

THE AUTO DEALER'S 10-STEP GUIDE TO
HIRING THE BEST EMPLOYEES



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Dear Auto Dealer Principals, General Managers & Managers

It's no secret that the employee turnover rate for certain positions in the auto industry is extremely high. According to the 2017 NADA Dealership Workforce Study, the average turnover rate for a sales consultant in 2016 was 74 percent compared to the dealership average turnover rate of 43 percent. In a non-luxury dealership, that sales consultant turnover rate skyrockets to 80 percent! Service advisors came in at a strong second with an average turnover rate of 46 percent in non-luxury dealerships.

In addition, the same study revealed that 39 percent of sales consultant terminations happened within the employees' first 90 days.

Why do auto dealers struggle with turnover? In my career with Auto/Mate, I have interviewed hundreds of job candidates, the majority of whom have car dealership experience. From what I have gathered, here are the most common hiring mistakes that auto dealers make:

1. Hiring too quickly to fill a need
2. Believing what is on a candidate's resume and what they say during an interview is an accurate reflection of the candidate's experience, abilities and achievements
3. Hiring someone because you like them or because of a good "gut feeling"
4. Not checking references or properly vetting a candidate in other ways
5. Having unrealistic or undefined expectations for new employees

The purpose of this eBook is to guide auto dealers through a step-by-step process that will help them make better hiring decisions.

Why is it important to make good hiring decisions? As you'll learn, there are substantial monetary costs associated with hiring the wrong

person. In addition, a bad hire can sap time and resources from otherwise productive managers and employees, as well as have a negative impact on morale.

Implementing the steps in this eBook will result in better hiring decisions, save money and contribute to happier employees and a more productive work environment. Happy hiring!

Sincerely,



Dave Druzynski, SPHR, SHRM-SCP
Chief People Officer
Auto/Mate Dealership Systems

What Does it Cost to Hire the Wrong Person?

Have you ever hired someone that you were unsure about, but told yourself the following? “If they don’t work out, I haven’t really lost more than what I’ve paid them.” This statement couldn’t be further from the truth. The costs associated with a bad hire are truly substantial.

The obvious costs. In addition to wages paid, the obvious costs associated with bad hires that don’t work out include unemployment insurance and COBRA. Then there is the time spent interviewing the hire, training them, managing them more than necessary and repeating the process unnecessarily a few months later.

The hidden costs. The hidden costs of a bad hire are more difficult to quantify, but that doesn’t make them any less real. Examples include:

1. If you hire the wrong salesperson to work your floor, how many potential vehicle sales do you lose out on?
2. For every sale you lose, do you also lose a potential service customer? Extrapolating further, do you lose the opportunity to create a loyal customer?
3. If you hire the wrong person to work in a service position, will they alienate customers? Would any of those customers have referred family or friends to your service department who now won’t?
4. If you hire the wrong person for just about any position, will their behavior or bad attitude affect the morale of other employees? Will your good employees have to pick up the slack for the bad hire, reducing their productivity and creating resentment?
5. If you hire the wrong person to work in a service position, will they alienate customers? Would any of those customers have referred family or friends to your service department, that now won’t?
6. If you hire the wrong person for just about any position, will their behavior

or bad attitude affect the morale of other employees? Will your good employees have to pick up the slack for the bad hire, reducing their productivity and creating resentment?

7. Could your online reputation be adversely affected because of a public rant or complaint about a bad hire working at your dealership?
8. Bad hires are more likely to cause lawsuits than “good” employees. If a dealer rushes a termination decision without properly dotting the legal “i’s” and crossing “t’s,” the bad hire could sue the dealership for wrongful termination.
9. A bad hire could steal from your dealership, or even worse, from your customers.

