

Back To The Basics: Hiring Good Employees

By John Donovan, Fisher & Phillips, LLP

In talking with dealerships around the country, it looks as if there is light approaching the end of the tunnel. Some are actually starting to hire new employees. So this probably is a good time to take a look at the way your dealership hires employees and to determine if the process is accomplishing two critical tasks: 1) identifying the best possible candidate for a position who will make the dealership money; and 2) screening out “high risk”, problem candidates who are likely to cost the dealership money.

While there is no perfect or “one size fits all” hiring procedure, we do know from experience that there are seven critical elements to an effective hiring procedure.

1. Know what you are looking for before you start

Before you begin the hiring process, you need to give some thought to exactly what you are looking for. Go beyond the standard, technical job qualifications. Is this individual likely to be considered for future promotion within the dealership or the organization? If so, you may want to look for someone who had demonstrated promotability in the past or has acquired some skills or experience that will be helpful in the next position.

Does the job require skills or traits that do not appear on the application? For example, when hiring a service writer or cashier, you would probably prefer someone with a friendly personality or a good appearance. If so, be sure to evaluate those areas during the interviews.

2. Study the application before you begin the interview.

A properly designed application can provide a lot of useful information beyond what is written. Is the application filled out neatly? Was it filled out completely? Applicants who do not take the time to make a good first impression on you, are not likely to impress your

customers at all once they are hired. When applicants leave things blank on an application, it usually means that they do not want to provide the information you are requesting. That makes it even more important to follow up to get proper and complete answers. We often see this in the job history section where the applicant cannot remember names of former supervisors or telephone numbers or even dates of employment.

Be sure to check the response to the criminal record question. Unless the applicant has provided a clear and definitive “NO, you need to follow up and determine if he or she has any kind of criminal record. You have the right to ask this question even if it is embarrassing and even if it results in the applicant’s rejection. But remember that you cannot disqualify applicants simply because they have a criminal record. You must first determine the facts and circumstances surrounding each conviction and then determine if the conviction renders the individual unsuitable for the position for which he or she is applying.

This normally requires having the applicant provide additional written information concerning the conviction as well as running a criminal record check for the current state and any other state where they previously worked. While this is somewhat complicated and may take a little time, it should never deter you from getting all of the information you need to make a proper decision. The last thing a dealership needs to do is to hire a salesman or finance manager with a conviction for identity theft.

3. Conduct an effective interview

The interview gives a manager the opportunity to see how employees think and express themselves. Through proper questioning, you can get useful insight into the candidate’s attitudes toward customers, management, the car business, even work itself. This requires advanced preparation, however. Managers should develop their own written list of questions that they use

for every applicant for a particular position. This will ensure that the manager asks all questions likely to develop useful information and helps avoid questions of a sensitive nature (pregnancy, family plans, medical issues, religion, etc.) It is also important for the manager to listen carefully to any answer that the applicant provides and to follow up when necessary, e.g. “Have you ever been terminated?” “Well, not really.”

At the end of the interview, remind applicants that the dealership conducts a comprehensive background check including contacting all previous employers, checking criminal and driving records. Then tell them that if those checks might turn up anything adverse or anything which might make them look bad, you would like to give them a chance to explain right now. Surprisingly often, candidates will admit that they have not been completely truthful in some of the information they have provided.

4. Conduct thorough background checks

Always contact every previous employer. Because “leopards do not change their spots,” the previous employer’s experience with an applicant usually foretells what your experience will be. While not all former employers will provide a complete reference, they will often provide some useful information. For example, just having the previous employer confirm dates of employment may reveal that the applicant has significantly “fudged” employment dates to cover the time worked for another undisclosed employer. Knowing that an applicant is “not eligible for rehire” at least lets you know that that employer did not think much of them even if it provides no other reference.

While some states severely restrict employers’ access to criminal record information, most do not. Therefore, all dealerships that can check these records should be checking them. Again, you cannot disqualify an applicant simply because of a criminal record. You must

investigate and consider the nature of the offense, when it occurred and what has happened since and then determine if the conviction renders the individual unsuitable for that position. Because most dealership employees come in contact with or have access to customers' financial information and other personal information as well as their personal property, dealerships must be careful not to hire anyone with a history of theft or fraud.

Dealerships should also get a driving record from the state DMV. An applicant for a parts driver or sales position with a history of multiple accidents or a generally poor driving record is likely to cost you money, even if the insurance company will insure him.

5. Send them for a drug test

Most states permit an employer to require an applicant to take and pass a drug test as a condition of employment. Where lawful, you should send every final candidate or new hire for a drug test before allowing him or her to start work. Some dealerships will not allow an employee to start until they have the results of the test. Others hire them and send them for a test on their first day at work.

While the first procedure is cleaner, the second approach is fine so long as the employee understands that continued employment is contingent on passing the drug screen. If the test is "inconclusive," such as due to the presence of some adulterant or low creatinine level, the safest course of action is to say nothing to the employee and simply send him for a retest in a week or two, ideally on a Monday.

6. Conduct an effective orientation

Dealerships should always conduct a "new employee" orientation during the first week or two of employment. It gives you a chance to look over the hiring process and to ensure that all of the required criminal, driving and drug checks have been properly completed. It also provides

the opportunity to ensure that the employee has completed all of the documents that are required by law or are necessary for the dealership's protection: I-9 form, tax forms, application, arbitration agreement, employee handbook, etc. Finally, it allows you to communicate the dealership's benefits, policies and rules to employees in a consistent manner. Incidentally, this is a great time to cover the dealership's no harassment policy in detail including identifying the individuals to whom complaints can be made.

7. Use your introductory period

Managers should think of the introductory period as the final step in the hiring process and treat it as a 90-day, on-the-job interview. During that time, a manager will have the opportunity to see firsthand how the employee actually performs and can then determine whether or not the employee is a keeper.

Contrary to what many managers believe, there is no legal "magic" to the introductory period. Employees who are terminated during their introductory period can still sue the dealership for discrimination or wrongful termination. Therefore, if a manager is considering terminating a new employee during this period, be sure you have documented any performance problems just as you would for a long-term employee, and be prepared to provide the employee with the reason for his termination.

If you would like a sample of what should be included in an effective hiring policy and procedure, which can be tailored to your dealership, contact any member of our Dealership Practice Group.

For more information contact Todd Fredrickson at Fisher & Phillips in Denver 303.218.3650 or contact the author directly at jdonovan@laborlawyers.com or 404.231.1400