



The True Cost of Employee Onboarding at Dealerships

and How to Reduce It



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It should come as no surprise to those in the retail auto industry that the work is hardly finished once a deal is closed. In order to foster long-term relationships with customers, and to maintain a healthy, high-performing dealership, there's much to be done after the sale. The same holds true for hiring: you may find a great new candidate, and that candidate may be eager to join the team, but there's so much that can go wrong (or right) between the time an offer is accepted and the time that candidate becomes a fully integrated contributor.

In this eBook we set out to establish what's at stake when employees are onboarded, and how this important phase in the employee lifecycle can be managed and optimized.

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Not Your Father's Orientation Program

Onboarding vs. Orientation...

Is an important distinction to understand, because the two are not the same. Employers have long known the value of getting new hires up-to-speed as quickly as possible. Many relied on orientation programs—those one or two-day introductions to a company—as a way to accomplish this goal. That was fine, but orientation never fully addressed longer-term needs, like ensuring people were adequately trained for the variety of challenges they might face on the job. Onboarding fills this void, providing a series of steps over time, such as mentoring and training programs, to get new hires acclimated and set them up for success.

Onboarding Matters...

Because if new hires are unhappy or don't fit in at your dealership, you're back to square one with filling the open position. Just think of all of the time and money that went into recruiting those people, not to mention any investment made in training, and the expense adds up quickly. Even employee morale can suffer if there's high turnover. By giving adequate attention to integrating new hires into your team effectively, you can help retain those employees you worked hard to recruit.



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The Cost of Onboarding

Driving the Need for Onboarding...

At dealerships is a history of poor employee retention. The National Automobile Dealers Association (NADA) notes that car dealership employee turnover is at 39% annually, and car sales consultants come in at a whopping 72% turnover rate. That's a great deal of talent to lose each year, especially when you consider how expensive it is to recruit, hire and train repeatedly. According to Dealerstrong's Harlene Doane, the cost per new hire at dealerships can run around \$10,000—no small sum.

Oh, Millennials...

And the additional challenges they bring! This generation accounts for half of all new dealership hires, with many going into entry-level sales positions. Millennials are known for their job-hopping tendencies and that's certainly true at dealerships. NADA reports that millennial turnover at dealerships is at 54%.

The Good News...

Is that onboarding can make a notable difference with retention among all employee age groups. A McKinsey study finds that top performing dealerships have turnover rates that are 17 percentage points lower than lower performing dealerships. What sets them apart and contributes to that success? The highest performing dealerships are more likely to have better training, onboarding and interview processes. A study by the Aberdeen Group finds that new hires are 69% more likely to stay longer than three months if they experience well-structured onboarding.



\$10,000

The average cost per new hire at dealerships.

Key Components of Onboarding...

Vary, but typically include communication with new hires before the first day, an orientation, mentoring, training, meetings with management and performance reviews. You need to have a thorough process in place, which means budgeting for training, whether it's instructor-led or online. Even having employees serve as mentors can have expense involved. For instance, if your top salesperson is busy mentoring a new hire, that person isn't out there making sales for your dealership.

Where Companies Get Off Track...

Is by letting their onboarding programs become cumbersome, either from too many unnecessary steps, inconsistencies and/or disorganization. Expenses can spiral out of control if there is no clear, well-planned system in place. Streamlining your onboarding can help keep costs in check and make for a smoother, more efficient process.

The Cost of Onboarding



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Streamlining the Onboarding Process

Look at Initial Hiring Strategies...

Carefully, because these set the stage for effective onboarding. Do you use an applicant tracking system (ATS) with skills assessments, like Hireology? Analysis by CareerPlug found that nearly 35% of the top automotive groups in the U.S. don't use an ATS. Even more are using an ATS that isn't optimized for mobile, has no option for prescreen questions and doesn't offer sales assessments for applicants. Do you fall in either of these groups? If so, you're at a disadvantage.

The Better You Understand...

Your incoming employees, the better you can tailor your onboarding plans to their needs. Hireology's candidate assessments can give you valuable insights about personality type and hard skills knowledge, allowing you to determine the best course of action with training when people join your team.



Not using an ATS with skills assessments, like Hireology? You might want to rethink that.

Get Ready Early...

For the arrival of new hires. Take care of all of the basic to-do items such as collecting tax forms, having new hires review training materials and sign the handbook, and other forms like bank information so that you can focus on bigger priorities when they arrive on day one. Start by setting up the workspace, so new hires can feel at home earlier. Email and other necessary accounts should be set up in advance to allow them to make an immediate contribution.

No One Wants to Spend...

Their first day on the job dealing with the drudgery of boring HR forms and screens, so send along as much of the initial preparation materials as you can in advance. That way, people can concentrate their initial hours with you on learning more about your dealership and building their enthusiasm for the job responsibilities ahead. They will hit the ground running much faster than if they waste a day in your conference room dealing with paperwork. Beyond this, the new hire may feel more comfortable filling out forms and providing tax details at home at their own pace, allowing them to get all paperwork filed correctly in a stress-free setting.

