

Dealership Workforce Strategies

Finding and keeping the best and the brightest



Do you know what matters to the people who matter?

Leadership Team



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When we sit down with auto dealers, one of the top items on the agenda always is the struggle to attract and retain talent. It's an issue that doesn't seem to go away. There's a perception problem that plagues the dealership industry — and finding good candidates is already more challenging today, with a tight job market and more young people choosing to go to college.

But people matter, perhaps more than ever. In a connected world where customers can find information and vehicles and comparable prices anywhere, your people often are the deciding factor — the reason a shopper will choose your dealership over the one down the street.

At Bank of America, we know that if we're able to not only attract but also retain talented people, it helps with client satisfaction. Our clients want to know they're working with someone who knows their business, someone they've invested time in. They don't want to continually re-educate a relationship manager. By the same token, your smart, informed customers want to work with salespeople, service advisers and F&I managers who can answer their questions — people they can trust when making one of the biggest purchasing and financing decisions of their lives.

We also know that your senior management can make or break your store. And what can keep you

from growing as fast as you want is a lack of talent to manage that growth. As you ponder the challenge of attracting and retaining good people, ask yourself: Are the skill sets of the past the skill sets my dealership needs in the future from my F&I, service and sales team? What do today's employees want in terms of pay plans, schedules and benefits? And do I have managers who are prepared to manage, who understand what millennials want and how to attract, hire and respect a more diverse workforce?

By 2025, millennials and Generation Z will account for 65% of the workforce. That population will be more diverse than ever. It's time to acknowledge that we have a new workforce in place today, with new goals and values. At Bank of America, we are already executing on that, and we're here to help you do the same.

Reasons to Focus on Talent Management

Employee demographics
Customer expectations
Improved performance



Consider the numbers: In 2018, nearly one out of every three new dealership employees didn't last 90 days on the job, according to ESI Trends, a Clearwater, FL, consulting firm that conducts the annual NADA Dealership Workforce Study.

When you zero in on sales consultants, the statistics are even worse. **Some 41% of dealership salespeople didn't last 90 days on the job—and 80% didn't make it to a year,** according to ESI Research.

"In every discussion with dealers, one of the top two or three items on the agenda is the struggle to attract and retain talent," says Jim Cockey, a Bank of America market executive for Dealer Financial Services. "It's a problem that hasn't gone away."

"It's a conundrum because at the same time they face that turnover issue, dealers are aware that their senior leaders, general managers and department managers can make or break a store based on their leadership qualities. People really matter in this business."

The churn is costly and exhausting. **"Turnover is expensive. If we're not retaining our associates, that means we're on a treadmill of continuously replacing people—and there's a huge cost associated with hiring and retraining individuals,"** says Marisa Carnevale-Henderson, a Bank of America market executive for Dealer Financial Services.

Hireology research found that it can cost, on average, \$10,000 to hire a new dealership employee. On the flip side, research shows that retaining employees results in improved dealership profits. An ESI study conducted with NADA found that **when a non-luxury dealership improved employee retention by 10%, that resulted in an average \$500,000 increase in gross profits. At a luxury auto dealership, the average increase was \$900,000.**

Employee turnover also places a huge burden on store leaders. "One of the other challenges when you're in this constant cycle of hiring new people is that your managers are burned out from continually

Retaining employees can increase gross profits:



Sources: ESI; NADA.

seeking, interviewing and training new employees," says Fleming Ford, vice president of people and performance at ESI Trends.

There's also a price to pay with customers in today's digital-first world, where car shoppers do most of their research online before visiting a dealership.

"Customers come in with more knowledge and more information than these new employees who've been thrown on the floor," Ford says. "Dealers can't continually have smart, informed customers interacting with newbies—it can ruin a dealership's reputation."

Dealers also need to adjust for a new workforce with new expectations. **"It's dangerous to generalize, but the younger generation is more focused not just on making money but on benefits, including their work-life balance,"** says Derek Comestro, a Bank of America market executive for Dealer Financial Services. "They also want to be constantly challenged, to see more rapid advancement. We see that across all industries. If they're not moving up, they're moving on."

Industry consultants and people management experts say dealers can begin to address the problem by taking a more organized and disciplined approach to attracting, hiring and retaining employees. And it has to start with a commitment from leadership.

"It's a hard cycle to break without a lot of intent as a leadership team," Ford says. **"A dealership needs to be committed to getting the best people and equipping them with skills and confidence.** And sometimes getting to that point means throwing all your systems out and starting over."

