

From Trophy Kids to Prized Employees



How the Right Mix of People, Process, and Technology Can Help Dealers Attract and Retain Millennial Employees

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Trophy Kids.
Entitled.
Narcissistic.
Tech-savvy.
Service-oriented.
A force to be reckoned with.
Employees.

Whatever words are used to describe Millennials (individuals born roughly between 1981 - 2000), their generation is having a profound and lasting effect on how companies do business today – and how business will be done in the future.

In five years, nearly half of the workforce will be made up of tech-savvy, hyper-connected Millennials.

In 15 years, that number is expected to be 75 percent.¹

As Millennials begin to fill the majority of open positions and become the majority generation in the workplace, what employers are experiencing in hiring mirrors what they've already begun to recognize in their business operations. In the same ways Millennials have helped to change consumer expectations, they also have new employee expectations for how work gets done.

The business imperative for automobile retailers, then, becomes not only to attract Millennials to the dealership to *buy* a car, but also to attract and retain Millennials to *work* there.

Millennials and Dealerships: The Employment Discussion

Statistics show the number of Millennial employees in the dealership is on the rise, consistent with hiring trends overall. Nearly one out of every two new hires at the dealership is a Millennial, and Millennials now make up about 27 percent of overall dealership employment.²

But while dealers are successful in attracting Millennial employees to their stores to fill open positions, the question becomes are they *attracting the right talent* to their stores and *doing the right things* to keep them there long term?

The impacts of turnover

The financial impacts of losing employees can be counted in a number of ways, including lost productivity, higher recruitment and training costs, knowledge and leadership gaps, and lost revenue.

Four Generations in the Workplace

It's now common for businesses to have individuals from four different generations working together every day. To help maximize employee effectiveness, employers should be aware of each generation's attitudes, expectations, and key characteristics that influence employees' outlook in the workplace.

	Traditionalists 1922-1945	Baby Boomers 1946-1964	Generation X 1965-1980	Millennials 1981-2000
Attitudes and Expectations	<ul style="list-style-type: none"> • Loyalty • Respect for authority • Dedication 	<ul style="list-style-type: none"> • Optimism • Personal growth and gratification • Career-focused 	<ul style="list-style-type: none"> • Skepticism • Informality • Work-life balance 	<ul style="list-style-type: none"> • Optimism • Diversity • Immediate access to information and services
Key Characteristics	<ul style="list-style-type: none"> • Compliant • Stable • Hardworking 	<ul style="list-style-type: none"> • Driven to succeed • Eager to add value • Competitive 	<ul style="list-style-type: none"> • Techno-literate • Results-driven • Individualistic 	<ul style="list-style-type: none"> • Techno-savvy • Eager to accept challenges • Innovative and creative

Chart data excerpted from HotelExecutive.com, "Career Development: What Do Younger Generations Expect"

Human resources experts note a certain level of turnover is acceptable, or healthy. They peg that number at around 10 percent total turnover as the "golden ratio" that businesses should strive to attain.³

Healthy turnover happens as low-performing employees exit and new talent and ideas are introduced into the organization.

Yet, turnover can quickly become unhealthy when it exceeds the golden ratio or when the business is losing a large amount of top performers.

Unhealthy turnover amplifies the financial impacts of losing employees. It also can make it harder for businesses to attract and retain the best talent in the long run.

By the numbers

Today, in dealerships, the average staff turnover is 36 percent overall and as high as 66 percent for the sales consultant role.⁴

Those levels of turnover have a direct impact on the dealer's bottom line. Until an employee is fully trained, dealers lose more than \$1,000 per week in sales.⁵ What's more, replacing an employee costs businesses on average 150 percent of an employee's annual salary.⁶

What does that mean in dollars and cents for dealers?

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According to the 2015 NADA Data report, the average dealership employed 64 people in 2014:

- If the dealership had an average 36 percent overall turnover rate, that means that dealership had about 23 employees leave the business.
- If the average yearly salary for a dealership employee is \$55,000, it also means it costs the dealer an average of \$82,500 to replace each employee.
- That equates to a nearly \$1.9 million average total expenditure to replace those 23 people lost.

Regardless of where dealerships may fall within NADA's data, what additional business opportunities could dealers seize if they were able to fill open positions more effectively and retain more of their top talent?

Millennials and Dealerships: The Workplace Discussion

In my role as a consultant, I work with a number of dealers who have been successful at attracting Millennials to work in their stores and keeping them on staff. These dealers tell me having the right mix of people, process, and technology is a big factor in keeping talented employees, especially Millennials.

Some secrets to their success:

People: Hire Employees Who Can Thrive in Retail

It can be difficult to find employees who thrive in a retail automotive environment – an environment that offers potentially big rewards, but that also typically is paired with long hours and high-pressure situations.

One tactic dealers can use is to add assessment tools to their hiring process. Pre-employment personality screening services can help dealers find employees who will be more likely to thrive in particular roles in a retail environment and who are more likely to succeed at the dealership.

The challenge with these screenings is to set the bar right for the dealer's organization. For best results, I recommend dealers work directly with their service provider to customize the screening to the dealership's needs and market.

