

Make More Money with the Right People



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The Right People

PERFORMANCE



High **P**
Low **T**



High **P**
High **T**



Med **P**
High **T**



Low **P**
Low **T**



Low **P**
High **T**

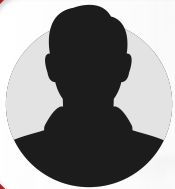
TRUST

US Navy Seals will take
a **Med P–High T**
(or even a **Low P–High T**)
over a **High P–Low T**

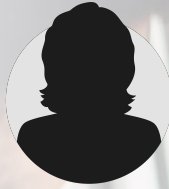


The Right People

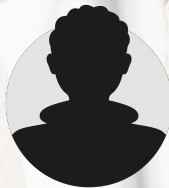
PERFORMANCE



High **P**
Low **T**



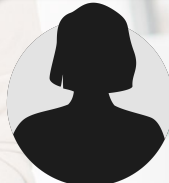
High **P**
High **T**



Med **P**
High **T**



Low **P**
Low **T**



Low **P**
High **T**

TRUST

- Think of the most toxic person on your team.
- Think of the person who always has your back.



People

- How do we measure people dimensions?
- How do we make people decisions?



Employee Metrics

Performance Metrics

- Sales (volume, dollars, aged, etc.)
- Advisors (hours per RO, items per RO, etc.)
- Technicians (productivity, efficiency, proficiency, etc.)

Trust Metrics

- ???

Are we measuring the right things?



Your Leadership Team

- Are they empowered to make these hard decisions?
- Are they willing and prepared to make these hard decision?
- Do they buy into your VISION?
- Do they believe high employee engagement leads to employee and customer retention?
- Do they believe employee engagement leads to performance and profits?

Do you believe these things?

It starts from the top.

Overview

- What you measure influences your CULTURE
- Engagement: The Key to retention and financial success
- Recruiting for your culture.
- Deliberate Orientation and Onboarding.



What is Dealership Culture?

The pervasive vision, values, attitudes, behaviors, and practices that characterize a dealership.

What you measure influences your culture.



Dealership Culture Affects Employee Retention



Employees who rate their cultures as poor are **24%** more likely to leave within a year.



59% of employees would switch jobs today.



62% of people who quit cited toxic corporate culture as the number one reason.

Businesses with thriving cultures are **200%** more likely to have increased revenues.

Dealership Culture Affects Employee Retention



95% of candidates say that culture is more important than compensation.



96% of leaders say culture has the most impact on business outcomes, but **74%** focus their time on strategy.



Only **42%** rate their everyday experience as positive.

