



— PRESENTS —

THE 2017

**COX AUTOMOTIVE DEALERSHIP
STAFFING STUDY**

KEY TRENDS & TAKEAWAYS FOR YOUR TEAM

THE STATE OF AUTOMOTIVE HIRING:

Lack of Strategy Driving High Turnover

The auto market has transformed one of the worst economic downturns into the best years in automotive history. Today's cars are more technologically sophisticated and greener than ever before, and today's consumers are completing hours of research before stepping foot into a dealership. We have seen more change in the past five years than the previous 20, and this is likely to accelerate in the years ahead.

As the market drives continued change, we have observed that hiring practices supporting automotive talent haven't kept up with today's workforce needs. Cox Automotive and Hireology – the leaders in dealership operational and human capital solutions – wanted to understand what opportunities exist to improve how dealerships approach talent and drive real business solutions. This paper is a culmination of joint research conducted by Cox Automotive and Hireology that was first presented at Elevate 2017, Hireology's retail automotive human capital management summit. The goal of this research is to understand today's challenges around talent acquisition and highlight potential solutions dealerships can implement to attract fresh candidates to retail automotive and drive real business results. It represents comprehensive surveys and interviews polling 50 national dealerships representing major OEMs, 834 members of the U.S. workforce, and 343 dealership employees.

We hope you find the results actionable and insightful as we work with OEMs and dealerships nationwide to attract the next workforce wave and position opportunities in retail automotive as stable and viable careers to attract today's best and brightest.

PART I:

THE STAFFING STRATEGY OPPORTUNITY

A full two-thirds of dealer locations across the U.S admitted to having no staffing strategy in place to source applicants, interview candidates, onboard new hires, and regularly review and evaluate employees for success. As margins tighten and volume pressures remain high, it is in the dealer's best interest to objectively select the best candidate for the role and provide proper onboarding to ensure every new hire gets the tools they need to succeed – and know the goals they need to hit to fulfill their role to the best of their ability.

Take Action: The one-third of dealerships that are utilizing a strategy to source, interview, onboard, and set expectations are seeing better, longer-term hires with a formalized process to find, hire, and support their best people. Yet there is plenty of opportunity to improve. By focusing on the hiring process and ongoing talent management and development, dealers can find and hire stronger candidates and incentivize them to stay as long-term employees. This should be especially of interest to dealers who have experienced ever-increasing turnover for the past several years. Our turnover findings align to other research – notably by NADA – that puts our industry significantly higher than the overall U.S. workforce.

THE TURNOVER CHALLENGE

Dealerships we have spoken with continue to experience high turnover challenges. Highlighted in the 2016 NADA Workforce Study, today's dealership staff can expect 40% overall turnover this year. This varies by role, as 67% of sales roles are expected to turnover, along with 41% of service advisors, 38% of F&I, 28% of sales managers and 22% of service technicians. With the average tenure of dealership employees slipping to just 2.7 years, it could be that your staff completely turn around in under three annual sales cycles.

The 2016 NADA Workforce Study highlights that most turnover happens early in the onboarding process: 28% of dealership terminations occur in the first 90 days on the job. This rate rises to 41% for sales roles. With the average dealership spending \$10,000 to onboard a new hire, HR teams can look to save hundreds of thousands of dollars a year just by finding better fitting employees looking for long-term opportunities.

Take Action: With so many employees turning over at the beginning of their roles, it is fair to ask whether they were the right hire to begin with. Leverage tactics during the hiring process to weed out poor fits before extending an offer. An easy way to accomplish this is with a pre-screen survey that is sent to the applicant as soon as they apply, asking them critical questions to inform how successful they will be in the role. If they do not have customer service experience or are not comfortable having a monthly sales target, it is quite possible they will not be a good fit for your sales team. Knowing this as soon as they submit their application – versus in the interview stage – can save hours of time.

For interviews, create role-specific guides and ensure everyone on the team is following a process to run consistent and objective interviews to identify the best candidates. This will ensure your hiring managers are following a uniform process that's also compliant to avoid potentially illegal interview questions while also providing more meaningful information about how successful each candidate may be in the available role.

PART I:

THE STAFFING STRATEGY OPPORTUNITY CONTINUED

WHY EMPLOYEES TURNOVER: LACK OF TRAINING & ONBOARDING

Dealer employees completing a formalized onboarding program are 69% more likely to stay at the dealership. But only 54% of those surveyed in customer-facing positions – including sales, service advisors and F&I managers – said they received enough training to do their jobs effectively. This disconnect shows that a little over half of all new dealership hires made feel like they are given the tools and support they need to be successful in their roles.