Streamlining the Onboarding Process



Start preparing for new hires by setting up the workspace, so they feel at home earlier.

Having new hires fill out forms at home will allow them spend their first day focusing on learning about the dealership and their new position, building enthusiasm for their role.

Ask for Employee Input...

To learn what is and isn't so great about your onboarding program. Survey new hires who complete the program to find out what helped them most and which components need overhaul or could be cut. You may be gung-ho about your mentoring program, only to learn it isn't so successful because there isn't enough structure.

Some questions to ask include:

- *Did our onboarding process make you feel welcome?*
- *Would you say the length of our onboarding program was too short, just right or too long? Which steps would you eliminate or add?*
- *Did the training we gave offer you sufficient information to do well in your job? If not, what was missing?*
- *Were your trainers open to questions?*
- *Which component of our onboarding program helped you most when you first started?*
- *Were you given clear performance expectations from management and was there ongoing follow-up about how you were doing?*
- *What type of training do you prefer: online or instructor-led?*
- *Did your assigned mentor give you enough support?*

Streamlining the Onboarding Process



Asking for feedback may be what's needed to bridge the gap and give your dealership an onboarding program that sets you and your new hires up for the most success.

Focus on Consistency...

With your program. A common mistake is having too many cooks in the kitchen when you create an onboarding program and it ends up having no clear direction. One team may prefer online training and another wants an instructor-led session, and suddenly you're investing in too many options. Ask for input from managers, but have one leader make the final choice on the direction of your program.

While You Want Each Team...

At your dealership to be able to customize the onboarding process to suit their needs, there needs to be consistency. You should give new hires the same message about what it's like to work at your dealership, including core values, business standards and processes. Individual training may be different for an incoming accounts payable clerk and mechanic, for example, but the foundation of onboarding practices should be the same.

Streamlining the Onboarding Process



Less is more when it comes to who decides on the direction of your onboarding program.



No matter the position of the employee being onboarded, the foundation should be the same.

The Benefits of Using Technology For Onboarding

To Help Dealerships...

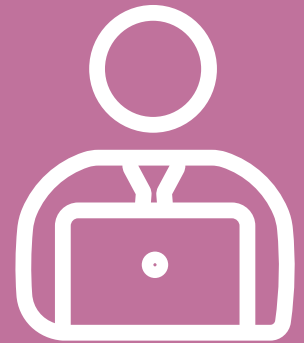
Save money by running a more efficient onboarding program, Hireology has expanded its offerings to include an Onboarding platform to complement Career Site Plus. Customers now have a one-stop platform to manage hiring and onboarding activity, ensuring a seamless, well tracked process.

Using Technology...

Is a great way to keep information in a secure, centralized location. Hireology's Onboarding platform, for example, saves time and eliminates errors by carrying over personal information from the hiring process to the onboarding stage.

It's Easy to Coordinate...

Start dates and to stay in touch with new hires before they join your team using the Onboarding section of the Hireology app. You can also send documentation like I-9s, W-4s and the employee handbook, and receive signed documents through the app. Email alerts go out if information isn't provided in a timely manner. Even better: no one on your staff has to spend time managing all of the paperwork, because the new hire handles the processing.



No more sifting through messy computer folders to find forms and other time sensitive, new hire paperwork.

The Onboarding Process is Tracked...

Easily using technology. With our Onboarding platform, you can follow each new hire's progress in the onboarding process and managers can see which steps are needed for completion. Email reminders help to keep the process moving along.

There is Less Chance...

Of human error. Automated welcome messages can be sent out and first-day scheduling handled in a way that requires minimal to no effort on the part of your staff. The latest federal and state tax forms are automatically downloaded to the Onboarding platform, so you know you're always working with current tax documentation.

The Benefits of Using Technology For Onboarding



With the Onboarding platform, you don't need to second guess. Things like the latest federal and state tax forms will always be only a click away.

The Onboarding Opportunity

There is substantial time, money and morale at stake when a new employee joins a dealership and goes through the onboarding process. While it was once a mere shadow of itself, in the form of “orientations,” modern onboarding has become a complex process that involves a lot of moving parts and variables. As a result, today’s smartest companies are turning to technology platforms designed to make the onboarding process as smooth and efficient as possible. These companies have realized that the right processes and tools will establish much needed consistency, save significant sums of money, and most important, will provide encouraging experiences for the very people who represent the future of the business.

You can easily incorporate the best learnings from these top companies into your own dealership onboarding process. To start, you can see a demo of our onboarding solution to learn how you can start improving your process today.

[Learn More](#)

Visit www.hireology.com/onboarding to learn more.