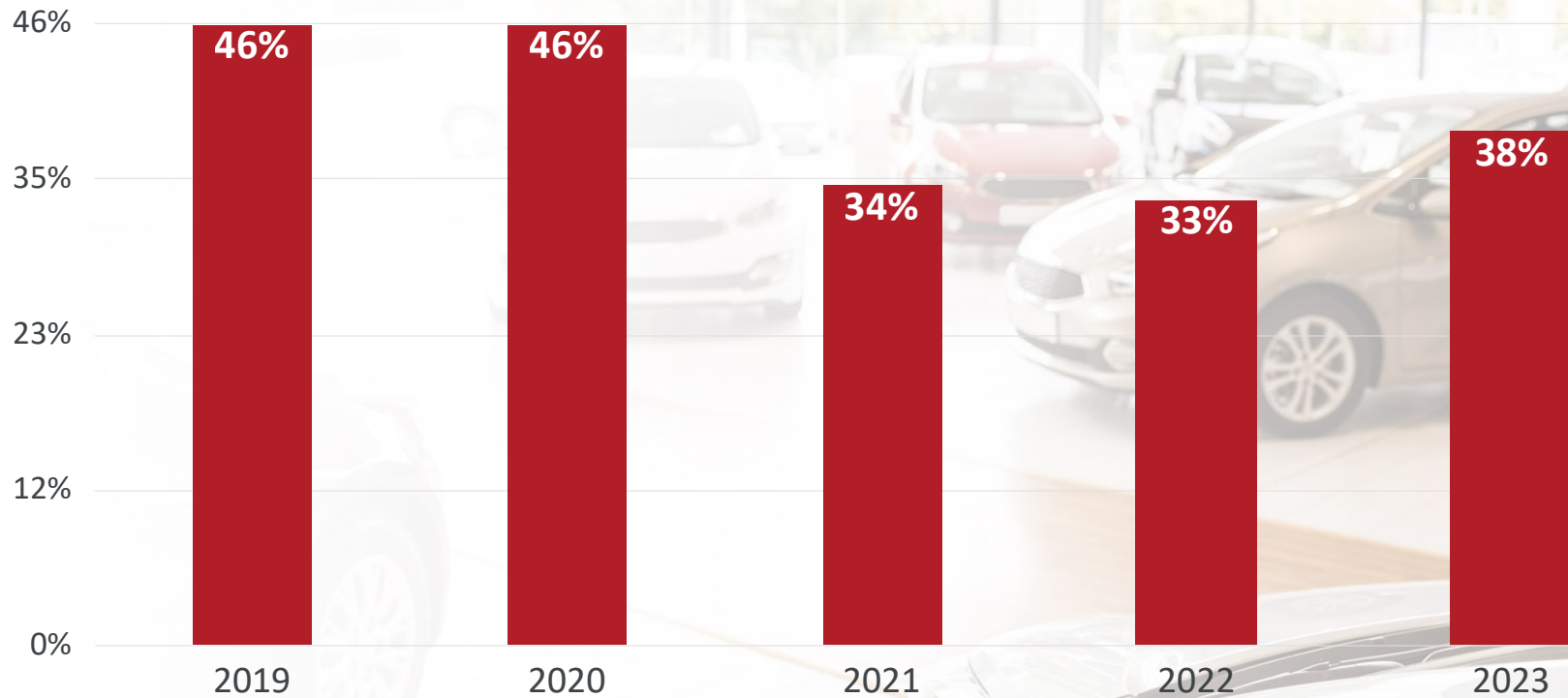
Poor workplace culture increases burnout rates by **157%**.

Culture Improvement Strategies

- Embrace a **vision** and communicate it consistently via multiple channels.
- Ensure your leadership team embraces and models your vision.
- Identify your values and make sure your policies and practices support them.
- Model and encourage the kind of behavior you expect from your employees.
- Demonstrate appreciation for your employees and recognize accomplishments.



Dealership Employee Turnover Stats



Workforce Study Generation Definitions

- **Baby Boomers:** Born 1946 to 1964 **14%**
 - **Generation X:** Born 1965 to 1980 **24%**
 - **Generation Y or Millennials:** Born 1981 to 1996 **37%**
 - **Generation Z or Digital Natives:** Born after 1996 **25%**
- } **62%**