Adam Robinson, CEO of the Chicago-based recruiting company Hireology, says that despite the research, "broadly speaking, dealers have not adjusted their approach to attracting and hiring the right team members to reflect their strategic importance. The human resources function and approach to talent acquisition has not been elevated to the level of strategic oversight required.

"And the potential return on dollars in this area is massive. There's huge positive leverage in investing in getting the right processes in place."

"Size doesn't matter," Robinson says. "It does not matter whether you're a single-point operator or a big dealer group—creating a new approach to hiring and retaining people before the majority of the market is doing it provides not only increased profits but a competitive advantage for your business."

If dealers haven't already done so, Robinson says, they need to begin to pay attention to better hiring practices. "Within the next 12 to 18 months, it won't be optional if you want to compete for talent," he says. "Dealers who don't treat hiring as a strategic core function, who don't have the infrastructure and processes in place, will struggle.

"It comes down to this: Do you want first crack at the best available talent in your market? Or do you want to hire from a pool of applicants the other dealers decided weren't good enough?"

From Ford's perspective, the employee team has become the key differentiator for a dealership.

"With internet shopping, customers can get the same car for basically the same price anywhere," she says. "That means if you're a general manager, you have to ask: **'What is my competitive advantage?' Increasingly, that's providing a top-level experience at the store, an experience so good that people want to share it with friends and write about it on social media.'**

"Providing that experience comes down to having the right people in place, people who are more knowledgeable and skilled than your competition."

Aim Hire

How can dealers find and keep top employees?



How can a dealership attract and retain the best employees? It involves everything from recruiting and hiring, pay plans and benefits, to training and rewarding staff members—and getting on top of the process can seem overwhelming. But experts offer some suggestions on how dealers can begin to tackle the problem.

Learn how to conduct a successful interview

“If I were to recommend a few quick things dealers can do to get immediate returns, the first thing I’d suggest is that they learn how to interview effectively,” says Fleming Ford of ESI Trends. That means creating a standard set of questions for every applicant. It also means learning how to conduct an interview. **“Typically for a dealer,” Ford says, “an interview can be unstructured and conversational.** ‘Tell me about yourself,’ it might begin. That gives all the power and control to the job candidate. Dealers need to take the power back and put more structure and objectivity into the interview by creating an interview process that everyone is committed to.”

Create a process for hiring—and stick to it

Every expert recommends using a structured process for the best results—period. No more hiring off the cuff. **The process should include a phone screening to eliminate less-qualified candidates, three in-person interviews with those you do choose to talk with, a standardized interview scorecard and a follow-up skill assessment.**

Use technology to speed the hiring process

A variety of platforms and software are available to help dealerships automate parts of the process, helping filter out applicants who are unqualified—especially entry-level jobs with a large number of candidates. **“There are tools out there to automate what used to be headache-inducing,”** says Adam Robinson of Hireology.

Roll out the red carpet for hard-to-fill jobs

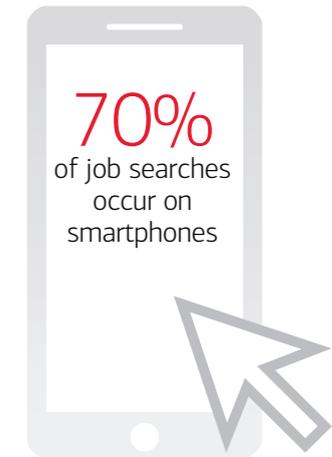
For some dealership jobs—receptionists, porters, even salespeople—the supply of applicants often exceeds demand. But the industry is suffering from a well-publicized shortage of qualified technicians, for instance. When the supply is so far below the demand, Robinson says: **“You have to opt for marketing and speed to get the best candidates. Jobs are products that must be marketed, just like vehicles are marketed. You have to put something out there that differentiates your dealership—something that will get that master technician to choose you.”** To get the attention of those sought-after job candidates, make sure you provide rich content and descriptions in your ads and on your website and respond quickly to any applications or emails. The red-carpet treatment lets job seekers know you really want them. That includes reaching out to students in historically minority high schools and colleges. “We have to do a better job of getting more minorities to become master technicians, and that happens when a student is recruited and sees a career map,” says Damon Lester, president of the National Association of Minority Automobile Dealers (NAMAD).

