



2 For 1: Improving Retention While Reducing Issues Created By Problem Employees

Insights

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Following a few easy steps when hiring employees will help both screen out potential problems and reduce turnover. In a typical dealership, the “problems” that can result from bad hiring decisions include low productivity, bad morale, poor customer service, discrimination and harassment claims, union organizing, substance abuse, workplace injuries, and fraudulent activity—to name just a few.

Studies continue to show that employee turnover remains a significant challenge for automobile dealers. The costs associated with continually having to refill the same positions have been estimated at approximately \$500,000 annually for an average-sized dealership.

Dealers who adhere to a few simple practices can positively impact their turnover statistics in a meaningful way so that the daily focus can be on selling and servicing vehicles.

1. Develop A Hiring System And Do Not Deviate From It

The first step is to ensure you have a good gatekeeping function in place, preventing any headaches before they even begin.

- ***Any good hiring process starts with a good application.*** The goal of the application is to determine whether the applicant has the skills and experience necessary to perform the job and to identify issues that might disqualify them from employment. Never accept a resume in lieu of an application. An application should not ask anything that would reveal an applicant’s age, race, national origin, religion, sexual orientation, marital status, handicap/disability, pregnancy status, or any other protected classification. Be aware of local legal requirements regulating what can and cannot be asked at the initial hiring stage. For example, some jurisdictions now prohibit certain inquiries relating to criminal or salary histories.
- ***Dealerships with an online application process should make sure that it works and is easy to use.*** Online application software has made significant strides, and most millennials prefer to apply in this manner. Systems that are burdensome or inoperable, however, will result in prospective employees moving on and applying elsewhere. You should regularly test your systems to make sure they are operating efficiently and properly.

2. Conduct Background Checks And Screening *Before* Putting Someone To Work

Make sure you don't put the cart before the horse; ensure you have screened out troublesome applicants before you put them to work.

- ***Decide which background checks make sense.*** There are a variety of ways to check up on potential employees. You should decide what you want in an employee and what types of risks you are trying to avoid. Care should be taken to ensure that the notice and authorization forms comply with the federal Fair Credit Reporting Act (FCRA), as well as any applicable state and local laws.
- ***Keep up on the ever-changing environment concerning drug testing.*** Recently, the largest national automotive retailer announced that it would no longer drug test applicants for marijuana. This move was made as marijuana use has increased and the substance continues to be legalized in states across the nation. You should know the legal implications surrounding this issue in your particular state—as well as how best to accommodate the use of prescription medication—while maintaining a safe working environment.
- ***Do not put an individual to work before all background screens have been run and reviewed.*** The point of having background checks is to identify and screen out problem employees. Allowing individuals to work before reviewing the results can create an unacceptable level of risk for coworkers, customers, and the general public.

3. Interview Wisely And Thoroughly

A well-planned and executed interview is perhaps the best screening tool. Remember that the applicant should be selling the idea of the individual working for your dealership—not the other way around.

Craft questions that are designed to get the interviewee talking. It is a good idea to have a set of two-to-three questions to ask everyone in connection with a particular job opening to maintain consistency. Make sure that no promises or representations are made that are inconsistent with your at-will employment policy.

4. Consistent Forms And Documents Are Essential

You've made your decision, you've hired your next superstar employee—now make sure you dot the i's and cross the t's on your official company paperwork.

- ***Come up with a follow-up system regarding updating applicants.*** Individuals who apply for employment should be informed in a standard rejection letter when they are no longer being considered for a position. This allows them to move on and avoids them wasting management's time with repeated calls. Likewise, it is recommended that you develop a standard offer letter for the applicants you select as new employees so that there are no misunderstandings about the job title, starting date, compensation, benefits, and at-will employment relationship.
- ***Regularly evaluate, improve, and update new-hire package and orientation program.*** The laws applicable to the employer-employee relationship are constantly evolving. Handbooks

laws applicable to the employer-employee relationship are constantly evolving. Handbooks and related new-hire documents should be regularly reviewed to account for significant statutory changes. Avoid rushing to put new hires to work without first providing key training on your dealership's important policies and practices.

- ***Institute a probationary period and give meaning to it.*** Many employers have probationary periods but few actually provide specific focus on training and development during that timeframe. Employers that have a meaningful probationary period can use this process to identify and address problems before they get out of hand. Alternatively, if they cannot be addressed, the probationary period can be useful when terminating the employment relationship.

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