness about how much they'll admit or what knowledge they will share in case it gives others an advantage.

In contrast, the parts counter employees talk and share information a great deal, but it is the service advisors who are the real "sharers" in any dealership. Not only do they work within a few feet of each other, but much of their work is verbal which means that they can easily overhear what the others are doing. Sharing of information with each other is part of their job and they depend on it to succeed. Because they receive so little formal training, they depend on their colleagues to teach them. Having colleagues who are knowledgeable and competent is a boon because it means they can be depended on to fill in (and not make mistakes) if the other is called away from their desk, whether it be for a meeting, or a discussion with a technician, or an emergency at home.

Chapter 7: Summary and Conclusion

Ford believes that creating communities of practice and increasing communication flow between Dearborn and its dealerships, and to a lesser extent between dealerships, may improve its organizational ability to deal with some of the challenges it faces. Starting and maintaining that information flow, however, is far from a simple process because of the many obstacles involved, and because the problems faced within the dealership may not be shared by all employees.

Obstacles

It is often assumed that a lack of flow of information between two parties is a problem of transmission, that is, having an inadequate “pipe” through which the information can flow. Indeed, in Ford’s case, that is an issue, but it is not the only one. As George Huber (1996) points out, in order for information to flow, one needs to know who needs that information and it must be easy to transmit. There is more, however. The sender must recognize that he or she has knowledge to transmit, and the receiver must be able to listen and act upon that knowledge. The transmitted information or knowledge is also not neutral—depending whether it is threatening or affirming can prevent or encourage its flow. And not only are senders and receivers individuals with their own belief systems, they work in an environment with a specific culture and economic climate that may support or discourage the flow of information.

There are six principal and interconnected obstacles that can block the flow of information or the sharing of knowledge between work groups and colleagues: medium, content, individual, economic and work environment, cultural and social environment, and physical environment.

1) Medium: The “pipe” through which the information flows can block or impede the flow if the transmission medium is restricted, difficult to use, inaccessible, or simply doesn’t exist. The medium also isn’t necessarily limited to the wires, software, and hardware of computers or telecommunication systems. For example, the traditional office water cooler has long provided the opportunity or medium for colleagues to meet and share information.

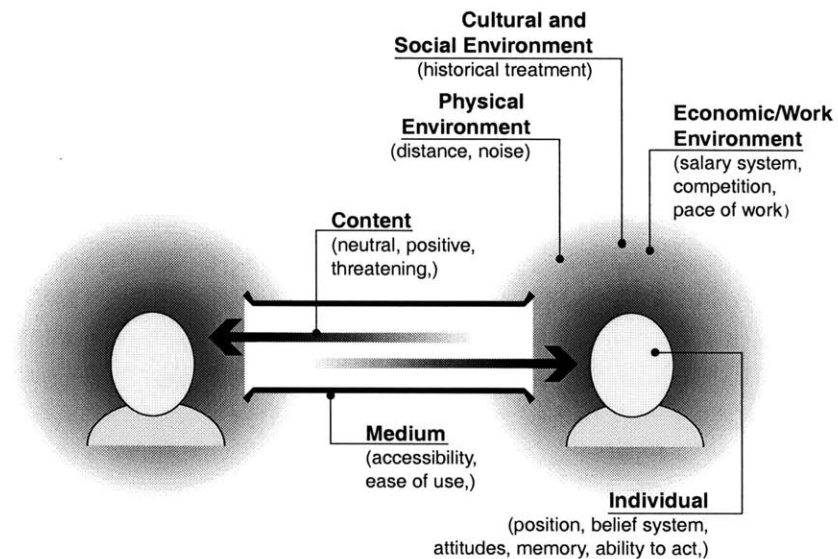


Figure 7.1: Potential obstacles that can prevent the flow of information.

2) Content: The information itself may be negative or threatening which can cause the listener to reject it. Or, if the information is clearly useful and beneficial, the receiver will likely accept and make use of it. For example, the Fordstar programming for technicians helps them in practical ways, while many of the programs for salespeople urge them to change their attitudes. Not surprisingly, technicians have a more positive attitude towards learning than the sales staff.

3) Individual: The receiver or sender of the information may have a set of beliefs or memories that prevents him or her from either sending or receiving information. For example, an individual is unlikely to share knowledge if they believe that their information is not valuable (e.g. “Everyone knows that”) or if they have had a negative experience in the past (e.g. “No one was interested when I sent information last time, why should I bother now?”). The person receiving the information must also be able to “hear” the information and may reject it if they do not value the source (e.g. “What could a high school dropout mechanic ever tell me, a highly-educated engineer?”).

4) Economic and Work Environment: The daily routine and the financial system may conspire against sharing of knowledge and

learning. Competition between groups or individuals will stop or severely limit the flow of information. And a salary structure that does not encourage, or actively discourages, reflection and sharing of knowledge will certainly impede the flow.

5) Cultural and Social Environment: The general social or cultural environment can prevent the flow of information if some of the negative assumptions that individuals hold are shared more generally by the group. For example, in a “us versus them” situation, there is unlikely to be an easy flow of two-way information. Or, if the group believes that sharing information will harm them in some way, there will be none.

6) Physical Environment: And finally, the flow of information between colleagues may be inhibited simply because of physical distance, isolation, or a noisy environment that prevents verbal communication.

Obstacles at Ford

To some degree, Ford faces all six obstacles to increasing the flow of information between Dearborn and the dealerships and between dealerships. (See Figure 7.2 for a chart summarizing the obstacles faced by each of the four dealership groups.)

Medium *Two-way communication with Ford:* Though there is both a system and an extensive flow of information from Dearborn to the dealerships, there are limited means for dealership employees to communicate back with Ford. Technicians have EDSR and Helpline, though they may not use them very often because of time issues, their pay structure, or negative experiences in the past. The managers in the parts department have an administrative system that allows them to “safely” express their concerns to Ford. And departmental managers can communicate with the regional field staff, though these concerns may not always be transmitted farther up the hierarchy. The rest of the dealership employees have little or no way of communicating their concerns or sharing of knowledge with Ford Dearborn.¹⁶⁰

¹⁶⁰ In theory employees have the opportunity of communicating with the hosts of the Fordstar training programs, but this is a very remote possibility given the few times they take the class per year and the difficulty of connecting to the host when they are in the class.

Communication between dealerships: If employees with Internet access at home wish to exchange information with fellow dealership employees around the country, they can do so by logging on to unofficial sites such as BlueOvalNews.¹⁶¹ There are very few events organized by Ford for employees to meet other employees from other dealerships and now that training takes place at the individual's work site rather than in training centers, there is even less opportunity for them to meet.

Using IT: Even if there were officially-sanctioned ways to communicate with Dearborn and other employees, most employees do not have email and rarely have easy access to the Internet.

Using information technology in the workplace poses an additional problem. Information technology, the very vehicle with which Ford wants to cultivate communities of practice, is a sore point for dealers, and their experience with it over the past several years has left a bitter taste in their mouths. Dealers associate IT with outrageous expense and it symbolizes their helplessness and lack of control over their own business. As long as dealers are forced to pay for equipment and software at what they perceive to be inflated prices, receive inadequate support, and have to use outdated and user-unfriendly software, it is rather unrealistic to expect dealers to readily and enthusiastically embrace new technologies or extend the use of existing ones.

Content Using information technology—a satellite system in this case—is an efficient and effective means to deliver training to the dealerships, but not all dealership employees view learning in the same light. The content, delivery, and attitudes to learning can all limit the effectiveness of the training. For example, technicians tend to view learning about the rapidly changing vehicles that they repair as an integral and normal part of their work. Training that helps them diagnose and repair problems quickly are welcome, and the information that flows from Ford to the dealership technicians via the Fordstar programming is relatively practical and useful.