Make it mobile

Robinson points out that 70% of all job searches today originate on a mobile phone. His suggestion:

“Every dealer or general manager should pull out their phone and try to apply for a job at their store.”

Recruiting tool



Is it easy to do on a smartphone? If not, Robinson says: “You need to change the way you’re doing it. The dealership should provide an exceptional ‘shopping’ experience for the person shopping for a job. And all of the things that make you successful in providing a mobile job application process will make you one of the most successful dealers in hiring the best people in the market.”

Consider flexible scheduling

Experts and business leaders agree that the stereotypical dealership work hours—9 to 9, plus weekends—make those positions unappealing to many job seekers. That’s especially the case for millennials, applicants with young families and women. “It’s very weekend- and night-intense, and that doesn’t work for the female population because of the responsibilities often borne by the females in a household,” says Bank of America’s Marisa Carnevale-Henderson. **“It becomes more challenging and difficult to hire and retain women.” One option is a system with more flexible scheduling—perhaps four days on, three days off, or rotating weekends off,** says Fleming Ford of ESI Trends. But putting such a plan in place often needs to go hand in hand with a shift away from strictly commission-based pay. “You can’t just do one without the other,” Ford says. “You have to put people first, paying them a safe salary with incentives, so they feel comfortable being away from the floor.”

Enable time off

Study after study shows that one of the things that matter most to employees—millennials in particular—is work-life balance. “When you ask people about benefits they want, time off is often the biggest issue,” says Ford, who notes that many dealerships offer employees only one week of paid time off a year. “In a world where we can’t find service techs, we can’t compete with other industries that offer regular vacation schedules as part of the job,” she says. “Not only do we instantly diminish our talent pool with that kind of schedule, we work these people so hard, they get burned out or lose productivity.” But if you enact a flexible scheduling plan or offer weekends off or additional paid vacation, you also must make sure people feel OK taking that time off. “Not only do we need as an industry to offer more time off, but even more, we need to adjust our attitude toward taking that time off so that employees don’t feel guilty or stressed out when they’re not on the job,” Ford says.

Offer competitive benefits

“When we survey employers and employees, we find that benefits play a big role in employment choices, and one that’s increasing every year,” says Kevin Crain, head of Enterprise Financial Solutions for Bank of America. For many job seekers, taking a job is not just about their salary but also a competitive benefits package—including not just traditional benefits like healthcare insurance and paid time off but maternity/paternity leave or educational opportunities.

Create a pipeline for diverse talent

To build and support a diverse workforce, let women, young people and ethnic minorities know what opportunities exist at your dealership. “Advertise your job openings with content that says, ‘This is a place where everyone can succeed,’” Robinson says. “And particularly highlight success stories of women or minority techs, salespeople and managers in a way that is robust and public-facing.” **For Lester, of NAMAD, attracting a diverse group of employees “starts with the owner or a leader taking the initiative, going into high schools, community colleges or university campuses and finding pockets of people of color—and then do a better job of making the industry attractive and sexy to young people.** We have not done a good job of promoting all the opportunities available at dealerships, from HR and marketing to engineering and accounting jobs,” Lester says.

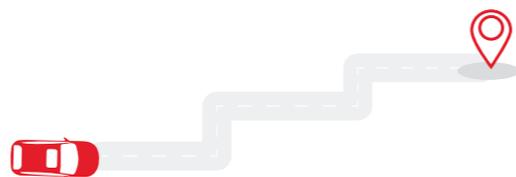
Make the investment in training

Ford says one of the biggest things a dealership can do is invest in development and training, both to help new employees succeed and help veteran employees keep growing. “You can’t just put new hires through three days of training—or none at all—and put them on the floor,” she says. **“The best dealerships are committed to making sure their new employees know every aspect of the job with a 30- or 60-day program,** because they don’t want to lose a sale based on a bad hire.”

Present plenty of opportunity for career advancement

Employees, particularly millennials, want regular promotions. To create a feeling of achievement and regular advancement, Ford suggests breaking up jobs into a variety of experience levels. On the sales side, for instance, an employee could progress through positions including trainee, junior demonstration specialist, sales assistant, product specialist and then various salesperson levels.