Dealership Employee Retention and Turnover Stats

2.8 years Average tenure of a dealership employee

 **74%** One-year retention of dealership employees

 **48%** Three-year retention of dealership employees

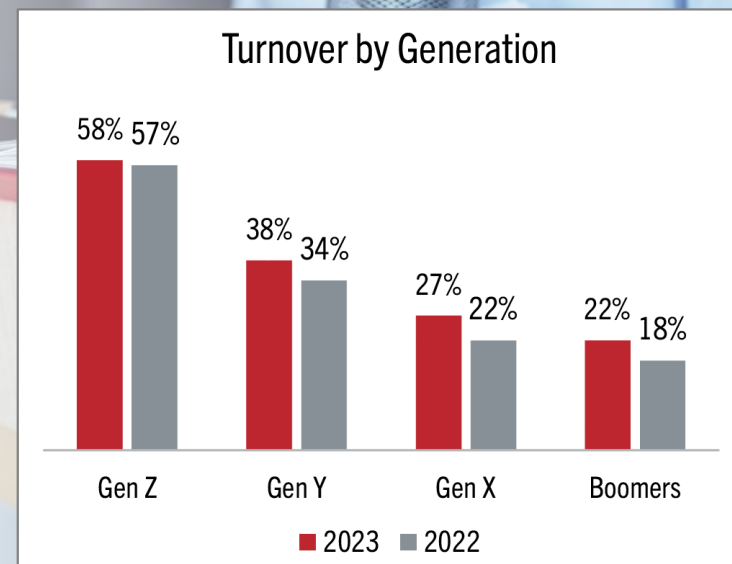
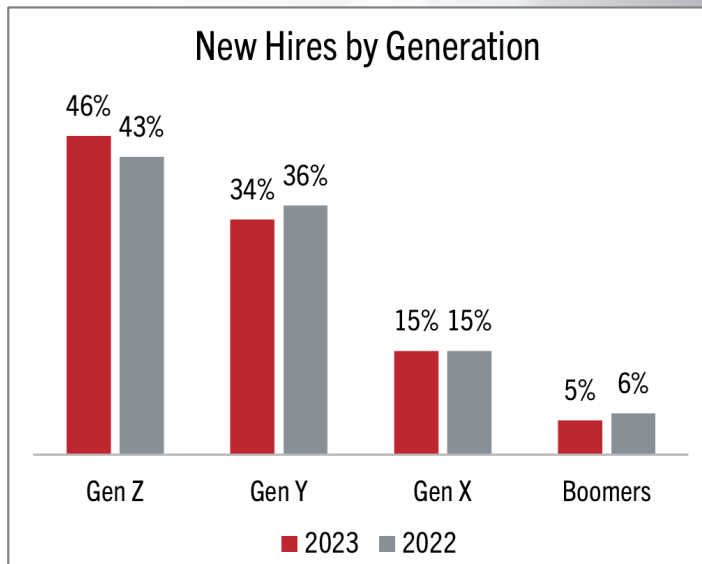
 **40%** Turnover in female employees (all positions)

Dealership Employee Retention and Turnover (Last Year)

National Retention and Turnover – All Dealerships				
	Annualized Turnover	1-Year Retention	3-Year Retention	Median Tenure (years)
All Positions	38% ↑ 5%	74% 0%	48% ↓ 1%	2.8 ↓ 0.1
General Manager/Operator	17% ↑ 9%	91% ↓ 5%	82% ↓ 2%	9.9 ↑ 0.2
Sales Manager	24% ↑ 7%	86% ↓ 4%	72% ↑ 1%	5.8 ↑ 0.5
F&I Manager	33% ↑ 14%	83% ↓ 4%	63% ↑ 2%	4.4 ↑ 0.3
Service Manager	21% ↑ 1%	87% 0%	68% 0%	6.4 ↑ 0.6
Parts Manager	13% ↑ 1%	93% ↑ 1%	78% ↑ 1%	9.5 ↑ 0.2
Sales Consultant	55% ↑ 13%	69% ↓ 5%	44% 0%	2.6 ↑ 0.2
Service Advisor/Writer	43% ↑ 3%	72% ↑ 2%	43% 0%	2.3 ↑ 0.2
Service B-Technician	28% 0%	80% ↑ 2%	52% ↓ 1%	3.2 ↓ 0.1
Parts Consultant	21% 0%	83% ↑ 4%	55% 0%	3.5 ↓ 0.3
Admin/Office Manager	14% ↓ 3%	91% ↓ 1%	78% ↓ 4%	8.9 ↓ 0.7