¹⁶¹ The site seems is used more by technicians though it is not clear if that is the intent of the site or if they simply have more technicians logging on.

The content of the Fordstar programs, however, is a major obstacle in the sales department for several reasons. Salespeople tend to believe that sales cannot be taught, and that the skills needed to sell vehicles are an innate part of their personality. In addition, the content of the training classes for salespeople often suggests that the sales tactics of the past are no longer relevant and that they need to change with the new business environment. Not surprisingly, salespeople can feel threatened by the material in the training programs and are often much less enthused about learning and training.

In order for shared learning to take place, one needs to know what type of information is required and who needs it. In the case of technicians, it is fairly clear—Ford's engineering department is looking for advanced warning of technical problems and ways to repair them—information that can then be passed on to other technicians. For the rest of the dealership employees, it is not at all clear what type of information Dearborn would like to receive from them or who in Ford would be interested in their knowledge.

Economic/Work Environment The economic environment and work routine are certainly some of the most significant factors that conspire against communicating and learning within the organization. Time, the salary system, competition, and the single-minded focus on turning a profit each month are all hindrances to communicating and sharing of knowledge.

The work in most dealerships is fast-paced, often hectic, and the hours are long. Because employees are so busy with their daily tasks, many barely have time for lunch or breaks, never mind time for leisurely reflection and contemplation or sharing of best practices. And once they leave the dealership after a long and tiring day, most are not inclined to use their leisure time for work purposes.

The auto dealership business is based on competition, which the industry sees as one of its strongest and most important attributes. They believe competition drives the business and without it, dealers and manufacturers would not be as motivated to produce and sell cars. Unfortunately this characteristic can also undermine the whole foundation of collaboration and sharing

of information because if firms or individuals are in direct competition with each other, as are local dealerships and salespeople within the dealerships, there is almost no incentive to share knowledge. Instead, there is every reason to conceal information, best practices, or lessons learned from their colleagues and local competitors. There is an exception to this situation however. Though dealers may not keen for their employees to share tips and good ideas with their competitors down the street, there is no competition with distant dealerships since customers tend to only buy vehicles locally. A dealer would likely have much less objection to an employee offering a suggestion that benefited another dealership on the other side of the country, as long as they felt that they might receive the same benefit at some point.

The salary system also conspires against the flow of information. Most employees are on some type of commission, and many are paid totally this way. As a consequence, any time spent online, learning, or communicating with others is time for which they are either earning a reduced or no salary. The more time they spent communicating with Dearborn or supporting and cultivating a community of practice, the less money they would make. This is hardly a way to encourage employees to share their knowledge, especially in a group so motivated by financial incentives.

The complete and utter focus on the bottom line and generating a profit for the dealership at the end of each month also works against learning, communicating and sharing of knowledge. Any activity that does not contribute directly towards the monthly statement is actively discouraged. Even though it is quite clear to all that sharing dealership experience with Dearborn will pay off in the long-run with better vehicles and better policies, the short-term is what preoccupies dealers because that is how they are judged by Ford. Because of this system, dealers who ordinarily view themselves as exceptional risk-takers, are loath to experiment with anything that might jeopardize their monthly report. The short-term focus turns them into very careful and conservative managers.

Cultural/Social Environment There is also a fundamental structural problem in that dealers and dealerships are independent business people, not Ford employees.

There are many advantages to this arrangement, including Ford's ability to hand off responsibility for sales and service to the dealers. This allows Dearborn to retain some control and influence, but they do not have to deal with the daily problems of servicing their vehicles. On the downside, however, it is very clear that dealerships are not part of Ford and do not receive the same benefits or regard, and Ford makes it very clear that there is a sharp dividing line between Dearborn and the dealers. To complicate matters further, dealerships often perceive Ford as manipulating the boundary between them to their own advantage. One moment, the dealers see Ford crossing the line and interfering with a private business, and the next moment, stepping back or withdrawing to safety claiming separation when it suits them. Not surprisingly, this does not endear dealership employees to Ford or generate a great deal of loyalty or goodwill.

The culture of Ford dealerships and the relationship between Ford and its stores also discourages learning and communication. Both Ford and the dealerships understand that they would benefit from better communication and sharing of knowledge, but accomplishing this would mean undoing years of suspicion and distrust on both sides. An unease permeates the work environment. Dealers fear retaliation from Ford if they act or say something deemed unacceptable by Dearborn. The same atmosphere is duplicated within the dealership itself, with employees always wary of saying or doing something wrong. Under any circumstances where employees feel that their employment security depends on keeping quiet, it is unlikely that staff will be enthusiastic about volunteering information.

Communication and the general flow of information, like in most large corporations, are top-down. Dearborn issues decrees to the dealers and dealers deliver decrees to their employees. Neither Ford nor most dealers encourage two-way communication, even though they may intellectually accept the concept. There are some exceptions, however. The parts managers have organized themselves into a professional group and have created ways of presenting their concerns to Ford that do not jeopardize or identify the individual. And some dealership employees do talk among themselves online, again safely with anonymity, but not directly to their employers or to Dearborn.

Learning in Ford and the dealerships is also understood in rather traditional and hierarchical terms—as a process of transmission and internalization. The teacher is seen as the fount of knowledge and the knowledge flows in a one-way direction towards the student who receives and absorbs the information. Learning is generally not seen as a social process or considered in the context of work or relationships. The existing system is more about instruction and less about learning.

Physical Environment

The physical environment is generally not an obstacle to the flow of information between colleagues except in the case of the technicians whose service bays are usually spread apart and the environment can be noisy. They compensate for their inability to converse by “forgetting” to order their spare parts ahead of time and then having to wait at the parts counter chatting with each other. For the other dealership employees (service advisors, parts employees, and sales), they work in favorable conditions for conversing—a relatively quiet workplace and in fairly close proximity.

7.2 Obstacles to the flow of information and building communities of practice.

	Technicians	Service Advisors	Parts Employees	Sales
MEDIUM				
Between Ford and dealerships	Somewhat positive. Have most electronic systems in place (EDSR and Helpline, unofficial web sites).	Negative. No communication system in place.	Somewhat positive. Have administrative systems in place.	Negative. No communication system in place.
Existing IT systems	Neutral. Extensively used.	Negative. Generally poor past experience. Expensive. Awkward/slow systems.		Poor quality support.
Email or Internet access	Negative. None easily available.			
CONTENT				
Ford → Dealership (Fordstar)	Positive. Info general practical and useful.	Mixed. Info both practical with some threatening.	Positive. Info general practical and useful.	Negative. Info threatening.
Dealerships → Ford	Positive. Fairly clear what type of information Ford is looking for.	Negative. Not clear what type of information Ford wants from these employees, or who needs it.		