Set a path for promotion



Keeping some of these entry-level positions filled can help a dealership develop a “bench” for future openings. And although much of the auto industry’s emphasis is rightly on new employees, Ford says dealership staffers typically reach their most productive point at about the three-year mark. It’s important not only to get them to that mark but also to keep them engaged with recognition and continue to challenge them with new opportunities to grow. NAMAD’s Lester says he has seen dealerships succeed by presenting career opportunities both verbally and in chart form to new employees. “On the day someone is hired, present them with a flow chart so they can see a salary track, future job options and be told: You can do this in six months or a year,” he says. “That is powerful.”

TIPS FOR DEALERS AND LEADERS

Three Leadership Strategies

How to create a culture ‘where people want to work’

If you’re a dealer principal or general manager, you may think that the day-to-day burden of attracting and retaining employees falls to your human resources team or department managers. But experts say the personal involvement of dealership owners and GMs can make or break a workforce.

Here are three things that Fleming Ford of ESI Trends says leaders can do to make the difference.

1 Make a personal connection with prospective and new hires

Ford says her firm’s research indicates that just in the past year, the importance of how dealers and GMs connect with employees has risen—and that connection correlates directly with employee retention. “What I’m recommending now to GMs is that they participate in the hiring process,” she says. **“Talking to new hires about what the dealership stands for is a way to differentiate themselves, and it should start from the beginning. And who wouldn’t want to work for the one dealership where the GM shows up to your interview?”** Ford recommends the dealership conduct three interviews with serious job candidates—with the third interview conducted by the GM. “Even a quick, 10-minute interview with the GM helps build loyalty and commitment from the candidate’s standpoint and helps build the value proposition about why people work at the dealership,” she says.

2 Ask your employees what they want and what they think

In ESI studies, employees say one of the top things they want is a dealership manager who encourages their suggestions. “In the past, dealerships might have made employees feel they were in a dictatorship—a command-and-control model that said, ‘Listen to us, we have the answers,’” Ford says. “But today’s workforce is smart and has so much knowledge at their fingertips. They talk a lot, they move around and they have a lot of good ideas. **A key thing leaders can do is to sit down with their team on a regular basis and ask for ideas. Ask what the dealership can do to improve the customer and employee experience. Your staff can give you really good advice—but often no one is asking.**” Ford says that if a dealership registers poor employee engagement scores on surveys, ESI recommends the dealer or GM immediately start organizing breakfasts or lunches with small groups of employees from all departments, six to seven people at a time. “It’s important that the dealership leaders hear from the employees and that the team hears from the leaders as well,” she says.

3 Develop a relationship with your employees—in every department

Because GMs usually come up through the sales ranks, they often work closely with the sales team. “Walking through the service department in the morning and saying ‘Hi’ isn’t enough,” Ford says. **“You need to spend quality time not just with the sales team but with techs, service advisers, F&I and the back office staff, too.”** If departments are struggling with employee retention, she says, the GM should get involved. If sales techs are unhappy or leaving, the GM should meet with the techs one-on-one or take a couple of them out for coffee. “Get to know them on a personal level, and let them know that the GM is taking a personal interest in their needs,” Ford says.

“Being a leader is not about being in charge but about taking care of the people in your charge,” Ford says. **“That means inspiring, motivating and caring about people in order to keep them at your store. Dealerships with those kinds of leaders are the dealerships where people want to work.”**

Pay Benefits? Pay Attention

Health insurance, 401(k) still matter,
but workers are looking for other options

Benefits — health insurance, profit-sharing and 401(k) plans, retirement assistance — have played an important part in attracting and retaining employees. **But experts say that in today's tight employment market, where job seekers can afford to be choosy, benefits can assume an enhanced role. And the spectrum of benefits that employees value is expanding.**

Raise your benefit offerings

Financial wellness

Plan portability

Phone interfaces

Socially conscious
investments

Caregiver assistance



"Benefits play a bigger part every year in terms of both making the decision to take a job and staying with that company," says Kevin Crain, head of Workplace Financial Solutions for Bank of America. **"When we ask employees, they say they want their employer to help them with their financial wellness, and a tangible way to do that is to offer competitive benefits. It reinforces the employer's investment in the employee."**

For an auto dealership, "Benefits can be a huge differentiator," Hireology's Adam Robinson says. "Benefits are not inexpensive. But we're moving from a world where a dealership can put all the risk on the employee. If you're paying me every hour I'm on the floor, plus offering benefits like paid time off, medical benefits and savings plans, plus investing in robust onboarding and training programs, as your employee, I'm incentivized to get productive."