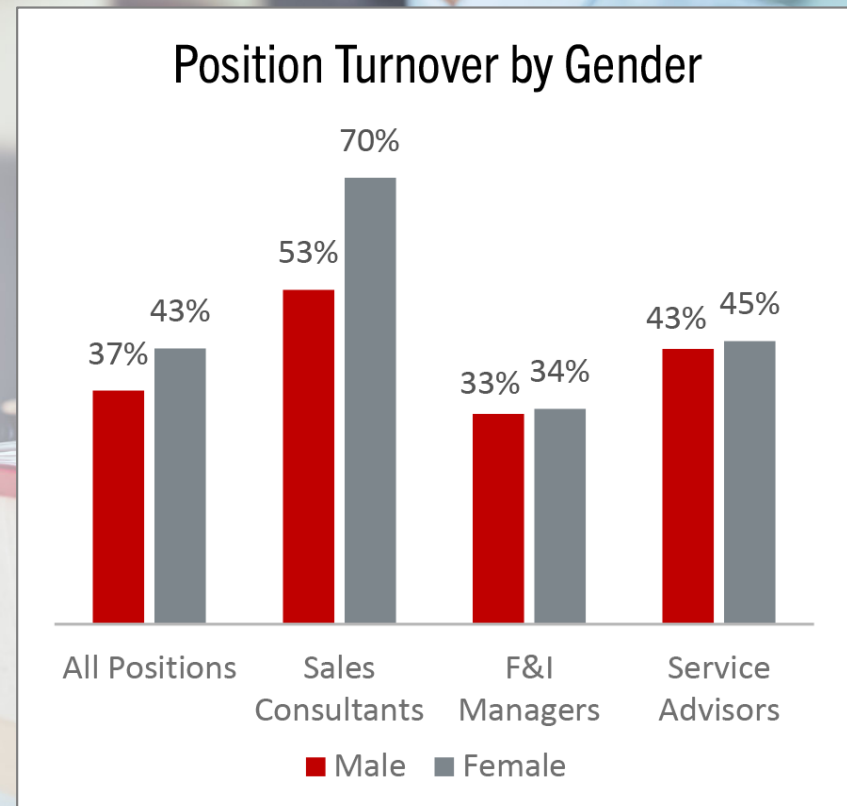
Dealership Employee Retention and Turnover Stats

- Median Age of dealership employees = **37.6**
- Gen Z new hires are increasing, but their turnover is double that of the other generations combined at **58%**.



Dealership Employee Retention and Turnover Stats

- Despite significant efforts, women still only account for **19%** of dealership workforce.
- Women have a **43%** turnover overall.
- Women comprise **21%** of all new hires in dealerships.