The Actual, Bottom Line Cost

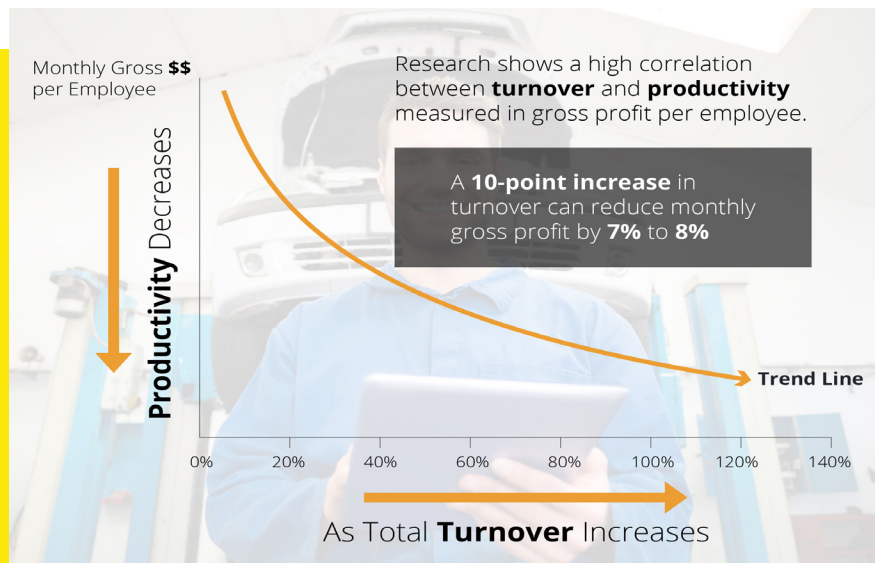
How much are we talking here in terms of hard dollars? According to a Fast Company survey, 41 percent of U.S. employers said that a bad hire cost them at least \$25,000 and 25 percent stated that it cost them at least \$50,000.



The U.S. Department of Labor estimates that the average cost of turnover is 30 percent of an individual's annual earnings!

According to the 2013 NADA Industry Report, there is a strong correlation between employee turnover and gross profit production.

Let's get down to the math. Say you hired five sales consultants last year. The national average compensation for a sales consultant is \$67,511. Statistically, you will lose at least three of them, and using the DOL's conservative estimate, that will cost you over \$60,000! If you



implement the steps in this eBook and can avoid one bad hire, you will save your dealership over \$20,000!

These are the hard costs associated with making a bad hire. Of course, for every wrong person hired, the question must also be asked:

How much money did you lose by not having the right person in place?

Step 1

Perform an internal job analysis and create a detailed job description for each position

A job analysis is simply an in-depth analysis of the responsibilities and performance goals of a particular position. It will act as a blueprint for the rest of the steps in this eBook. Do not be tempted to skip this step!

To create a job analysis, answer the following questions:

- What are the Key Performance Indicators (KPIs) that can be used to measure whether an employee is performing well in your open position? For example, if you're looking for a service manager, what do you expect them to achieve? Maintain or grow revenue? Train employees? Improve processes? Be specific.

One recommendation is to give current, top-performing employees in similar positions an achiever assessment test to help uncover the mental aptitudes and personality traits of your most successful employees. Use the results of their assessments as benchmarks for all new candidates coming in (for more information on assessments, see Appendix).

- What are the personality traits of employees who have performed well in this position?
- What are the personality traits of those who did not perform well in this position?
- Write down all the job responsibilities of the person in this position and tie them to your performance goals.
- Write down the knowledge, skills, abilities and experience needed to successfully execute each job responsibility.

All of this data combined will form your new job description. Create interview questions designed to discover whether potential job candidates have the personality traits, knowledge, experience, skills and abilities desired.

Step 2

Define qualities necessary for a culture fit

One of the biggest mistakes auto dealers make is hiring people who don't fit their culture!

How would you describe your dealership's company culture? Is it fast-paced or slow-moving? Is it family and community oriented, or is it all about performance? Would you describe the most successful salespeople on your team as "sharks" who will do just about anything to close a deal, or are they customer-centered and focused on building long-term relationships? Are you focused on volume of sales or creating a unique experience for your customers?

If you want to make good hiring decisions, it's critical that you define both your culture and your values — then be honest about them during the interview process.

If you promote your dealership culture as caring about its employees — when what you really care most about is the bottom line — that new employee is not going to be happy. If you promote your dealership culture as caring about family and time with family, and then expect your employees to work long hours and weekends that new employee is not going to stick around for long.