INDIVIDUAL				
	Mixed. Every individual will have different attitudes towards learning and sharing knowledge, and have a different experience of having done it in the past. Also their willingness to give or receive information will depend on their position within the dealership.			
ECONOMIC/WORK ENVIRONMENT				
Competition between colleagues	Positive. Low or no competition.	Positive. Low or no competition.	Positive. Low or no competition.	Negative. High competition.
Competition between local dealerships	Positive. No competition.	Positive. Fairly low competition.	Positive. Low or no competition. Cooperation is common.	Negative. High competition.
Salary system	Mixed. Both hourly and flat-rate.	Mixed. Both hourly and percentage.	Mixed. Both hourly and percentage.	Negative. Paid by percentage of sales only.
Pace of work	Negative. Usually hectic. Long hours.			Mixed. Variable pace. Long hours.
	Negative. Overwhelming emphasis on short-term profit. Risk-adverse.			
CULTURAL AND SOCIAL ENVIRONMENT				
View of Ford-dealership relationship	Often negative. Do not consider themselves as equal partners. Dealers perceive Ford as unsympathetic to their situation. Suspect Ford changes the rules for their own benefit. Misuse of power.			
Flow of information	Negative. Top-down seen as natural flow. Opinions that challenge the status quo are discouraged.			
Attitude to learning	Negative. Learning is considered in traditional terms.			
PHYSICAL ENVIRONMENT				
Exchange of information between colleagues	Negative. Not conducive to flow of information between technicians. Noisy and distance between bays.	Positive. Work in close proximity; quiet.	Positive. Work in close proximity; relatively quiet.	Positive. Work in relatively close proximity; quiet.
	Technicians	Service Advisors	Parts Employees	Sales

Work Groups

Ford is looking for ways to increase the flow of information between Dearborn and the dealerships, and to a lesser extent between dealerships. But Ford already has a group of employees within the dealership—the parts department—that has the conditions and developed a model on their own for this communication to occur. Why is the parts department different, and are there ways for the other groups to be more like them?

Parts Employees

The parts department has a number of characteristics that makes them better candidates for learning and sharing of knowledge—between the dealership and Ford, and between dealerships. The atmosphere, pay structure, use of IT, attitude to learning, and the makeup of their community all contribute to an environment that is amenable to sharing information.

The employees within the parts department operate in a very busy, but relatively calm atmosphere interspersed with stressful and hectic periods. They often have less contact with the public, but even when they do, the transaction is far less tense than in the sales department or at the service desk since it is a simple and normal sales transaction.¹⁶² Any tension the parts employees face is more likely to come from the technicians who can be demanding and difficult, especially when the part they need is not in stock.

Parts employees are often paid on an hourly basis, sometimes with a percentage of the sales, but this usually makes up a less significant proportion of their salary, and they have little control over the quantity of parts that the technicians will use. They do, of course, have more control over what they sell to their wholesale customers.

These employees use a variety of information technologies in their work and regularly consult the in-house system for current inventory as well as informational CDs for parts numbers and locating parts in the inventories of local dealerships. They also use the DOES system to order all the parts from Ford on a weekly basis.

¹⁶² Unlike at the service counter, the parts department's customer specifies the part they need, they are informed of the price, and customer decides whether or not make the purchase.

The parts department usually has a fairly positive attitude towards both formal and informal learning. The Fordstar programs generally focus on the practical aspects of running a parts department and managing the complicated inventory system, which helps them work more effectively. Informal learning from their colleagues is also very important since most parts employees learn their job through on-the-job training.

The parts employees' community is somewhat different from the others in the dealership. Though it is primarily workgroup-based, they also actively maintain a cordial professional relationship with parts departments in other local Ford dealerships. The local dealerships are not in active competition with each other, and they even have a cooperative system where they can buy parts from each other in an emergency.¹⁶³

In addition, the parts managers have developed an administrative structure that allows them to communicate their concerns to Ford without making the individual dealership a target for punishment. Because the concerns, suggestions, and complaints are shared by a larger group, it solves the problems of individuals worrying about being singled out as troublemakers and consequently targeted for punishment. With this setup, Ford gets the information they need, and the parts departments are safe from retaliation.

The parts department is unique in the dealership—none of the other employee groups share the same set of characteristics that promote or enable the sharing of information. (Also see figures 7.3 and 7.4 for a summary of their differences and similarities in chart and diagram form.)

Technicians The vehicles currently being designed and manufactured in Detroit are increasingly complex and consequently require highly skilled technicians to maintain and repair them. These skilled technicians, valued by both the dealers and Ford, are quite well paid—either by the hour or a flat-rate, depending on the policy of the shop, their level of expertise, the individual's preference, or the

¹⁶³ An emergency would mean having a vehicle up on a lift that needs a part that is not in stock. Since the longer the vehicle is in the service bay, the more expensive it becomes for the dealer, the parts department will need to procure that part immediately from any local source rather than ordering it directly from Ford which could take 1–2 days.

type of work they are doing. Those who are paid flat-rate are the least likely to share knowledge since it is clearly an incentive to finish the job as quickly as possible, but those who receive a salary or hourly wage may be more open to taking the time to communicate with others.

Technicians work in separate service bays in a busy, noisy environment that deters them from communicating with their colleagues. They do, however, manage to find ways of talking with their fellow-technicians while waiting at the parts counter.

Of all the dealership employees, Ford seems to be the most interested in the knowledge that technicians have and consequently have created the most structured opportunities for communicating with Dearborn engineers. Despite the opportunity though, technicians often do not use it because the payoff or reward for sharing information with Ford doesn't compensate for the effort it takes—the system can be slow and awkward and their past experience of communicating with Ford hasn't always been positive.

Information technology plays a large role in their work. Not only are computers an integral part of today's vehicles, but they also use a series of diagnostic tools and computers to repair and maintain them.

The formal learning received by the technicians through Fordstar is fairly practical and of direct benefit to them since it is usually focuses on how to diagnose and repair a vehicle correctly and quickly. Technicians are also the more likely candidates to participate in the hands-on training courses organized by Ford at the regional training centers.

The technician's work community is usually made up of his or her immediate colleagues and to a lesser extent, the parts employees and service advisors. Though they may not be in competition, they have very little contact with the rest of the dealership staff and even less with the technicians in local dealerships.

Service Advisors

Service advisors work in a very hectic and stressful environment, trying to juggle the often contradictory needs of the dealership, the shop, and the customer. They are the ones who have the most

regular face-to-face contact with a frequently wary, angry, or dissatisfied customer.

Many are paid by the hour plus a percentage of the shop's revenue, and for some, this commission can make up a substantial part of their income. This system puts them in a rather ambiguous situation—on one hand they are supposed to be "advisors" to the customer, yet on the other, they also personally benefit by selling more parts and services than may be absolutely necessary.

Service advisors are heavy users of the in-house computer system for keeping track of appointments and work orders. Though the system is awkward, they do learn to use it. They also make extensive use of the telephone for contacting customers as well as their colleagues in other departments within the dealership.

Though the service advisors may not have any hostility towards their formal Fordstar training, unlike the technicians or parts employees, the training is of no personal benefit. It may indirectly help them by reducing the tension in the transaction with the customer since much of the programming focuses on how to relate to and serve customers better. And in the long-term a happier customer is more likely to return, but in the short-term, the advisors are unlikely to see an increase in their income because of the Fordstar training programs.

Of all the employees, service advisors are the dealership's communicators and "sharers" of knowledge. They constantly monitor and help each other throughout the day, and most of their training is done by observing experienced advisors and gradually participating in the daily work routine. In spite of being the communicators within the dealership though, they have almost no contact with Ford Dearborn, and Ford has given little indication that they are interested in the knowledge that the service advisors have to share.

The service advisors also have the widest range of community within the dealership; they are the only employees who communicate with colleagues outside their department on a fairly regular basis. Though they are usually at the service counter, it is not unusually for them to walk back into the shop or the parts department, or over to sales if they needed a quick answer to a

question. As a result, service advisors know almost every other employee in the dealership. Their sense of community is limited to their own dealership, however, since they are in direct competition with the service departments of other local dealerships.

Sales Though the general atmosphere in a showroom is pleasant and calm, and the salespeople try to maintain a positive attitude in order to attract customers, the job itself is very stressful.