But what employees value in employer-provided benefits is changing, Crain says. **"Benefits is a broad word and doesn't mean the same thing to every employee,"** he says. "Every study we do shows that employees have different levels of financial wellness and different desires and areas of concern."

With every group of employees on every survey, health insurance ranks first because of the cost, Crain says. Retirement programs also rank high. But, he says, millennials — now 23–38 years old and nearly two-thirds of all dealership hires — view benefits differently. **"What millennials want from benefits is portability,"** Crain says. "They have no trust in being with their employer for the long term, so they want benefits that are theirs, that they can take with them — whether that's 401(k) plans or health savings accounts."

Millennials expect to be able to access all their benefit information and interact with their accounts on their phones. They also are interested in socially conscious investments in their benefit plans, Crain says. In the wake of demographic shifts in the United States, new types of benefits are emerging, Crain says. **Besides the typical leave programs offered to parents of newborns, companies including Bank of America are beginning to offer paid leave for employees who need extended time to care for sick or elderly family members.**

"I think that as more people deal with the pressures of caregiving, this type of benefit is going to quickly come into play for more employers," Crain says. **Benefits could include providing legal assistance for caregivers or helping find the right facility for an aging family member,** he says.

Two additional employer-provided benefits are emerging, Crain says. **"The next great benefit area, I think, will be connected to student debt, which is a huge problem for so many people,"** he says. Crain envisions a system where an employer might match an employee contribution to an account similar to a 401(k) plan — but the employee can use it either for savings or to help pay off student debt. Finally, Crain thinks employers will move to offer their workers more clear-cut and appealing ways to deal with their daily financial insecurity.

"I see a lot of push on programs that provide employees with an easy, mobile-friendly look at their financial wellness — and, in that type of program, everyday tasks that are actionable to convince people they need to save, to build financial security for the future."

How the Niello Company Empowers its Workforce



David Long
Vice President of Operations
Niello Co.

‘Thank you’ videos are just one way that the dealership group invests in its people.

Last year, David Long had an idea. He reached for his cell and then he and Rick Niello (California auto dealer president) started shooting 10- to 15-second video messages and sending them to Niello Co. employees via text or Facebook message.

“We wanted to let employees know how much their work is appreciated with a personal message,” says Long, Niello Co.’s vice president of operations. “Sometimes that is a thank-you message for a salesperson, or sometimes a lot porter who’s done a great job with a customer.

“The videos ended up being shared with our employees and family. Now it’s become one of the most fun things we do at Niello.”

The personal video messages are one of a host of ways that management of the dealership group supports, rewards and invests in its 700-plus employees, who are spread over 13 rooftops in California, plus a body shop, used-vehicle buying center and management company. Niello has been recognized in the local press as a great place to work.

For Long, the videos are part of what he calls the “platinum rule.” He explains: “The golden rule—treat others as you want to be treated—is somewhat antiquated. The platinum rule suggests that you treat people the way ‘they’ want to be treated. It means recognizing what really matters to them, and we aim to do that with both our employees and our customers.” While everyone appreciates recognition, Long says 47% of Niello’s employees are millennials, who appreciate this kind of personal attention.

Every new employee goes through a full-day orientation, he says. “The HR department helps set up expectations for our employees. It’s a solid process,” Long says.

“They get to meet co-workers from other stores and hear presentations from every department in the management company.”

The company also runs what it calls Niello University: The curriculum includes training for positions in each department of the company. Any employee can sign up to attend any of the classes, which are offered during the workday.

“We train 27 hours a month on average, and we pay people to come—it’s on their clock time,” says Long, who leads all the training. In addition, employees who aspire to be a general manager can submit an application to be part of General Manager academy.

“I started in the business as a detailer; no one invited me to a manager’s meeting like this,” says Long, who has been in the dealership industry for 33 years. “But at Niello, we will let anyone who’s interested come and find a career path.”

The company’s marketing team also publishes a weekly internal newsletter called The Weekender, used to connect team members at different locations and to spotlight employee achievements. The dealership group also celebrates long-term employees. At every five-year anniversary increment, workers are invited for dinner, where they receive a special pin.

“We just had new-employee orientation for the class of 2024 and reminded them that they’ll get their pins together in five years,” says Summer Wright, Niello’s marketing director.

For Long, the investment in people makes business sense. **“In the dealership business, we all have the same product,” he says. “I can get a Volkswagen anywhere. Our employees make the difference. Investing in our team and creating longevity is the key to our success as a company.”**



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