Does your dealership offer a formalized onboarding program that begins as soon as the offer letter is accepted? Or do your new employees fill out forms in your office during their first day when they could otherwise spend time with their team? Having a process in place to gather personal details, tax forms, have videos and the handbook reviewed ahead of the start date helps the candidate prepare for their new role and spend their first day meeting with stakeholders and getting familiar with internal operations.

Take Action: During the onboarding process, sit down with the new hire on day one to outline your expectations on what they should be able to realistically accomplish within the first 30, 60 and 90 days on the job – and set regular check-ins to measure whether the new hire is on track to meet each of these milestones. By setting expectations this early, you will outline a path to success that is transparent and attainable. The result will be a more productive employee who recognizes what they need to accomplish to make an immediate impact to their team and your customers.



— [CLICK HERE TO DOWNLOAD](#) —

Related Resource: The True Cost of Employee Onboarding at Dealerships

Dealerships with high turnover can turn things around by incorporating technology into their onboarding program. See how to create an effective process to get new employees off to a successful start with this guide.

PART II:

THE EMPLOYEE IMPACT ON CUSTOMER SATISFACTION

According to the 2017 Cox Buyer's Journey research, Sales and F&I staff are the #1 and #2 drivers, respectively, of customer satisfaction. As dealerships research ways to secure long-term, repeat customers, they need to look no further than their staff. Interestingly, staff members were rated as more important as the test drive, time it took to close the sale, and even the price paid – showing how far your people can go to make a lasting impression and gain repeat customers. Seeing customers rate the quality of employees higher than list price and even time to close should demonstrate the impact top employees also have for driving higher-tier vehicle packages, additional services, and financing options to further cement the customer relationship.

Similar trends exist on the service side of the business.

Technician quality and knowledgeable staff were cited as two of the three most important reasons consumers choose to use a dealership to service their vehicles. Forty-two percent of customers with prior sales or service experience buy their next car from a dealership because of the experience. This should be notable for dealers who should regard their service departments as driving a positive customer experience to bring back the customer for subsequent vehicle purchases. With an ever-growing piece of dealership profit attributed to the service center, technicians, parts managers, and service advisors have critical roles to play to ensure the dealership's repair bays are always full and turning over quickly.

Take Action: Despite the amount of business tied into the dealership service center, many technicians are frustrated with their jobs and looking for new opportunities. With a dwindling talent market matched with record numbers of off-lease vehicles needing service and seemingly never ending OEM recalls, your service center employees are likely feeling incredible pressure to deliver. To attract today's top technician talent, be sure your perks and culture are positioning you as a viable career destination.

Beyond this, ensure you are taking care of your team. As we have recently seen during the **Chicago technician strike** this summer, over 2,000 mechanics across 140 dealerships went on strike for several weeks to protest uncompensated time, work rules that interfere with members' family time and no path toward a career in the industry. While **flag time-based** pay been an industry staple for years, and putting in longhours to get the job done has been long expected of technicians, many are abandoning the profession for other, more flexible industries. Take a look at your compensation package and see if there is an opportunity to help set a healthy work/life balance, compensate hours more transparently, and position your dealership as a great place to build a technician career – especially with today's youngest members of the workforce. This will help today's technically-minded applicants see the service center as a great job while avoiding extreme dissatisfaction in the form of strikes – costing Chicago dealers millions of dollars in lost service revenue.

PART III:

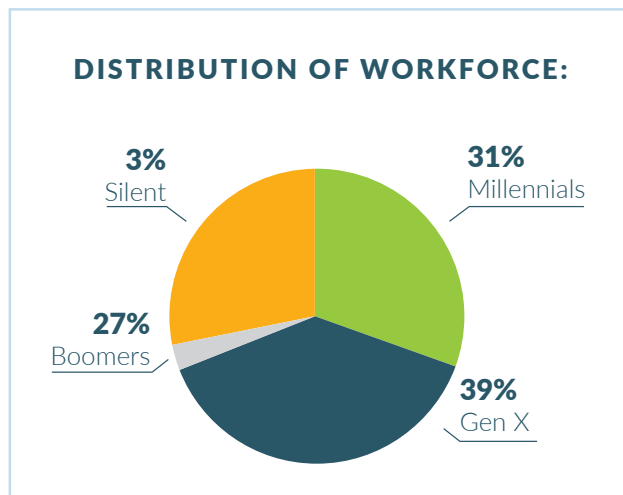
THE DEALERSHIP TALENT DISRUPTION

MILLENNIALS IN THE WORKFORCE

Millennials have comprised a majority of today's workforce since 2014 – 60% of all U.S. job seekers today are millennials – and their numbers will only increase with each passing year. From the research, just 31% of millennial jobseekers would consider a dealership role – though this increases to 38% when the opportunity to work in a non-sales role is presented.