A good deal of the stress comes from their salary system—most salespeople work entirely on commission which means that the more they sell and the higher the price they can get for the vehicle, the more they can make. However, they have limited control over the number of customers that come to the dealership, the popularity of the models, or the price set by the manufacturer. A second source of their stress is the often defensive and hostile customer who comes to the showroom assuming the worst from the salesperson and the dealership.

Employees in the sales department use information technology less than anyone else in the dealership. There may be a computer on the floor that is used for calculating lease payments or special ordering a vehicle, and the sales manager would likely have a computer. If the dealership were part of the Internet vehicle-sales systems such as Autobytel, that particular salesperson would have a computer on his or her desk, but otherwise, most salespeople make minimal use of a computer.

The sales employees are also the least enthusiastic about the formal training provided through Fordstar. There are two main reasons for this. First, embedded in the sales culture is the belief that the best salespeople are born and that the most important skills needed, that raw charismatic quality, is something that cannot be taught. Second, much of the training programs' current content focuses on trying to change salespeople's deeply-held attitudes and changing their relationship with customers. The message is that their work is changing to more of a service-oriented job. Not only does this change threaten their self-image, but this service orientation is compatible with a single-price model—something that spells a loss of income to them. Not

surprisingly, the salespeople are generally unenthusiastic about both the message and the messenger.

The sales employees also have the least sense of community of all the dealership employees. Because they are in competition with each other for customers, there is a reluctance to share knowledge, even though they are likely to maintain a civil, if not cordial, relationship with their colleagues. They have little contact with the other departments in the dealership, however, and see themselves as an island of white-collar professionals in a blue-collar dealership. Salespeople are also in active competition with other local dealerships so little communication or sharing of knowledge occurs between them. The only people with whom they do not compete and have something in common are salespeople in dealerships located in other regions.

The sales department is the least similar to the parts department and have almost none of the characteristics that would make them share information. They are in active competition with each other so sharing knowledge is not a priority. There is no sense of cooperation with local dealers so the possibility of them self-organizing into a group that presents their concerns to Ford seems rather remote. Their salary system is a major disincentive since time spent sharing knowledge and information is time not selling cars and hence, not earning a salary. And finally, Ford gives no indication that they are interested in salespeople sharing their knowledge since most of the formal training focuses on replacing the knowledge they do have.

Similarities In spite of their many differences, all dealership employees share some characteristics. They all work in an atmosphere where they worry about offending their superiors, either by making a mistake or giving an unpopular opinion. The overwhelming focus for all employees is the profit at the end of the month, and in terms of communication, the “natural” flow of information is top-down, with the opinions of subordinates rarely solicited.

Though there is no overt hostility to technology, having to deal with it is not their favorite pastime. The information technology that they do use is expensive, awkward, and difficult to use. Accessibility to the Internet is either non-existent or very limited.

There is also a confusing mix of hardware and software, and employees are often not sure of its capability.

Finally, the formal in-service training required by employees is not extensive—most are only required to take one or two classes per year—and neither is it challenging. The scheduling logistics of the training also pose a problem in all departments of a busy dealership. In the Fordstar programs, though the employees appreciate the call-in capability of the equipment, the quality of that contribution is usually considered unhelpful and a waste of their time.

Figure 7.3: Summary of the differences and similarities between employee groups.

	Technicians	Service Advisors	Parts Employees	Sales
GENERAL WORK ENVIRONMENT				
Work Atmosphere	Busy, but usually relatively calm.	Hectic and stressful.	Busy, but usually calm with some stressful periods.	Calm, but personally stressful.
	Vague but constant fear about saying or doing the wrong thing and retribution by superiors. Rigidly top-down.			
Competition with colleagues	None.	None.	None.	Compete with each other for customers.
Competition with local dealerships	None.	Some. They gain by keeping customers, but it's not a worry.	More cooperation than competition. Will share inventory when necessary.	Highly competitive.
Salary and Financial Incentives	Most are paid flat rate for warranty work and hourly wage for non-warranty.	Most are paid by salary plus percentage of sales. In some cases commission makes up half of income.	Most are paid salary plus percentage of sales. Limited control over sales.	Usually are paid by commission only.
	Overwhelming focus on profit at the end of the month. Conservative. Risk-adverse.			
INFORMATION TECHNOLOGY				
Daily Usage	High to very high.	Moderate.	High.	Very limited.
Type	In-house system, OASIS, EDSR, SBDS, SBTS.	In-house system, OASIS, telephone.	In-house system, OASIS, telephone, DOES, Parts Locator.	telephone, possibly Internet.
	Expensive, difficult to use, confusing mix of software and hardware. Little access to Internet. No overt hostility to technology.			

7. Summary and Conclusion — *Work Groups*

LEARNING				
Content of Training Programs	Content of training programs helps them to do repairs more quickly. Of direct benefit.	Content focuses on improving their relationship with the customer. Does not benefit them directly.	Content helps them do their work faster and easier.	Content focuses on changing their relationship to customers. Challenges and threatens assumptions and self-image.
Difficult planning and scheduling because of conflict with daily schedule. Amount of training required is not extensive.				
Attitude to Learning	Relatively positive.	Relatively positive.	Relatively positive.	Negative. Belief that sales cannot be taught.
Informal Learning between Colleagues	Fairly high, but limited by physical environment.	Very high.	High.	Very low.
COMMUNITY AND COMMUNICATION				
Flow of Communication	Moderate between technicians, limited by environment. High potential between technicians and Ford with Helpline and EDSR.	Very high level between advisors. Fairly high between other employees in dealership.	Fairly high between parts employees. Contact with local and regional colleagues.	Little between salespeople.
Top-down is seen as the "natural" flow of information.				
Community (see figure 7.2)	Workgroup-based.	Workgroup and dealership-based.	Workgroup and locally-based.	Little sense of community. Potential only with non-local colleagues.
	Technicians	Service Advisors	Parts Employees	Sales

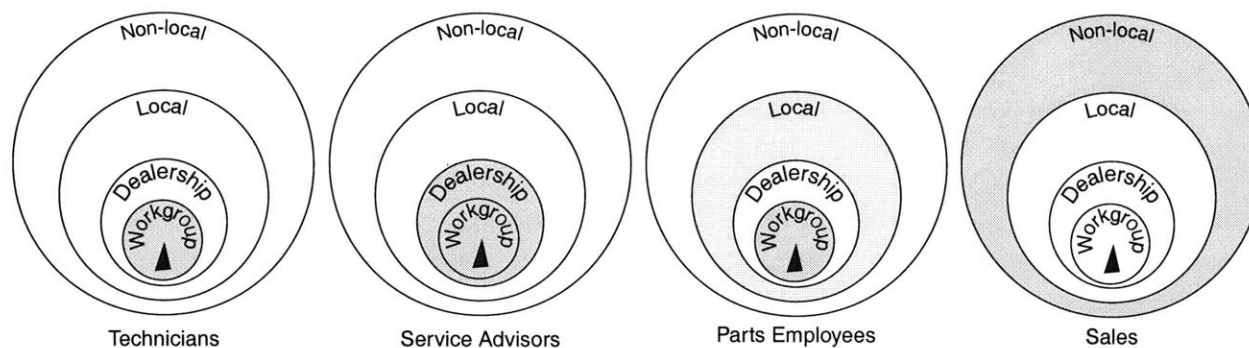


Figure 7.4: Diagram of the dealership employees' professional communities. Technicians have the most restricted community while the service advisors' include most employees within the dealership. The parts employees' community is made up of their close colleagues and those in local dealerships, while the salespeople have little or no sense of community. The only dealerships with whom they might share information would be those located out of their region.