So be honest with yourself and with potential new candidates. If you want a shark, then hire a shark — there's nothing wrong with that. You know what is best for your dealership. Just don't hire the compassionate guy and expect him to behave like a shark.

Once you have defined your culture and values, write down the qualities necessary to be a good fit with your culture. Then create interview questions to discover if potential candidates have those qualities.

For example, if your dealership is customer-centered, you want to hire people who are other-centered. Ask candidates about their volunteer history. Describe a scenario and ask potential candidates how they would respond in that scenario, e.g. If you had an opportunity to take advantage of a long-term customer that was in a bind, and make a large commission off of them, would you do it? (Ask for a specific example of when this happened to them in the past).

Surprisingly, most candidates are very honest when they are answering these types of questions — as long as you don't lead them into the response you are looking for.

Step 3

Develop an exciting job advertisement

Would you advertise your vehicle inventory by simply listing the vehicles and options available? No! So don't post a boring job description and expect the best candidates to apply. You need to come up with a job advertisement that generates excitement by promoting your company's culture, earnings potential, growth opportunities and more!

Below is a sample job description for an automobile salesperson, taken from a posting found on the Internet:

Job Duties:

- Understands automobiles by studying characteristics, capabilities and features; comparing and contrasting competitive models.
- Develops buyers by maintaining rapport with previous customers; suggesting trade-ins; meeting prospects at community activities; greeting drop-ins; responding to inquiries.
- Qualifies buyers by understanding buyer's requirements and interests;

matching requirements and interests to various models; building rapport.

- Demonstrates automobiles by explaining characteristics, capabilities and features; taking drives; explaining warranties and services.
- Closes sales by overcoming objections; asking for sales; negotiating price; completing sales or purchase contracts; explaining provisions; explaining and offering warranties, services and financing.
- Provides sales management information by completing reports.

At what point did you get bored reading the above description? Was it the second bullet, or the very first one?

Compare it to this sample job advertisement:

Do you dream of a career with unlimited earnings and advancement potential? Do you enjoy working in a fast-paced environment, helping others and solving problems? Dave's Auto is looking for a charismatic professional to join our sales team. We are a family owned business that cares about our community and employees. You will have all the resources you need to help you succeed, including training and mentoring. We host a variety of company and team-building events such as barbecues, baseball outings and holiday parties. Dave's Auto offers a competitive compensation plan with benefits including....

Which job would you rather apply for? Whereas your job descriptions are an internal necessity and should say what a candidate will be expected to do on the job, your external job advertisements allow you to showcase what makes your company great, and tell candidates why they should work for you instead of your competitors.



“If you want to make good hiring decisions, it's critical that you define both your culture and your values — then be honest about them during the interview process.”

Step 4

Develop a marketing plan

Once you have your job advertisement, the next step is to develop a marketing plan. If your plan is to simply post the job advertisement on your website and in your local online classifieds, chances are you're not going to get the best candidates.

The most successful recruiters and companies use the following marketing strategies to go out and find the best candidates:

Networking. Tap into your network of personal and professional connections and get help spreading the word about your open positions.

Social Media. Does your company have a Twitter page? Research which hashtags people are using in your area for local jobs; i.e. #AlbanyJobs, #salesjobs and #accountingjobs, then use them in tweets promoting your open positions. On Facebook and LinkedIn, ask your page followers to like and share posts with your job descriptions. On YouTube, post a video of the hiring manager describing the available job, along with video testimonials of current employees that describe why they like working at your dealership.

eNewsletter. Include your job openings in your next customer newsletter. You never know, one of your customers may know someone!

Digital Advertising. Nearly 30 percent of all Google searches are job related, so devising a digital advertising strategy may be worthwhile, especially for hard-to-fill positions.

Job Boards: The five most popular job boards include Monster, Indeed, GlassDoor, SimplyHired and CareerBuilder. There are also niche boards specific to the automobile industry. You can even check with your

local dealer associations, some of which post jobs on behalf of their members right on their own website.

Top 10 Sources Frequently Used by Top Employers



Source: <https://business.linkedin.com/talent-solutions/blog/2014/11/the-global-trends-that-will-shape-recruiting-in-2015>

Step 5

Source candidates

Your marketing plan outlines all the external-facing activities designed to bring in great candidates. But don't sit back and wait for candidates to apply: go out and find them yourself! The very best candidates are most often sourced from employee referrals and other internal efforts.