Across dealerships, a full 52% of employees who turnover within 12 months are millennials. For many dealers, there is a disconnect between the expectations – hours and weekend time, work/life balance, and high-risk commission plans older employees have embraced for years but

today's young talent has disconnect from. With a strong economy and other employment opportunities in retail, professional services, and business that offer more flexibility and better perks, more millennials are shying away from retail automotive – despite the fact that it is a lucrative career opportunity for recent graduates.



The loss of today's younger applicants represent a smaller piece of today's changing workforce. Baby Boomers, once the cornerstone of the U.S. economy, are now retiring in droves: upwards of **10,000 Boomers** are announcing their retirement every day. While automation is helping reduce the need for basic, clerical work,

the strength of today's economy and shifting consumer demands are putting the pressure on organizations to hire young, engaged, and tech-savvy talent: including on the dealership showroom floor.

While turnover at the dealership-level is a pain point outlined above, it becomes more interesting when we follow employees who leave for other opportunities. 52% of current dealership employees who will seek a new job within six months plan to stay in retail automotive. And this group represents a full 42% of all short-tenure employees (compared to just 25% for the economy overall). The need to replace Boomers and employees of all generations looking for new opportunities outside of auto dealerships will be an ongoing challenge to tackle across the industry.

Take Action: Showcasing your dealership as an attractive career destination might sound daunting, but it is an effort that will drive incredible ROI. Start by building a fully fledged career site that showcases your dealership as a career destination with great culture, opportunities for growth and community involvement. Your career site should go well beyond a simple bulleted list of job requirements and get the most talented applicants – who can be very selective in their career search – excited to apply for your open roles. Beyond this, make sure you are following up quickly with applicants before a competitor takes them and ensure you are outlining the benefits millennials need: like flexible hours, weekends off, stable base pay, and a collaborative culture to help them launch their careers

PART III:

THE DEALERSHIP TALENT DISRUPTION CONTINUED

WOMEN IN THE DEALERSHIP

Women account for over half of today's workforce and influence upwards of 85% of all vehicle purchasing decisions today.

Yet, women account for just 18.6% of today's dealership workforce and represent only 20% of new automotive hires.

More troubling, female automotive professionals turnover

at an astounding 90% annually. In today's market with record turnover and high demands to get great new employees into dealerships, today's approach is excluding virtually half of the workforce. While this kind of fix requires long-term planning, positioning retail automotive as a welcoming work environment for everyone with a passion for cars will help bring in millions of new talent to dealerships across the country.



auto purchases
influenced by women



dealership roles
held by women

Take Action: Are your job listings, company culture, compensation structures, and other team members putting up an unintentional barrier to women? Start with looking at your job listings to see if they are overly masculine – are your examples geared more towards male professionals? Are your sales positions oriented for aggressive, lone wolf salespeople? Many women prefer collaborative, team-focused environments that foster teamwork. Do you require considerable hours on the weekends or during the workweek? This could put young parents at a disadvantage. As dealers know that customers love buying from people they can relate to, getting talented women on the showroom floor will help female customers – who can impact nearly nine of 10 car purchases – make an impact and positive impression with today's buyers.

THE WORKFORCE OPPORTUNITY

Today, 67% of the workforce is actively looking for new employment opportunities. That's 84 million people across the country. Of these, just 5% would consider roles in the overall automotive field. Drilling down deeper to retail automotive, this number drops to a 1% sliver of the workforce that would consider working in a dealership role.

While this might sound like a detriment, the best dealerships will see this as an opportunity. By transforming today's roles to keep up with the changing economy, consumer preferences, and new demographics, top dealerships will attract talented applicants that do not realize the potential retail automotive offers. While this effort will require taking a look at defining roles, compensation, and perks to stay competitive in the market, it will ultimately result in bringing in millions of new faces to take retail automotive into the years ahead.

LEARN MORE

See how Hireology helps 1,400+ dealerships across the country centralize their hiring, onboarding, payroll, and talent management efforts to save time and money while finding great employees.

Get a demo