Customers And finally, work in a dealership cannot be discussed without also considering the customers who are the *raison d'être* of the dealership. The customer's experience in an automobile dealership is usually not a particularly happy one because of the characteristics of the transaction and the employees' attitude towards them.

In the sales showroom, the customer is buying a vehicle without knowing its exact price—an unusual experience that they rarely encounter in the rest of their life as a consumer. Even real estate does not compare because there is a certain equity in the system since everyone has an equal chance to bid on the property. When purchasing a vehicle, however, that sense of fairness is absent since each customer may pay a different price depending on a number of variables—their experience in purchasing a car and willingness to drive a hard-bargain, or worse, depending on their race, ethnicity, class, gender, or age. The customer is at a further disadvantage because it is in the salesperson's interest to raise the price as high as possible. It is a zero-sum game—the more they can get the customer to pay, the more they earn. Even for the salespeople who truly want to help the customers, their ultimate loyalty has to be to themselves and the dealer, not the customer. Knowing this, customers often arrive at the dealership with a wary and defensive, if not hostile attitude.

The customer's experience in the service department, though different, is not much better. There is little or no pleasure involved in a visit to the service department, unlike in sales where at least the customer has the experience of driving home in a new vehicle. When the customer arrives at the service counter it is either because the vehicle they bought is not working properly, or because it needs to be maintained. At the very least, the customer is inconvenienced. At the worst, they are inconvenienced, must pay a large sum of money, and the vehicle may not be fixed properly. Customers in the service department are at a particular disadvantage because they do not know the true nature of the problem or what would be a reasonable price to pay for the repair. They are at the mercy of the service advisor, the technician, and the dealer who will all benefit financially by charging a high a price or making unnecessary repairs.

The customer has no ally in the dealership to help him or her through either transaction. The system is set up to take advantage of customers, but even in dealerships who do not exploit customers, there little way for the average customer to distinguish between high, but reasonable and necessary expenses, and exploitative business practices.

Solutions

The aim of increasing collaboration, learning, and sharing of knowledge—creating communities of practice—within the firm is a worthy goal, but there are many circumstances that conspire against it. Though it is possible to move towards increasing communication and learning, it will be slow and difficult process since it will entail changing both a whole culture and a business model built up over decades. Undoubtedly the process will upset some firmly entrenched attitudes and beliefs.

There are two approaches that Ford could take to overcome the obstacles that obstruct the flow of information. One is to accept the existing system, more or less as it is, and to find ways to improve learning and communicating in the workplace without making any fundamental changes. Implementing these solutions will help increase the flow of information to a limited extent—it will still not be easy, but they will leave the underlying structure intact.

The second is to make changes at a much more fundamental level—changes that alter the very structure and model of how Dearborn relates to the dealerships and how they both relate to the customer. At this level, Ford should be imagining how to cut the Gordian knot of competitiveness and adversarial relationships and creating an environment that is substantially different from the rather dysfunctional one that exists today.

Information technology, as the following section lays out, can play a significant role in achieving some of these changes and increasing learning and communication, but IT is not the only solution. Some of the more effective actions that Ford could take would involve changing basic policy and cultural attitudes.

The benefits of any change will not always be equally shared. Some may accrue to certain groups within the dealership, while others may be more widely shared. And change at any level, no matter how beneficial, usually also comes at a cost that can be financial, social, or both. (See Figures 7.5 – 7.7 for a summary of possible solutions as well as their costs.)

Media Assuming that the existing business model remains the same, there are a number of steps that Ford could take to improve the flow of information.

Provide Internet access at work: Because most dealership employees have no means of communicating with Ford or their colleagues in other dealerships, the first step would be to provide email accounts for every employee and Internet access in the workplace. Though employees are normally very busy all day with their work tasks and activities, a computer with Internet access could be installed in the lunchroom or common area where employees could pick up email, surf the web, or participate in online discussion during breaks or off-hours. This action would permit an easier flow of information between Ford and dealership employees, or between dealerships, but it might also threaten the dealership management who would be bypassed in the process.

Permit flexibility in equipment and software procurement: Computer and communication technology has long been a sore point with dealerships. Forcing them to purchase their equipment at high prices from a restricted number of suppliers and receive poor technical support has understandably made them nervous and hesitant, if not outright hostile, whenever Ford proposes to introduce any new technology. Because their experience has been so negative, dealers associate any new technology or innovation with extraordinary expense, difficulty, and hardship, which is hardly the attitude Ford should be cultivating if they wish to make use of information technology to create communities of practice, or to encourage sharing of knowledge.

Given the resentment generated by the policy of requiring dealerships to purchase their software from the three officially sanctioned suppliers, it is clear that Ford needs to abandon this policy as soon as possible and begin to take advantage of the rapidly improving computer and communication technology. It was a reasonable policy given the circumstances in the early 1990s—the World Wide Web barely existed and few could have predicted that desktop computing and Internet use would become so ubiquitous and mainstream. Choosing to go with one or a limited number of suppliers was a common error made by many firms at the time. But the industry did change and during the past

decade the cost of equipment and software plummeted—Ford dealers should now be allowed to take advantage of the lower priced hardware and software that can be bought off the shelf. It is perfectly reasonable that Ford sets certain equipment standards in terms of memory, functionality, hard drive size, and so on, but many other choices such as the manufacturer, platform, and supplier could be left to the dealer. An additional benefit to using standard commercially available equipment and software is that employees could access it from home as well.

It would also be tremendously useful if the different computer systems in the dealership with their different operating systems could be consolidated into a single access multipurpose networked system.

Ford could also make a conciliatory gesture to help compensate for the years of insisting that dealers purchase overpriced equipment by sharing the cost of any new hardware or software in the future.

Develop user-friendly software: The software that dealership employees currently use on a daily basis is generally awkward and slow. With the move to commercially available computers, new applications should be designed using readily available software. These applications should also be designed and tested with the active involvement of the employees who will be using them. Ford could choose several dealerships, pay them to participate in the experiment, test the software and resolve the problems before widespread implementation. Not only would this result in a much better product, but it would help reassure the dealers that their opinions matter to Ford and that Ford cares about the quality of the software they have to use.

Improve Helpline and EDSR: Though the Helpline response time has improved every year, it needs to continue to improve. The Helpline is in the unfortunate position of having to live down a reputation for being slow and sometimes unhelpful. Though the actual time technicians wait may only be a few minutes, that wait is perceived as being much longer by the frustrated technician who is impatient to return to his bay and finish repairing the vehicle. If technician expects that the wait will be long, those few minutes

will seem longer still. And to make the EDSR system more effective, Ford will need to find an incentive system to encourage technicians to contribute.¹⁶⁴

Improve Fordstar logistics: Though Fordstar is an effective vehicle for broadcasting training programs, it would be considerably improved with some simple logistical changes.

The daily routine in a dealership is hectic and very unpredictable which makes class planning and scheduling difficult. There is a 2–3 week lag time between signing up and taking a class because a workbook needs to be shipped to the dealership. Scheduling could be much more flexible and the lag-time would be eliminated if the workbooks were available on the Internet and employees could download the latest version and print them whenever they were needed. If an afternoon looked slower than usual, a manager could pull off one of the employees to take a class, without disrupting the normal work of the dealership or overburdening the other employees who have to cover for the student. Having this flexibility would require an Internet accessible computer and printer in the training room.

