

Retaining the Right Employees Results in Higher Customer Satisfaction Ratings

Earnhardt Auto Centers based in Arizona sells more vehicles per dealership than any other in the country. Tex Earnhardt started his first Ford dealership in Chandler, Arizona in September of 1951. From its humble beginnings selling a few Fords a month, Earnhardt Auto Centers has grown to ten dealerships generating over one billion dollars in annual retail sales, selling over 27,000 cars in 2003, and employing over 2000 people.

The Challenge: In the auto industry, a dealership's customer service index (CSI) determines their delivery quota and manufacturer incentives. The CSI is based on satisfaction surveys that customers complete after purchasing a vehicle or receiving service. The higher the index, the better incentives the dealer receives which translates into better values for the consumers and higher sales and profits for the auto dealership. Since quality customer service is directly related to the caliber of the employees, dealerships strive to retain the best people in every part of their business: sales, service and financing. In an industry in which turnover is normally over 150%, the significance of this challenge can't be overstated.

"PI provides us the tools we need to match the right person to a position. When we do that, we keep those people longer and we treat our customers better. When you have happier customers, you are selling more and making more."

Dave O'Brien
Corporate Performance Coach

The Process: Dave O'Brien, Corporate Performance Coach of Earnhardt states, "One of the greatest challenges any auto dealer faces is not just hiring the right salesperson but then matching them to the sales manager and the right dealership location. The key is to understand the person's natural behavioral strengths." It was not until 2003 that Earnhardt found a tool that provided the behavioral insight they were looking for. That tool was the Predictive Index (PI).

Understanding your customer is critical to the success of any business, and Earnhardt has built the success of their dealerships on identifying the typical customer at each of their seven locations. For instance, a person who buys a Honda is generally quite different from the person who buys a Ford. Dave O'Brien provides a comparison: "Our Ford stores do a tremendous amount of special finance business and therefore have a much different customer base. I can hire a take-charge type of sales person for this dealership and a creative finance professional to support this customer. A Honda customer wants to know everything about the product and does not want to be hurried or pressured. This sales person needs to be factual and highly detailed. The Honda customer is insulted if you cannot speak to all the features of the vehicle and will leave the dealership immediately." Once the customer is defined in behavioral terms, the Predictive Index gives Earnhardt the insight and ability to match not only the sales team to that customer profile, but also the sales manager to the team.

Earnhardt applies the sales team selection process to their service and finance teams. Earnhardt has everyone in the service department, from the mechanic teams to lateral support groups (team leaders and dispatchers) complete the Predictive Index survey. The operations team lays all the PI profiles on the table and puts together people they know will work well together based on their PI. The same process is applied to the Finance department. The Predictive Index allows Earnhardt to form a cohesive team at each dealership that works well together, and is focused on the needs of that specific consumer.

The Results: The process works! Hiring and retaining the right employees has allowed Earnhardt Auto Centers to achieve a consistently high level of customer satisfaction resulting in increased volume and profits. Earnhardt has achieved Daimler Chrysler's Five Star Dealer certification since its inception. Both of Earnhardt's Ford dealerships

continue to rank in the top five percent in the nation for their high customer satisfaction scores. The Honda dealership leads their rankings as well.

According to Mr. O'Brien, "We've used PI as our tool to put those service teams together and those teams work better together; they finish cars faster. Our customer satisfaction scores at those dealerships have gone up AND stabilized."

He continues that the Predictive Index has been very effective in the area of retention. "If you go back some years, our retention of employees for more than one year was in the 20% range. Currently about 62% of our sales department has been with us longer than one year."

The Predictive Index® is a unique, in-house management tool used by executives throughout the world for almost 50 years to develop leaders and build successful businesses. PI Worldwide is an international association of management consultants who help companies use PI to manage their most important resource—their people.