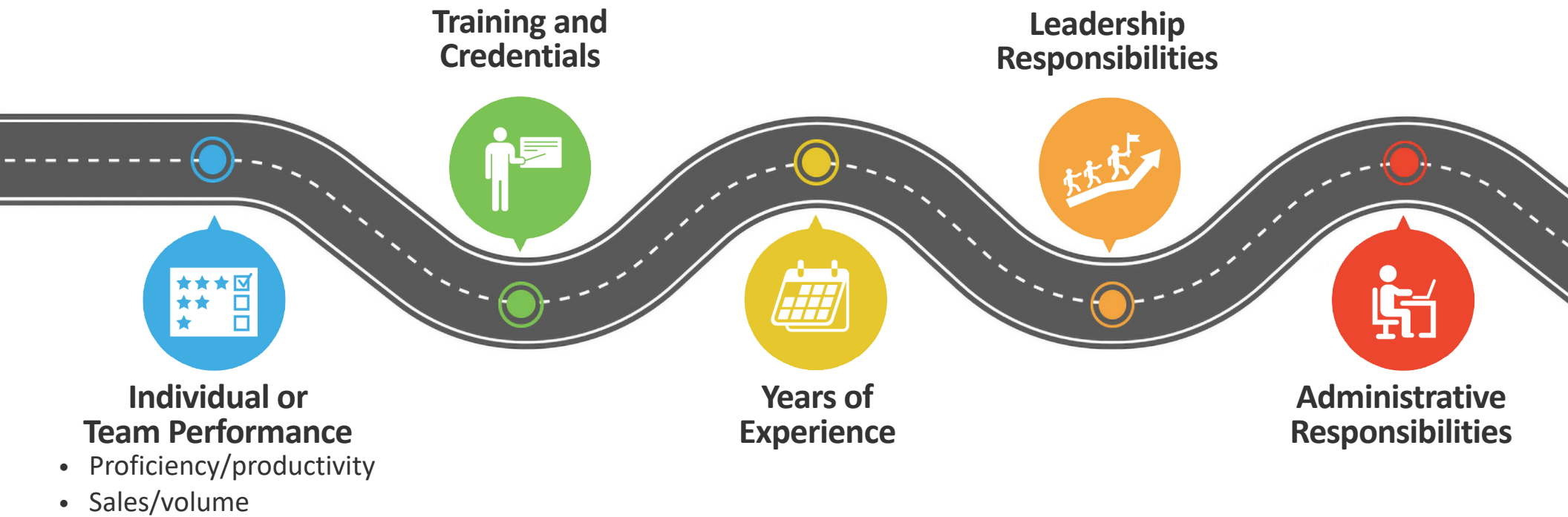


Drivers of Dealership Employee Turnover

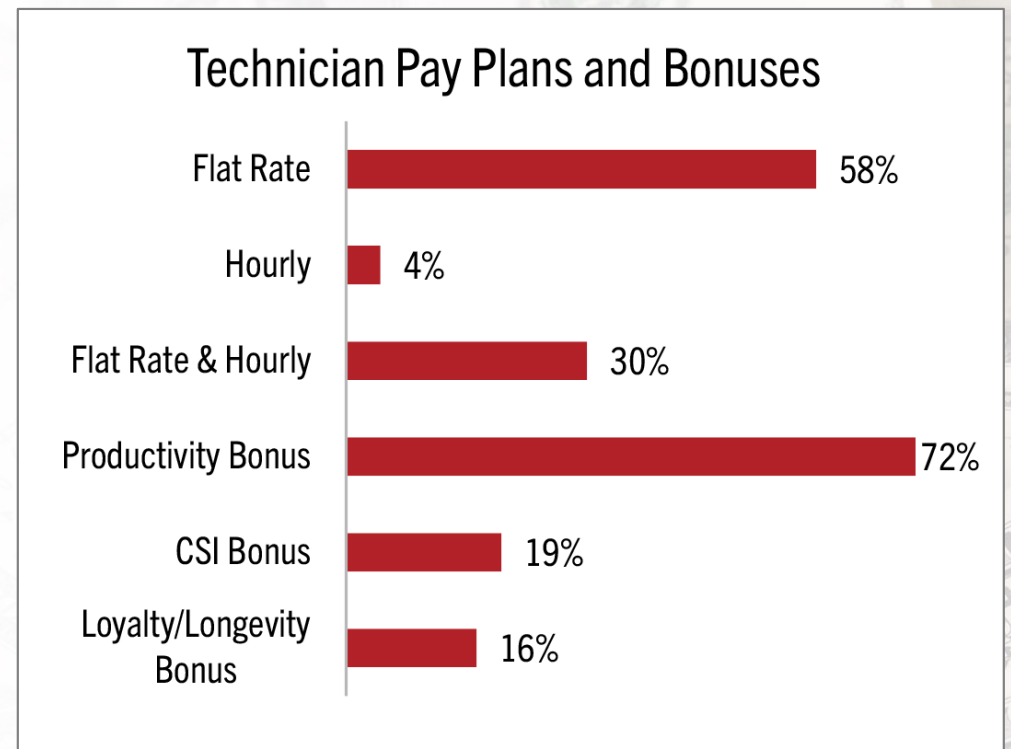
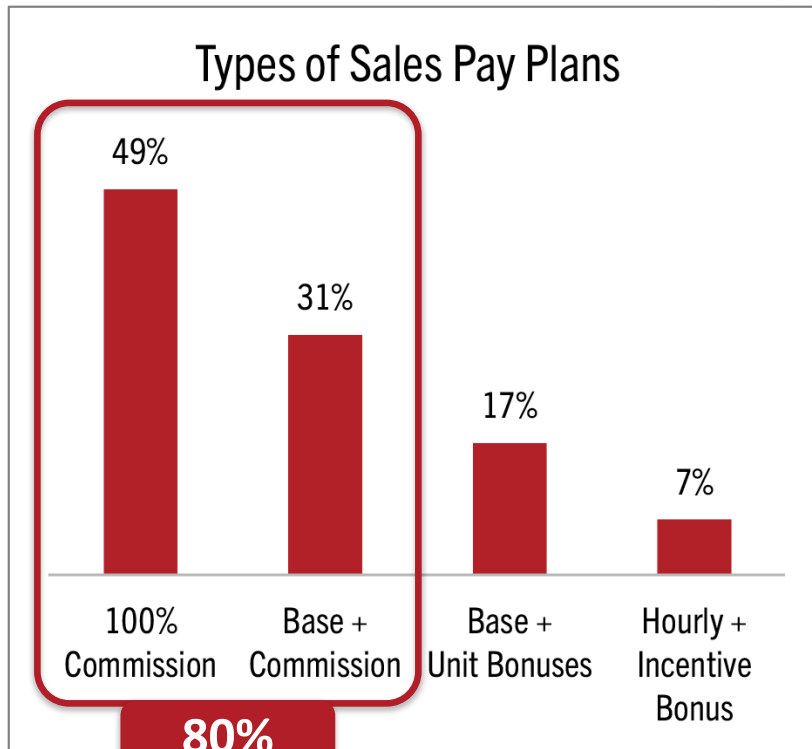
- Unclear career paths
- Commission and performance-based pay plans
- Working long hours and weekends
- Poor management (lack of training)