The phone-in aspect of the programming, though adding an important and much-appreciated spontaneity to the classes, also needs to be improved. Far too much time is wasted when calls from the participants do not go through. In addition to technical improvements to reduce or eliminate this problem, email could also be introduced as an additional channel between the dealership and the class host. This would allow participants to ask questions or make short comments, and would also allow the “just testing” messages to go through, but not interfere with the rest of the programming. Obviously this too would require providing email access in the training room.

Continuing to keep the programs live is important because it gives the programs a freshness and sense of immediacy that helps

¹⁶⁴ The incentive may be, but is not limited to financial. Xerox technicians, for example, have a system that depends more on personal pride than financial rewards. Technicians propose solutions to problems, Xerox vets them, and the ones that work are posted on their web site. In this case, the technicians’ motivation stems from their wish to be identified as the person who solved a difficult problem and be acknowledged for their skill.

maintain the learner's attention, but live programming also means that scheduling is much more restricted and inflexible. Alternative ways of delivering the programs to the dealerships could be explored. Managers do worry that if the training is not done during the work hours, it simply won't happen, and they are often reluctant to force employees to train on their own time. But there are situations where employees would like to take extra classes on their own time, and for them, having copies of the classes on video, or DVD would be a welcome addition. If this route is taken, Ford will need to ensure that the employee is not overburdened and that the cost of training is not transferred from the dealer to the individual.

Non-IT solutions: Though IT can certainly provide a medium for people who are geographically separated to learn and communicate, non-IT solutions are also available. Ford can look to the Parts managers groups as an administrative model for transmitting concerns or suggestions back to Ford. Local events, both formal and informal, could be encouraged, which would increase informal communication between dealerships and their employees. In addition, the printed surveys that Ford mails out to dealership employees must allow for more or optional anonymity. Mail-in survey forms sent to employees should not have the name of the dealership on it or have a tracking identification number if candid responses are desired.

Figure 7.5: The cost and benefits of media improvements.

Medium		
Action	Benefit	Cost
Provide email and Internet access	Increased communication between Ford and dealerships and between dealerships	Moderately expensive.
	Ability for Ford to contact employees directly, bypassing dealership management	Dealership management may see it as a threat and weakening of their position
	Ability for dealership employees to contact Ford directly, bypassing supervisors and regional field office	Dealership management may see it as a threat and weakening of their position
Allow dealers to use off-the-shelf equipment	Less expensive for dealers	

7. Summary and Conclusion — *Solutions*

Share cost of new information technology	Less expensive for dealers.	More expensive for Ford.
	Generate goodwill with dealers.	
	Dealers may be more receptive to proposed changes.	
Develop applications using commercially available software	Less expensive for dealers and Ford.	
Develop applications in consultation with dealership staff	Better, easier to use software.	Low cost.
	Dealership staff will feel that Ford is listening to them and care about their input.	
Improve Helpline and EDSR	Better communication with technicians. Technicians feel like they are contributing and are valued. Ford receives their expertise.	Some increased investment in Helpline and EDSR.
Improve Fordstar logistics by providing workbooks on the Internet	Greater scheduling flexibility in the dealerships.	Will need Internet access in the training room.
Provide email and Internet access to supplement the phone call-in part of the program	Great communication between hosts and participants. More engaging programs.	Will need Internet access in the training room.
Move some training to the Internet, CDs, and DVDs.	Training possible at home or off-site.	Employees will need access at home. Extension of an already long workday (i.e. cost of training is transferred to employee from dealership).
Encourage informal and formal local meetings and events	Greater communication between dealerships and employees.	Dealers may fear other dealers would steal their employees.
Allow anonymity in printed surveys	More candid opinions.	Opinions may be negative.

Content Once a robust and easy-to-use communication system is in place, Ford will need to consider the information that could and should be flowing between Ford and the dealership employees.

Clarify type of information: The first step is to be very clear what type of information Ford would like from the dealerships and which employees can provide it. Ford has already developed systems for technicians to share their knowledge with the engineers in Dearborn, though more encouragement is needed. In contrast, there are very few systems in place for parts employees, service advisors, or salespeople to collaborate or share their

knowledge with Ford. And because there is no history of communicating with Ford, it will be more of a challenge to start the process. These employees will not only require some kind of incentive, but they will need very specific examples of what type of information is needed.

The type of information that Ford will be looking for are best practices and lessons learned that could be shared with other employees. There are potential problems, however, with asking for this information, and there are important differences between lessons learned and best practices. Lessons learned often involve revealing mistakes that were made and suggesting how to avoid them in the future. The employee has to first admit that he or she (or someone else in their group) made a mistake before they can suggest ways of avoiding it. In any culture, and especially in the Ford culture, individuals, departments, and dealerships will loathe admitting that mistakes were made. Even if individuals are willing to be candid about their mistakes, their supervisors may not. Best practices, on the other hand, are a far more neutral or even positive concept because they do not require attributing blame, and they focus on devising a better way of doing or accomplishing a task.

Irrespective of whether lessons learned or best practices are solicited from the dealership employees, it will require a fundamental shift in the corporate culture. Not only will Dearborn and dealers have to refrain from punishing individuals or departments who admit errors, but they will have to be flexible and accepting of the information that they receive. Some may be negative and some even unhelpful, but in order to encourage that flow of information, Ford will have to lean towards being overly generous in accepting suggestions and offers of help as a way of demonstrating sincerity. It would be simply counterproductive to ask for help and then either dismiss it, or redefine the problem so that the solution is no longer relevant. The worst thing that could happen would be to punish employees for giving their honest, albeit negative, opinion. In addition to being open and accepting of this new flow of information, Dearborn has to be seen to act upon it.

Ford will also need to offer greater reward and recognition to those employees who do volunteer information, suggest a new idea, or come up with a fix for a problem. Given the existing culture of the dealership where success is measured in financial terms, it is unlikely many employees will become “learners” and “sharers” without some kind of meaningful reward, which could involve cash, gift certificates or redeemable points.

Increase formal learning: In spite of Ford’s emphasis on learning, dealership employees are actually required to do very little. Requiring dealership employees to take classes for certification seems to be working, but at only 1 or 2 classes a year, the workload is certainly not onerous, and it would be an error to mistake inconvenience and disruption to the daily routine for effectiveness. Demanding more in terms of formal learning, not less, and making it more rigorous might encourage the employees take their learning more seriously.

Continuing to require classes for certification does make sense, but Ford could offer incentives for dealership employees to take more classes on their own time. The classes could be shortened to an hour and put on video, DVD, or as streaming video. Participants could watch it on their own time and take an online test to verify that they learned the material. Again, some type of financial reward could be considered.

In addition to increasing some of the Fordstar training, Ford and its dealerships will also need to rethink their definition of learning. For a community of practice to exist, the flow of information must be two-way and it cannot be strictly hierarchical—the role of teacher and student must blur. Training then becomes not just a matter of designing courses, but of facilitating participation and supporting learning communities.

Provide training for Dearborn employees: The two-way communication that Dearborn wishes to cultivate with the dealers obviously requires a sender and a receiver. This means that not only does Dearborn have to think about how to encourage dealership employees to contribute their experience, they have to pay equal attention to training Ford Dearborn employees to listen and to regard the dealers as valuable business partners, rather

than second-class citizens, act upon that information, and give feedback to the dealerships..

