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Vantage Points

Finding, Hiring and Developing the Right Shop Manager

by Marcy Tieger

Some planning and forethought can help avoid the very high cost of hiring the wrong person.

So you need to hire a store manager, but not just any store manager, you want the perfect shop manager. You know, that dynamo who possesses an elusive mix of strength and warmth, technical know how and industry savvy, who can inspire his or her people to perform as a team and produce work better and faster than they ever have. As a business owner, you already know the very high cost of hiring the wrong person. According to a Right Management survey of 444 human resource professionals, between the cost of recruitment, training, severance and lost productivity, hiring the wrong person may cost a business many multiples of the employee's annual salary.

So where do you start?

Defining the Job

It is critical for a shop owner to develop a job description setting forth the requirements of the store manager position. A fully developed job description is not a one-paragraph document. It should clearly set forth both "hard skills" (e.g., the ability to develop, implement and monitor center operating processes and procedures) and "soft skills" (e.g., team-oriented work style). By creating this type of job description, two things are accomplished: First, you force yourself to gain clarity on the things that are most essential for your business, and with that insight, (hopefully) you won't settle for the first warm body that comes through the door. Second, your job description, whether posted on-line or on your company web site, will help prescreen unqualified applicants-they just won't apply.

Keep in mind that the more you are willing to act as a "super-manager" and micro-manage a new shop manager or, in the alternative, dedicate resources to training the shop manager in areas of deficiency, the more flexible you can be in hiring someone who does not meet your requirements. As a general principle, micro-managing is inadvisable as it tends to chips away at a new hire's self-confidence and may undermine the manager's authority in the eyes of his or her people.

On the other hand, if for example, the applicant's weakness is understanding financial performance criteria (i.e., gross profit, operating expense, EBIDA) and this can be taught either by you or someone outside the business, and you are looking at an otherwise skilled applicant who is hungry to learn, you may want to take a chance. Investing in training is the ultimate endorsement of a new hire.

Recruitment

One of the big issues for shop owners is determining whether to promote from within or go outside the business.

In a perfect world, every employee in every organization has the opportunity to ascend the ladder to a position of greater authority, respect and financial rewards. Unfortunately, some people may not have the skills to make that move. In fact, they may be the best in class in their current position, but not capable of transitioning to another position. For this reason, while most employer's prefer to promote from within, if you don't have the right person or someone who can realistically be groomed for the manager job, don't experiment. You risk humiliating a valued employee who will more likely leave your organization than be "demoted" to their old position if they can't perform in the manager role.

Recruiting from outside has its pluses and minuses as well. A choice candidate from outside can infuse new ideas and energy into the business. He or she may also be a conduit for additional new hires, not to mention new business that follows the manager. The risk factors include a potential long transition and integration of the new manager and a "culture clash" associated with trying to unite the existing team with the new manager's way of thinking. Moreover, recruiting from outside may be perceived as a lack of growth opportunity, which could result in an exodus of employees.

The Interview Process

It is important to think of the interview as a two-way street with a goal of obtaining information and providing information. After all, just because you like an applicant doesn't mean the applicant will like you or your workplace. Think of recruiting as selling-you are selling the concept of why you are the "employer of choice." At the same time, it is important not to oversell. A lack of transparency on your part may create a situation where an applicant takes the job, but leaves soon after, claiming that they weren't told the truth or given the "whole story" about the job.

Getting the most out of the interview process requires a rare combination of interpersonal skills to extract information from the applicant and psychic skills to see beyond the applicant's stated credentials and "best behavior" during the interview. This means meeting at a time and in a location that is conducive to a comfortable exchange. It also means you should have your interview questions ready. Questions should be designed to elicit the opportunity to describe strengths and possible weaknesses. For instance, "What accomplishments are you most proud of in your career in the collision industry?" "How would your co-workers from your last job describe you?" "How would you handle [crisis situation] if you were shop manager?" Finally, the interviewer should always ask if there are any questions or concerns that have not been covered. Most engaged applicants would make some inquiry, if only to show they are interested.

Another tool in the interview process, which is often utilized in a second phase (callback) interview, is a personality test or assessment administered through a third party testing company. There are many companies that assist businesses in the process of matching the job to the right person by looking at below the surface personality traits such as leadership or problem-solving skills that may be predictors for success or failure.

Checking References

In an environment where past employers have been sued for saying the wrong thing when a potential new employer checks references, it's best to expect very little from this process, although it should not be overlooked. Many employers have been advised by their attorneys to respond to reference calls with nothing more than confirmation of job title and dates of employment, even when they having glowing praise for the departed employee. Nevertheless, it doesn't hurt to ask for more or to at least ask whether they would rehire the employee.

Integration of the New Manager

Increasingly businesses are realizing that it's not just the big things, but it's also the small things that cost very little that keep employees happy. This includes providing a welcoming environment for all new hires. Many of Fortune Magazine's "100 Best Companies to Work For" highlighted the importance of this first step in the employment relationship. Simple things like an employee "receiving line" for the new manager or a luncheon go a long way to develop a sense of belonging and the team spirit that is so important in the shop setting.

Integration includes clarifying the job description, explaining benefits, company expectations regarding compliance with all labor laws, and any other matters contained in an employee handbook. Intelligent integration also involves assurances that the manager can count on regular feedback, both formal and informal, so there is no waiting until an annual review to find out how they are doing. Providing feedback and telling employees where they stand is probably the single-most important free, but under-utilized benefit an employer can offer an employee.

Finally, recognizing the importance of the role of store manager and his/her ability impact the bottom line, means providing a competitive compensation plan that includes a salary, a performance-based short-term bonus and a performance-based annual bonus. Elements of the compensation plan may be tied to revenue, gross margin and controllable profit-it should not include things outside of the manager's control like owner's compensation. It may also take into account client metrics such as CSI, cycle time and alternative parts usage. Any performance-based compensation should be easy for the manager to understand and track.

Long Term Incentives and Retention

Ultimately, to keep an established, trusted and valued member of your management team engaged may require offering an opportunity to receive stock options, purchase stock in the company or earn stock grants linked to years of service. These equity plans may be structured any number of ways, with vesting occurring over 5 or more years.

While the specter of offering even a small piece of your business may seem unthinkable, properly structured, you can still protect yourself, incentivize a great manager, and if you're thinking about succession planning, maybe even groom a future purchaser of your business in the process.

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