Career Pathing – Factors that Impact Advancement



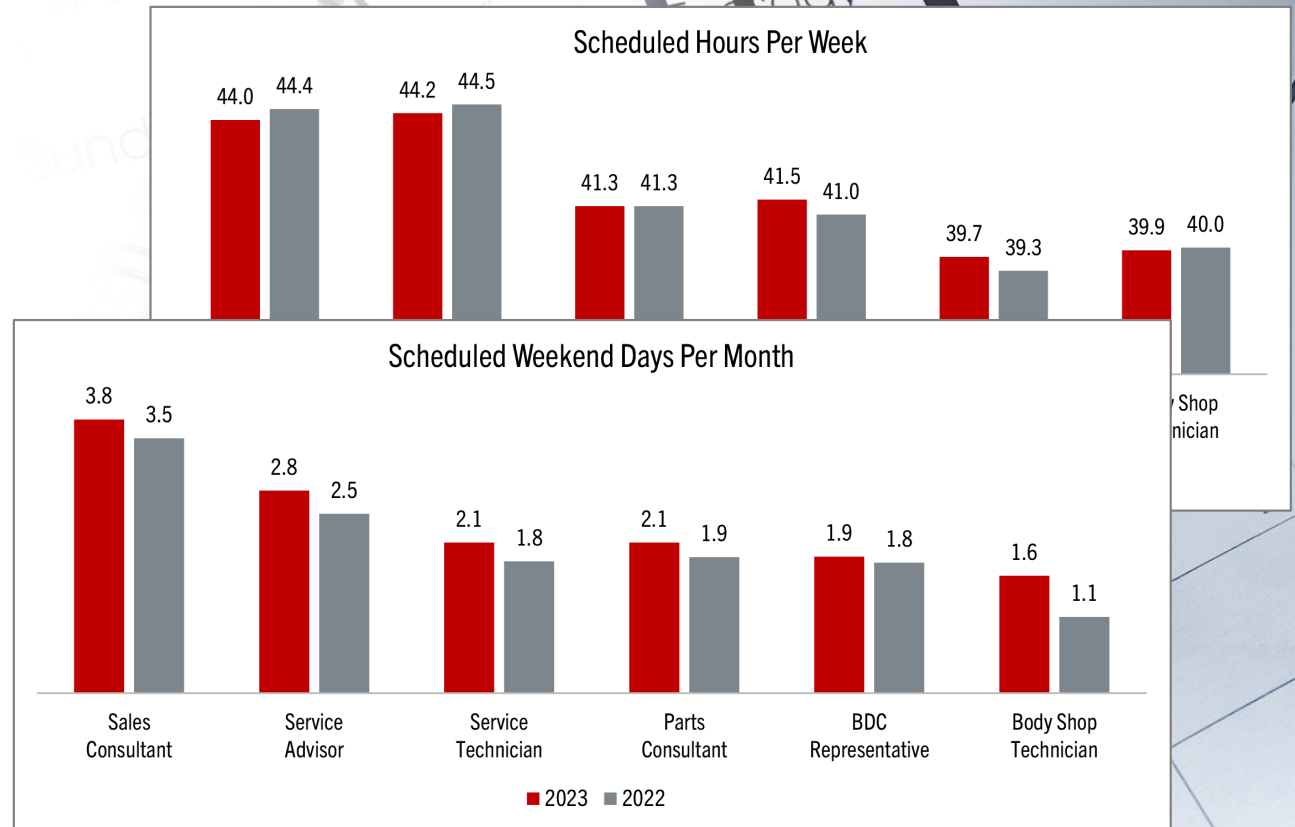
Pay Plans



Work Schedule Changes Lead to Reduced Turnover

An increasing number of dealerships are using new approaches to scheduling and even allowing employees more choice and flexibility.

Approximately one out of five dealerships and dealer groups participating in the survey say they are using non-traditional schedules.



What is Employee Engagement?

The strength of the mental, psychological, and emotional connections employees have with their employers.



Employee Engagement

- How an employee feels about and is connected to their job.
- Translates to:
 - The amount of effort they put into their work.
 - Their sense of commitment to their organization.
- 3 Levels of Engagement:
 - Engaged
 - Unengaged
 - Disengaged

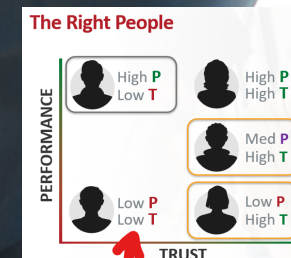


3 Levels of Employee Engagement

- **Engaged Employees** have an emotional commitment to the organization and its mission and goals.
- **Unengaged Employees** are not passionate about their work and are not willing to go the extra mile.
- **Disengaged Employees** don't care at all. They may even go out of their way to challenge company practices or sabotage the company.

- **67%** of Americans are not engaged or are actively disengaged.
- **51%** are actively looking for new positions or are open to offers.

Source: Gallup Poll



Causes of Unengaged & Disengaged Employees

- Poor manager-employee communication
- Poor feedback and direction from their manager
- Lack of connection to the company mission, vision & values
- Lack of connection with their boss
- Not feeling appreciated or recognized for their work
- Feel they are being taken advantage of, “always the go to person”



Employee Engagement

- Only **33%** of workers are engaged.
- **70%** of variance in team engagement is attributable to management.
- Businesses with engaged workers have:
 - **23%** higher profit
 - **18%** higher productivity in sales
 - **43%** lower turnover
 - **81%** lower absenteeism
 - **10%** higher customer loyalty

Employee Engagement

- Organizations with high-quality onboarding have **2 times** the employee engagement ratings that companies without such programs have.
- A **5%** increase in employee engagement has been linked to a **3%** increase in revenue.



Job Descriptions for Current Employees = Retention & Engagement

Descriptions clarify roles and responsibilities.

- Only **60%** of employees know what is expected of them.
- **41%** believe their descriptions align with what they do.
- These employees are **2.5 times** more likely to be engaged.

Recruiting Strategies



Recruiting Strategies?



The College Track



Current graduation rate of 4 year students in 6 years or less

\$1.75 trillion

Total U.S. student loan debt

\$29,000

Average debt per student



Recruiting Strategies-Where are they?

- Offer alternative working opportunities for high school students. Arrange for students to receive credit.
- Join automotive advisory boards of educational entities.
- Attend and host career fairs and open houses.
- Involve parents and families.
- Participate in enthusiast events.
- Promote from within!
- Look at other service-related industries:

Restaurants Hotels Rental Car Agencies
Your Vendors Teachers Door to Door Sales
Realtors Cell Phone Stores



How Should You Interview Them?