Also, take advantage of e-learning options built into the dealership management system (DMS)...

...part of retaining Millennial employees is giving them the retailing tools that enable them to instantly access information they need to do their jobs, work more productively, and deliver better customer service.

Process: Create Opportunities for Self-improvement

When I was a dealership general manager, I viewed my next new hire as the person who could be the dealership's next controller, service director, or general sales manager.

Millennials are one of the most educated generations ever, with more than 61 percent of adult Millennials attending college.⁷

Appeal to Millennials' desire for continuous learning by allowing them to cross train in different dealership departments.

This training will help them learn more about the automotive business and the dealer's operation. It also will help dealers groom younger employees for future leadership roles.

Also, take advantage of e-learning options built into the dealership management system (DMS) or offered by the OEM to help employees increase their knowledge at their own pace. E-learning tools help dealerships increase system utilization by employees and help staff members become more informed about OEM guidelines and products.

In my experience, dealers who continually look for ways to increase employees' knowledge are rewarded with greater productivity and more engaged employees, as well as a strong bench for promotion from within.

Process: Enable Instant Access

Millennials are accustomed to always having information at their fingertips. If they have a question, these "digital natives" are more likely to turn to Google than a paper instruction manual.

- Can employees immediately find answers about how to use the DMS by accessing built-in "help" files or online support tools?
- Can employees complete a process in the DMS, such as creating a repair order or starting a finance deal, all from one screen?
- Do employees have ready access to the same information and tools that customers have?

The dealers I work with say that part of retaining Millennial employees is giving them the retailing tools that enable them to instantly access information they need to do their jobs, work more productively, and deliver better customer service.

Technology: Incorporate Mobile

Millennials are increasingly dependent on mobile devices. More than 75 percent own a smartphone, and research shows Millennials

Dealer service providers are building newer retail management platforms to help dealership employees take advantage of mobile technologies and further expand employees' access to instant information.

shift their attention between media platforms 27 times per hour on average.^{8,9}

Dealer service providers are building newer retail management platforms to help dealership employees take advantage of mobile technologies and further expand employees' access to instant information. These platforms provide seamless integration between the mobile device and the dealer's other systems.

Some examples include platforms that make it possible for employees to use any mobile device to research vehicle information at anytime and anywhere or those tools that allow employees to use a tablet to engage with customers in the service drive.

While these tools appeal to Millennials' desire for mobility at work, I also talk to dealers about how those tools help reduce unproductive or wasted time for dealership staff and customers. That can both help employee satisfaction as well as the customer experience with the dealership.

Technology: Use Platforms That Support Personalization

Many Millennials value "working the way I want to work." The retail management platforms that dealers use to improve their business operations also may help them better meet Millennials' work expectations.

- Does the DMS offer customizable screens and workflows to match dealership processes and employee work preferences?
- Can employees receive personalized, automatic alerts from the dealer's customer relationship management (CRM) system for follow-up activities?
- Do the dealer's selling tools allow customer service-oriented sales employees to take a more consultative approach to promoting accessories or F&I products and services?

My advice to dealers is to invest in a retail management platform built both to address Millennials' expectations and improve the dealer's business. Ultimately, these tools can help dealers better attract and retain Millennial employees and deliver better business results.

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Conclusion

As employers look to Millennials to fill open positions, they are recognizing how Millennials' employee expectations have changed and seeking ways to meet those expectations to retain these employees for the long term.

For dealers looking to add more Millennials to their staff and keep them there, they are answering these crucial questions:

- Are they hiring the **right employees** who will thrive in a fast-paced retail environment?
- Do they have the **right processes** and training to allow staff to fully use the technology the dealership has invested in?
- Are they investing in the **right technology** to support the business and their employees?

Those dealers who find that right mix of people, process, and technology will be able to attract and retain the best of the best, have the highest levels of employee satisfaction, protect their bottom line, and deliver the best results for the business.

Visit www.reyrey.com/whitepapers to read more about how the automotive industry is changing.

Acknowledgements:

¹ Wired, "The Rise of the Millennial Workforce"

² 2014 Dealership Workforce Study Industry Report by NADA and ESI Trends

³ Halogen Software, "Does Your Organization Have a Healthy Employee Turnover Rate?"

⁴ 2014 Dealership Workforce Study Industry Report by NADA and ESI Trends

⁵ 2014 Dealership Workforce Study Industry Report by NADA and ESI Trends

⁶ Halogen Software, "Does Your Organization Have a Healthy Employee Turnover Rate?"

⁷ The Council of Economic Advisers, "15 Economic Facts About Millennials"

⁸ Nielsen, "Millennials – Breaking the Myths"

⁹ UNC Kenan-Flagler Business School, "Maximizing Millennials: The Who, How, and Why of Managing Gen Y" (infographic)



Carl Bennett is the director of North American Consulting Operations & Sales for Reynolds Consulting Services. In his consultant role, Bennett teaches automotive retailers in the U.S. and Canada how to achieve higher levels of success and better results in vehicle sales and F&I. Prior to joining Reynolds and Reynolds more than 15 years ago, Bennett worked in dealerships for 15 years as a general manager, finance director, and sales manager.