Employee referrals. Offer current employees a referral bonus for any of their candidates who are hired.

Ask your customers. Your sales and service customers may know someone who is looking for a job. Heck, they may even be interested themselves! Post your current job openings in your customer waiting rooms and have flyers on the service advisors' desks. Encourage your

employees to tell customers about job openings — after all, they will get that bonus!

Attend industry and networking events. Call your local ADA to find out if they host any educational or networking events. Attend networking events hosted by your local chamber of commerce and other associations. Exchange business cards with as many people as you can and keep these contacts in a database or connect with them on LinkedIn; whenever you have a job opening, email them to let them know. You may want to consider offering a referral bonus or free oil change as extra incentive.

Social Media. Go beyond posting or advertising your open positions on social media. Use it as a tool to go out and find candidates yourself! LinkedIn is by far the best social media platform to find qualified, professional candidates. Eighty-nine percent of recruiters say they have found and hired someone on LinkedIn. Entire books have been written on how to use LinkedIn, so this eBook won't go into the details. If you Google "How to Use LinkedIn to Find the Best Job Candidates," you will see pages of articles, guides and tips to help you get started.

Step 6

Create and stick to a hiring process

One of the biggest mistakes that auto dealers make is hiring too quickly to fill a need!

Dealers too often associate an empty seat with lost revenue; but it's important to realize that the wrong person in that seat could cost more than you can imagine. No matter how urgent the need, it's important to be patient and fully assess each candidate before making a hiring decision. Creating and sticking to a hiring process is one way to ensure that you won't regret your hiring decisions.

Hiring process recommendations include:

Form a hiring committee. Select two to five people whose judgment you trust. Give everyone the job analysis, discuss the KPIs and the type of person you're looking for. It's important that everyone on the committee is on the same page; if one person is looking for leadership skills while another doesn't think leadership skills are necessary, they won't be evaluating candidates in the same way.

Don't rush. A successful process typically includes an initial phone screening with many candidates, followed by in-person interviews with your top five or six candidates. You may want to narrow that pool down to your top candidates and bring them back for a second interview.

Conduct pre-employment tests. Require your top two or three candidates to take an achiever assessment or other personality assessment. It's not difficult to "fake" your way through an interview, but it is difficult to outsmart a test that has been carefully designed by PhDs in psychology. Such assessments are considered to be very accurate and are commonly used by large corporations, but there are affordable options for small businesses, too. Sources are listed in the Appendix of this eBook. It's critical to choose an assessment that is not discriminatory and meets EEOC/OFCCP standards.

Make a unanimous decision. In order to hire anyone, committee consensus is required. If the team doesn't give a collective "hell yes!" then your answer is "hell no!"



Step 7

Hone your interviewing techniques

If you've followed the recommendations in steps 1 and 2, you should have a list of interview questions that will tell you if a potential candidate has the personality traits, knowledge, experience and skills required for the job as well as if they're a good cultural fit for your company.

Additional interview tips include:

Ask the same question twice. Take the most important questions and find a different way to ask the same question later in the interview, perhaps using different scenarios. Asking the same question twice allows you to identify discrepancies and inconsistencies in an applicant's responses.

Create interview scripts. Ask every candidate the same questions to ensure that you have an accurate basis for comparison, and also justification for your hiring decision in case you ever find yourself in a hiring lawsuit!

Ask open-ended questions. Don't ask questions that can be answered with a simple yes or no, such as, "Are you customer service oriented?" Of course the candidate will say yes. A better question is, "Give me an example of a time when you went out of your way to help a customer."

Ask behavioral questions. A popular hiring theory states that past behavior is one of the best predictors of future behavior. Behavioral questions are designed to find out how candidates have behaved in certain situations. Ask them questions about how they have dealt with a crisis, unhappy customer or a difficult co-worker.

Ask situational questions. Situational questions can give you a pretty good indicator as to how candidates will perform in certain

circumstances. Create a series of hypothetical situations and ask the candidate what they would do; e.g. What would you do if a customer was being unreasonable and started screaming and swearing at you? What would you do if a co-worker took credit for something you did?