Begin listening: Dearborn does not need to create a new online discussion area to begin listening to the concerns of some dealership employees. For example, they could find out what technicians are saying on web sites such as BlueOvalNews. Though it is raw and often overwhelmingly negative, they will certainly find out what is on the minds of some technicians. For example, most of the discussions in early 2000 were based on complaints about the flat rate. The technicians were claiming that the rate (time allotted for each job) had been slashed in the past year which meant that their salaries had also been drastically reduced. As a result, they were frustrated and bitter, claiming that vehicle safety was being undermined. If the online discussion was an accurate reflection of the current situation, it was reaching crisis level.¹⁶⁵

Create online discussion: Creating a discussion site for all Ford dealership employees could be beneficial for both Dearborn and the dealerships. Though anonymity is not usually the way to develop a community of practice, this group may be an exception.¹⁶⁶ Given the culture and the fear of reprisal, providing the option of anonymity would help relieve the wariness that so many employees feel and allow them to express their opinions more candidly.

¹⁶⁵ There were stories that the rate to replace or repair one particular part was inexplicably halved, which meant that technicians would only receive have the normal pay for that job. One week later, Ford recalled that part. Since dealerships must accept all Ford recalls and fix them for the customer, obviously they had a large influx of this repair. By reducing the rate, Ford only had to pay half the normal amount to the dealerships for each job done and the technicians would have only received half their usual salary doing this work. Whether the story is true is not so much the point. If it is true, Ford must understand that there are repercussions to these policies—one being the anger and hostility of the dealers and the technicians. If they are not true, then clearly Ford should to take immediate steps to clarify the situation.

¹⁶⁶ Certainly not all the site should be anonymous. Participants do need to take both responsibility and credit for their contribution, but there are places on the site where optional anonymity would be beneficial. Ford Dearborn has already experimented with creating a best practice database and found that anonymity increased the number of people who contributed, but also found that more people distrusted it because credibility of the speaker is so tightly connected to his or her reputation and identity.

Physical Environment

Dealers could also contribute to increased training by improving the physical quality of the training rooms. These rooms should not give the impression that training and learning is some unimportant and vaguely shameful activity that takes place in a remote leftover corner of the dealership. Instead, the rooms should be professional looking, pleasant, light, and comfortable. Dealers could place the training room in a prominent and visible place in the dealership in order to demonstrate to customers (and employees) that training is taken seriously. Ford can encourage dealers to make these changes by providing planning and building guidelines when dealers are renovating, as well as financial incentives such as equipment, rebates, or cash.

Figure 7.6: The cost and benefits of improvements in the content and physical environment.

Content		
Action	Benefits	Costs
Clarity in the type of information desired from dealership employees.	Increased communication and understanding of Dearborn's needs.	May be negative.
Open to criticism and accepting of mistakes.	Increased and more candid flow of information.	Change in corporate culture required.
Offer incentives and/or rewards (financial or otherwise) for suggestions and fixes.	Increased flow of information.	Some expense.
Increase training and learning for dealership employees.	More learning.	Longer work days, but may be compensated with incentives and rewards.
Training for Ford Dearborn employees to receive information.	Better reception of information flow from dealerships.	Requires a change in attitude on the part of Dearborn employees.
Listen to existing (non-Ford) channels of information.	Quickly understand the major problems that dealerships face.	May be very negative.
Create online discussion areas for Ford dealership employees.	Increased understanding of the daily problems faced by dealership employees.	Creates an obligation to help resolve the problem.
Physical Environment		
Improve quality and prominence of training rooms.	Increased emphasis on the importance of learning and training.	Increased expense.

Work Environment

Information technology may be able to improve and facilitate the transmission of information (i.e. lowers the transaction cost) but as this thesis has demonstrated, the problems dealers and their employees face are more than simply the inability to send or receive information. Providing the means and the information will be challenging but changing the underlying economic, social, and cultural environment will not only be the most important, but also the most difficult. Making changes at a structural level mean a fundamental shift in the work culture as well as individuals' assumptions and attitudes.

Offer PCs to dealership employees: Ford could first start by making a grand and generous goodwill gesture towards the dealerships and their employees to symbolize that they are co-workers and partners. An example of a grand gesture is Ford's agreement to give every Ford employee a computer, printer, Internet access and technical support.¹⁶⁷ The offer, however, is limited to Ford employees—dealership employees will receive nothing. Extending this generous offer to the dealers would go a long way in generating goodwill and emphasizing that they were in the business together. And not only would this help reduce some of the resentment that has built up over the years, but as an important secondary benefit, it would also provide the means for every dealership employee to communicate directly with Ford—exactly what they profess to want.¹⁶⁸

Improve customer communication: Both Dearborn and the dealerships could improve communication with the customer, which would result in not only happier customers who return to the dealership in the future, but a less adversarial work atmosphere for the dealership employees.

Research tells us that customers develop trust (and will more likely become repeat customers) when they are treated fairly and

¹⁶⁷ Ford plans to offer 350,000 of its employees from factory workers in India to auto designers in Michigan a high-speed desktop computer, a color printer, technical support, and unlimited Internet access for \$5 a month. (Bradsher 2000).

¹⁶⁸ Some suggest that the purpose of Ford's offer to its employees was to cultivate a good relationship with the unions. This is quite possible and only demonstrates that a gesture like this does cultivate goodwill. Surely the relationship with the dealerships cannot be any less important than with those of the unions.

politely, and their problem is fixed. Dealers could begin to use technology to develop this trust. For example, dealerships could start by letting the customer know what is expected of them and what kind of information will be required when they bring in their vehicle for repair or maintenance. Grilling an unprepared customer with questions when they arrive at the service desk can result in confusion, frustration, and inaccurate or incomplete information. A simple solution would be a printed sheet and/or web site that in essence duplicates the set of aids that service advisors use to question customers. It would ask all the questions that a service advisor would normally ask, including the basic information such as vehicle identification number, model, and year, but also the questions required for diagnostics, such as whether this problem occurs early in the morning, going up a hill, only when the vehicle turns left, and so on. Asking these questions before the customer arrives at the dealership service department, not only gives time for the customer to consider the answers and give more detailed and accurate information to the service advisors, but it sends the important message to the customer that Ford and the dealership want to fix the problem as quickly and effectively as possible.¹⁶⁹

A web site or printed brochure for each dealership can also be used to give customers an idea of how much a typical repair will cost. Customers fear an unpleasant surprise when they bring in their vehicle. Publicizing the price, or at least a reasonable range, will help the customer form realistic expectations and it reassures them that they are being treated equitably (another essential ingredient in building trust). It also indicates that the dealer is interested in long-term customer relations, not one-time, short-term profit.¹⁷⁰

Creating a web site for a dealership is obviously the responsibility of the individual dealer, though Ford began offering assistance to dealers in the summer of 1999 through their Ford Dealer Connection by offering to create and host individual sites. An

¹⁶⁹ A similar printed and/or web page could be done in many languages, along with English. The customer would print out the page, fill it in, and give it to the service advisor. All the information would be there and there would be no need for the hostile and frustrating exchange of service advisors trying to extract the necessary information, especially from customers who may not speak English well.

¹⁷⁰ See Levy and Beamish (1999) for a more detailed description of how information technology can improve customer relationships.

even greater contribution and help to dealers would be to create informational sheets, such as the list of questions asked by service advisors and put them online. Dealers could then either copy or make simple links to the page rather than each store having to create its own. Ford could also help the dealerships to take advantage of new developments in computer and communication technology by offering Fordstar classes on topics such as how to design, create, and host a web site.

Change the ground rules: As described in the previous section, some of the most difficult challenges to improving the flow of information between Ford and the dealerships involve the basic structure of the work environment. The pace of work, competitive atmosphere within and between dealerships, a salary system that rewards the quantity rather than the quality of sales, the constant and unwavering focus on profits that can discourage innovation and experimentation, and the often negative and adversarial atmosphere all conspire against communicating and sharing of knowledge.