- Create a list of characteristics, knowledge, skills, abilities and attitudes for the role.
- Ask open ended, behavior-based questions designed to vet out their ability to meet those characteristics.
- Use multiple interviewers in increase objectivity.
- Determine if they fit your **culture**.



Cultural Fit

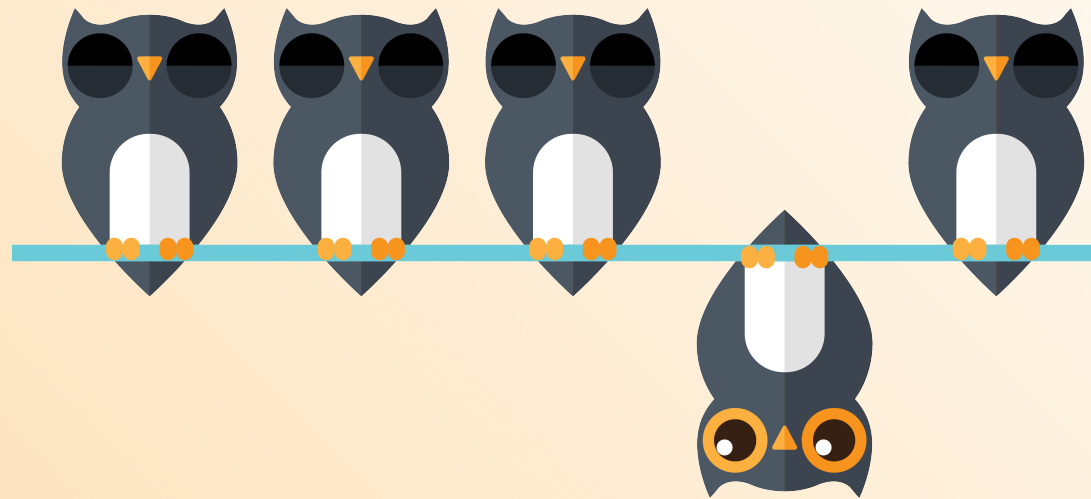
Cultural Fit considers demeanor, attitude, outlook, pace, work ethic, etc.

Cultural Fit does **NOT** consider race, ethnicity, religion, gender, sexuality, age, or other protected attributes.



Cultural Fit

- Think of someone at your dealership who is well-qualified for their role but less of a cultural fit.
- What was the culture at their last employer?
- Most people are hired and fired for their personalities.
 - Interactions with colleagues?
 - Interactions with customers?
 - Impact on culture?



Gauging Trustworthiness When Hiring – Ask About:

Core Values

- Share an instance where your values significantly influenced your work decisions.

Past Mistakes

- Describe a time when you made a mistake and how you handled it.

Acts of Integrity

- Talk about a time when you stood up for what you believed.



Orientation and Onboarding

- Orientation – Lasts a few hours to a few days
- Onboarding – Lasts 3 to 12 months



22% of dealership New Hires leave within the first 90 days.



46% of all new hires are Gen Zers with a **58%** turnover in Gen Zers.



21% of all new hires are women with a **43%** turnover.

What can we do differently?

Developing Your People

Companies with HIGH quality development programs:



24% higher gross profit.



218% higher income per employee.

Companies with LOWER quality development programs:



67% of employees believe they need more training and skills to do their jobs.



40% report that their employers have not offered any training opportunities.

Remember This: Employee Engagement

- Only **33%** of workers are engaged.
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- Businesses with engaged workers have:
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Overview

- What you measure influences your CULTURE.
- Engagement is the key to retention and financial success.
- Recruit and hire the right people for cultural fit.
- Deliberate orientation and onboarding increase engagement 2x.
- Your Customers Experience will NEVER exceed your Employees Experience.
- Employee Retention = Customer Retention = Profits





The logo features the word "NADA" in a large, bold, white sans-serif font. Below it are two thick, white, wavy horizontal lines. To the right of "NADA" is a thin vertical white line, followed by the word "ACADEMY" in a smaller, bold, white sans-serif font.

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