Ask questions designed to reveal a candidate's emotional intelligence.

There's a growing consensus among employment experts that emotional intelligence is the single best predictor of job success than any other indicator, including skills, experience, education and a high IQ. The reason is because people with high "EQ" as it's called, have the ability to understand and control their own emotions, and can accurately read other peoples' emotions.

People with high EQ tend to be good listeners, ask questions and own their failures without dwelling on them. They are typically comfortable in their own skin, are able to laugh at themselves and not take things too seriously.

Additional resources for emotional intelligence are listed in the Appendix.

Step 8

Set realistic expectations for candidates

The top three reasons that people quit their previous position at an auto dealership (according to hundreds of interviews conducted with former auto dealership employees at Auto/Mate) are:

1. "They promised that I would make more money than I did."
2. "They told me there was opportunity for advancement, but there were no opportunities in the entire year (two years, three years) I was there."
3. "I got burned out."

It's critical not to oversell the opportunities in your dealership.

If your salespeople make an average of \$80K per year, don't promise a potential candidate they will make \$120K. When that person comes in and discovers their top earning potential is \$80K, they will feel duped, and rightfully so.

If you are interviewing a potential service advisor and he says he's ready to be a manager, don't promise him that he'll be a service manager within a year or two — unless you know with a high degree of certainty that you will have a service manager opening in the next year or two.

Be realistic about your work environment. This was discussed to some degree in step 2. If you set the expectation that you are not one of those dealerships that requires long hours — but that expectation is actually there — your new hire will not be happy. A dealership that schedules employees to work 51-66 hours per week will experience 13 percent more turnover than a dealership that schedules employees 40-45 hours per week, according to NADA Workforce Study.

Likewise, don't promise training if your managers have a "sink or swim" attitude toward new hires. You are better off being honest and letting the person decide whether they want to work for you — at least that way, if they accept the offer, they're coming in with their eyes wide open.

When you oversell your opportunities, you are setting your new hires up for a case of sour grapes, and most likely, they will quit before long.

Step 9

Set realistic expectations internally

Setting realistic expectations internally is just as important as setting realistic expectations for the candidates.

Are you holding out for a 30-car per month salesperson? If so, are you confident they will have the opportunity to sell 30 cars at your dealership? If you're holding out for a rockstar salesperson and you're running a low-volume dealership or you're located in a rural area, it may be time to adjust your expectations. A 30-car guy or gal will not stay long in a 10-car job.

If you need a service advisor, do you really need to find someone with 10 years experience for that position? If you have an assistant office manager position open, are you holding out for someone with great management skills? Because let's face it, someone with great management skills is probably already in a management position somewhere.

If what you really need is an office manager, then hire an office manager. Don't hope to get an office manager for the price of an assistant office manager. Would you hire an architect who has built skyscrapers to build you a garden shed? Even if they agreed to do it, their job satisfaction level would be low, and they'll be gone as soon as a better opportunity presents itself.



Step 10

Vet all candidates (even if they seem perfect)

One of the most common mistakes auto dealers make when hiring is believing what a candidate says during an interview is an accurate reflection of their experience, abilities and achievements.

Last but not least, the most critical part of any hiring process is to vet your candidate of choice. DO NOT — I repeat — DO NOT make an offer without taking these steps:

Trust, but verify. It's important to verify that what a candidate says and the facts listed on their resume are true. In a survey of 3,100 hiring managers, 49 percent said they caught a job applicant fabricating their resume. There are companies out there right now, like careerexcuse.com, that charge job seekers fees to create fake companies, fake work histories and will even provide fake references on their behalf.

Check references. Ask every candidate for at least three references and state that two of them must be previous managers. If the candidate doesn't supply these, it could indicate a red flag. Do your own investigating and verify these are actual managers and not friends posing as managers. Keep an open mind, but call and do a reference check. If the candidate is still employed, make sure they give you permission to contact their current employer.

Call and talk to the managers on the phone; sometimes you'll catch a hesitation or inflection in the voice that you wouldn't otherwise notice in email correspondence. Also, it's a lot easier to tell over the phone if the last manager is a difficult person or has unrealistic expectations for their employee, as your candidate may have described.