Making any changes to this tangled knot of disincentives will be difficult indeed, and it is very possible that Ford may not wish to make those changes, but if they do, it will mean convincing the dealers and their employees that Ford values them for more than their monthly profits.

Experiment with FRN: Even if Ford wanted to change some of the fundamental rules of the business, they might not be able to for legal reasons since there are very strong franchise laws protecting dealerships and preventing the auto manufacturers from selling vehicles. Ford does, however, have a wonderful opportunity to experiment with changing the basic structure of the financial, social, and cultural environment, without tampering with the existing system. Ford has the chance to investigate how a community of practice might develop in a less competitive environment by working with the new Ford Retail Networks (FRN) where the local stores are partners rather than competitors, and the salespeople are paid by salary rather than commission.

An added benefit of these experimental groups would be that they are relatively small and limited in number (starting any project

with 6,000 dealerships would be a rather daunting prospect). Any relevant lessons learned from this experiment could then be applied more broadly to the rest of the dealerships.

Figure 7.7: The costs and benefits of improvements in the economic, social, and cultural environment.

Economic, Work, Social, and Cultural Environment		
Action	Benefits	Costs
Grand gesture: extend program of providing computers, printers and Internet access to include all dealership employees	Symbolize that dealers are partners with Ford.	Expensive.
	Provide at-home access for increased training and communication.	
	Generate goodwill with employees.	
Improve customer communication	Improve working conditions for staff.	Modest expense.
	Generate customer goodwill and trust.	
Experiment creating communities of practice within FRN stores	Small-scale experiments rather than all dealerships.	Modest expense.
	Opportunity to work under very different conditions, i.e. local competition is absent.	
	Lessons learned could be applied more broadly to traditional dealerships.	

Earlier in this chapter, we noted that the parts department was already at least partially successful at communicating with Ford and each other, and that their pay structure, atmosphere, and participation in a wider community all contributed to it. If it is possible to cultivate these conditions in one group within the dealership, is it reasonable to expect it of the others? Can the other groups be more like the parts department?

Without changing the fundamental structure of the business it is most unlikely. Making relatively minor changes such as providing the means to share information is not enough. The problems that prevent the flow of information are much deeper. For example, the sales department will never share their knowledge, no matter how much hardware and software they have until they are no longer in competition with each other. And the salespeople will never be able to treat the customers as Ford would like as long as

they are rewarded to push up the price as high as possible, which may of course require high pressure techniques or providing misleading information. Customers will never feel fully comfortable in the showroom until they can be guaranteed that the price they pay is a fair one and that others are paying the same price. And no dealership employee will ever feel motivated to communicate and share information if they fear punishment.

Conclusion

The automobile industry has changed rapidly during the 1990s. Today's vehicles are much more complex and the differences between makes are becoming minimal. The quality of vehicles has improved, the competition is intense, customers are less loyal to any particular brand, and profits from the sale of new cars are down. The customers are changing as well. They are becoming much more knowledgeable and discriminating, and they are willing to use the Internet to gain information about vehicles and the sales process, and even to purchase vehicles online. Within the dealership, the sales department is no longer the primary economic engine, and the service department is developing a much more important role. Building customer loyalty by ensuring customer satisfaction is the new mantra. It is a time of rapid change for the manufacturers and the dealerships, and they are struggling to adapt to this new environment.

In such a rapidly changing and somewhat unpredictable environment, the sharing of knowledge, communication, and learning has become more important than ever. Ford has already developed a satellite system for delivering training programs and they would expand its use as well as take advantage of other computer and communication technology to create what is often called a community of practice—a group that constantly shares knowledge and information. Dearborn, however, perceived that the dealerships were rather unenthused about information technology and even somewhat resistant to the idea. They wanted to understand why the dealers and their employees react this way and what could be done about it.

Creating and supporting communities of practice within Ford and the dealerships makes a great deal of sense, but implementing it will be very difficult given the sheer size of the corporation, its culture, and the relationship between head office and the dealerships. The good news is that Ford understands the need for increased learning and communication with the dealerships and wishes to support communities of practice.

The bad news, however, is that there are overwhelming forces working against it. The fault does not lie with backward dealers

and individual employees who reject technology. Dealership employees are not, as the less sympathetic literature would describe them, uncreative, narrow, and backward. They are not irrational and they are not modern-day Luddites. Nor is it the fault of arrogant and insensitive Dearborn employees. In fact, the dealerships are reacting in a quite rational and reasonable way given the circumstances of their work. The employees may be somewhat resistant, but usually for very good reasons. The real culprit is the structure of the industry, the culture, business practices, and the work environment—all of which stifle communication, learning, and the use of information technology. These are structural problems that cannot be changed lightly or easily.

In spite of the many obstacles, it is not hopeless. There are actions that Ford can take to improve the flow of information between Dearborn and the dealerships and between dealerships. For example, providing access to the Internet and being explicit about the information that is needed would help improve the exchange of information. But to create a true community of practice that constantly shares information, more fundamental changes in the existing structure and business practices are needed. Though changes in the economic, work, social, and cultural environment are more likely to create long-term positive results, they are also the most difficult to implement.

There are many lessons that can be derived from this research. One is that employees within the dealerships are not a monolithic group. Technicians, service advisors, parts employees, and salespeople operate in quite distinct work environments and as their assumptions and work practices differ, so do their reactions to learning, IT use, communication, and community. At one end is the sales department that resists both learning and sharing of knowledge. In between are service advisors and technicians. The advisors may be relatively willing learners and are communicators within the dealership, but have no contact or communication with Ford. The technicians are relatively willing learners and have the means to communicate, but who do not do well in exchanging information with Dearborn. And at the other end are the parts employees who cooperate with their competitors and manage to transmit their concerns to Ford through an administrative group

they've created. Because the groups are so distinct, it is essential to tease apart and understand these differences in order to design viable solutions for each group that will enable learning and communication to take place.

Different lessons can also be derived, depending on the discipline or field. To the social anthropologist, the most important lesson would likely be the influence of social roles and identity and how it effects the flow of information. To the economist, the lesson would be the importance of creating the right financial incentives for each of the dealership groups. The computer scientist would emphasize the need for well-designed software and easy-to-use operating systems to encourage communities of practice. Those in organizational management would likely view the most significant lesson as the importance of having proper management policy and structures in place. And those from other disciplines would surely take still other slightly different perspectives on the research.

Each of those perspectives would be correct, but each would also be slightly incomplete. The overall lesson learned from this study is that the issues faced by Ford and the dealerships must be viewed through multiple rather than a single lens. Limiting it to a single discipline or field will give a focused but narrow view of the issues. Combining them, however, provides a much richer and more accurate picture of the work environment. And in order to introduce and use technology to create and support communities of practice, one requires a very subtle and fine-grained understanding of the social, technical, organizational, economic, and physical environment that makes up the workplace. Only with a broad understanding of the work practices can the technology and associated policies can be crafted to suit the different needs and attitudes of the individuals and organization. It should also be emphasized that this lesson is not limited to large corporations such as Ford, but is equally true for any group or organization wanting to use information technology to increase communication, collaboration, learning, and sharing of knowledge.

Van Maanen and Barley (1984) pointed out the difference between organizational and occupational theory—one looks at the work from the perspective of the employer in terms of coordination, authority, and workflow, while the other focuses on

the individual and understanding why they behave as they do. This study demonstrates that the needs of the employer and organization obviously need to be considered, but that it is not sufficient. The most successful way to create communities of practice is to look closely at how the employees feel about this technology, their work practices, and the environment in which they work, and then to design solutions based on those needs.

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