Review assessment results. Remember the personality assessment that you gave to your top two or three candidates? Review the results

of your chosen candidate to ensure they have the traits, skills and abilities required. Compare their results to the internal benchmarks you identified in step 1. If you need someone with strong organizational skills, and your top candidate scored low in this area, bring them back in for another interview and hone in on their organizational skills.

Do a background check. Typically, this takes 24-72 hours. All other vetting activities should be completed before you get the background check results. It's actually a good idea to make your candidate an offer contingent on the background check results so that (a) they won't get stolen away by a competitor while they're waiting for your offer, (b) you don't waste time and money checking the backgrounds of unqualified candidates and (c) some states don't allow pre-offer background checks, and in those that do, you are less likely to be accused of discrimination based on a criminal history if you do not report on this information until late in the process.

Check out their social media history (in accordance with EEOC guidelines). Nobody wants to hire an applicant with a public social media presence that stands in opposition to your dealership's values and can scare customers away from you. But did you know that Googling a job applicant can inadvertently give you access to information that is protected by law, such as age, race or religion?

NOT ONE PERSON on the hiring committee should so much as peek at a candidate's Twitter or Facebook accounts, or your dealership will have limited your defense in a discrimination lawsuit. Instead, have your background check company perform this duty, or a trusted employee outside of the hiring process who has been trained only to share information that the hiring team can legally use in their hiring decision. More information on this is provided in the Appendix.



APPENDIX: Resources

Personality and Skills Tests

CRI Achiever Assessment (Personality) - www.criw.com

Low cost, specialized assessments are surprisingly accurate screening tools that can and should be used by every company to measure mental aptitude and personality dimensions that can be benchmarked against your top performing employees.

Best practices for using the CRI Achiever Assessment test include:

- Establish benchmarks for each position in your company by administering the test to your current employees and establish ideal score ranges based on top performers. Their results will serve as benchmarks for all future candidates for these positions and can be updated over time.
- When a test result is returned, remember to confirm the findings because circumstances in a previous position may have contributed toward a score that is outside the ideal range. If you like the candidate, don't toss them aside based on scores only; do a little more digging first. The assessment is just part of a larger process.
- Use the test results to create questions for a second round of interviews. For instance, if a candidate scores low on initiative, ask the candidate to give an explanation of how he/she displayed initiative in their last position. Create a scenario where initiative would be required and ask the candidate what they would do in that scenario.
- Use the test results to create questions for references and previous managers. For instance, if your candidate scores low on organizational skills or working well with teams, ask previous managers about those specific skills and behavioral traits.

DiSC - (Personality) - www.discprofile.com

Myers Briggs Type Indicator - (Personality) - <http://www.myersbriggs.org>

Brainbench (Skills) - www.brainbench.com

eSkill (Skills) - www.eskill.com

Emotional Intelligence Resources

Book: Emotional Intelligence 2.0

Includes do-it-yourself emotional intelligence tests.

<http://www.talentsmart.com/products/emotional-intelligence-2.0/>

Social Media Resources

Too Much Information

Article by Dave Druzynski

If you are Googling prospective employees or checking out their social media profiles, you could be running afoul of anti-discrimination laws.

F&I Showroom Magazine, June 2015

<http://www.fi-magazine.com/article/story/2015/06/too-much-information.aspx>

Social Mishap

Article by Dave Druzynski

Can you fire an employee for an inappropriate social media posting? The answer is...it depends.

F&I Showroom, October 2015

<http://www.fi-magazine.com/channel/internet-department/article/story/2015/10/social-mishap.aspx>

A DMS that does business **differently.**

Auto/Mate by DealerSocket is a leading dealership management system provider. Our innovative software delivers the functionality, flexibility and value dealers need to maximize profits, optimize processes and enhance the customer experience while saving thousands on their monthly DMS bill.

The addition of Auto/Mate to DealerSocket's suite of products creates a new choice for dealers seeking a connected platform that's driven by innovation and backed by award-winning customer service. Together, we serve more than 9,000 dealerships and 300,000 users. For more information, visit www.automate.com or follow us on Facebook, Twitter or LinkedIn.

