

WHITE PAPER



People Analytics 2020

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What Would Your World Be Without Numbers?

Let's start this white paper using your imagination. For the next 60 seconds, imagine what your world would be without numbers. You would not know the temperature of anything. Without measurements your weight may balloon. Who knows the number of beers one might drink...after work of course. You wouldn't know the day of the week or the date of the month if you even knew the present month. Suppose you didn't have numbers to monitor your personal revenues and expenses — financial failure? The gauges in your equipment would not work. Or, even more detrimental, if there were no numbers to monitor your physical health, you could die. The bottom line is your personal world would be nothing less than crazy.

Let's go deeper. What would your dealership be like if you didn't use metrics, i.e., numbers? Imagine what it would be like if you didn't have budgets or the ability to track your revenues and expenses. You wouldn't know your parts inventory, or the time required for service repairs. And the list could go on. The bottom line is you couldn't run a successful business...and the dealership may drown.

As you probably know, the Dealer Institute offers multiple popular courses that present the metrics essential to run a very successful dealership. But metrics, analytics, or numbers, whichever you choose to call them, are absolutely nothing *until you put those numbers to work*.

Your dealership has two very important tracks: technical and people. In the 15+ years that I've been working in this industry, the unanimous conclusion within the classes I have taught has been that people represent your most valued asset for the obvious reason: Without people you have nothing....no business.

Let me warn you that I'm now setting you up with the following question: If people are your most valued asset, then why are you not using analytics to monitor their growth as you do with the technical metrics? The push back I frequently receive is *we do*, because we complete an employee satisfaction survey every year or so. Great! So, what do you do with the results? What is the typical answer? At best, I hear that we share them with our people. I worked in one dealership whose owners were extremely upset about the numbers so the report was shelved.

Are you serious about creating a high performing, profitable dealership? You know the answer to that question every time I ask it.

Are you willing to pay the price to make that happen? You're probably wondering what that price might be? The answer is time, hard work, and following good business practices with your employees that you use for the technical performance.

By continuing to read this document, you will learn 1) a management accountability process to put those numbers to work, and 2) examples of people analytics you can monitor.

Management System

Let's continue our discussion with the necessary management accountability system. Without a system, there is no sense asking your employees to participate in people analytics if it's unlikely their input is used, which could produce adverse consequences.

The required management accountability system is one that you probably already use. I suspect you review financial and other technical metrics on a regularly scheduled basis. Additionally, if Store A's budget is not what it is expected to be, you initiate change strategies to improve its budget. Then you monitor the metrics to determine if the change efforts succeeded. People analytics is just another metric for you to review. Consequently, "people analytics," becomes a standard agenda item to be discussed at your meetings in the same fashion as you discuss other performance measures.

Everyone in the dealership probably knows that senior leaders regularly review the technical financial metrics because they are important and help drive financial success. Everyone in the dealership also needs to know that people metrics are discussed on a regularly scheduled basis since people drive the success of the technical metrics.

Data Collection: This process doesn't need to be overwhelming. Yes, the technical data are easier to collect as you rely on computer generated reports. Of course, there are software packages that will allow you to do the same with people analytics and it might be worthwhile to explore the options. I worked with a company that scheduled a pulse survey every week to monitor the results of one question. The company was technologically advanced, and the results were posted electronically to all employees. I want you to know the old fashioned "paper and pencil" method can also work for you.

The suggestion is to collect input from your employees monthly or at least quarterly. Don't overreact to that statement, because monitoring the results of one question over time is better than doing nothing or armchair theorizing. What is most important is that the management structure review the data on a regular basis and put the data to work.

Putting the Data to Work: The management system required to put the data to work is exactly the same as you implement with other metrics. The steps for this process are listed below:

1. Senior leaders include people analytics in their administrative meetings on a scheduled basis to review the data. Chart the data over time to examine the variability.
2. The data are also reviewed at a store meeting.
3. Store managers provide appreciation to their employees as warranted and define strategies to be implemented to raise the scores. Employees providing the numbers will more than likely know the needed solutions to improve the metric.

I encourage an open-book management system that allows employees throughout the dealership to see the data from all the stores as well as the dealership's roll-up data.

People Analytics

Let me share with you the sophistication level that is being achieved with people analytics. Software programs are available to count the frequencies that team members communicate within their team and cross functionally between teams. These data show that a communication ratio equal to or greater than 5:1 i.e., the number of communications with individuals outside of your team versus the number inside their team, helps tear down silos. You may not get that sophisticated but there is plenty you can do without that software package.

Employee engagement receives considerable discussion in this world of trying to retain high performers. The sad fact is that numerous studies, e.g., Gallup Poll, show that approximately 35% of the employee base reports being strongly engaged with their organization. Employee engagement demonstrates three characteristics: 1) the physical intensity of their effort put into their daily work, 2) the emotional engagement as measured by

their energy level put into their work, and 3) the cognitive effort or degree of being focused on their work.

The fact is that organizations with high employee engagement outperform their competitors who do not enjoy high employee engagement. I know you like that story.

Measuring employee engagement is easier than you might think. It simply means to create a process whereby you systemically ask your employees a question to measure their engagement. For those of you who enjoy Gallup Poll research, you may know they use their famous Q¹² question set. A great explanation of these questions is offered in **It's the Manager**, a book by Jim Clifton and Jim Harter. By the way, this book is an excellent read.

A simpler approach can be the following three questions when speaking to engagement:

- My work allows me to do what I do best every day.
- My work challenges me to do my very best.
- I feel that I make a positive difference for the company.

The five-point Likert Scale is often the measurement of choice ranging from 1 = Strongly Disagree to 5 = Strongly Agree. The Gallup Poll researchers emphasize reporting the percentage of Strongly Agree ratings to obtain the most useful statistic. Their opinion is adding the percentages of Agree and Strongly Agree confounds the clarity of the data. Good point.

Net Promoter Score (NPS)

The popular NPS can easily be adapted to measure employee loyalty to the dealership. Ask your employees to rate the degree they are likely to refer the dealership to their family and friends as a place of employment on the Likert Scale ranging from 1 (least likely) to 10 (most likely). Then calculate the percentage of scores in the 1 – 6 range (distractors), 6 – 7 range (passives) and 9 – 10 range (promoters). Subtract the percent of distractors from promoters to calculate the NPS.

You can easily plot the ratios for your department, store, and organization to monitor changes over time and discuss what may be contributing to the variation in the ratios and what can be done to improve the ratios.

An Example

Suppose that Store A measured low on the statement *employees feel they make a positive difference for the company*. Certainly, the store managers may armchair theorize what can be done to help employees feel like they make a difference. But does what managers think hit the employees' target? Certainly, brainstorming at this level is better than doing nothing with the results. As previously mentioned the more meaningful approach is to conduct a brainstorming session and ask the employees what needs to be implemented to ensure they feel as though they *make a positive difference for the company*.

Subsequent to listing employee-generated ideas, select a couple of ideas the management team commits to implementing. Of course, *seeing is believing*. Progress can be easily and quickly determined by:

1. Asking if the strategies are helping employees feel as though they are making a positive difference for the dealership as you work with them throughout the day.
2. A more precise measurement is to review the results of the next scheduled survey.

If by chance, improvement is not measured, repeat the brainstorming session as evidently the particular strategies are not working well, or perhaps the strategies are not effectively implemented. Either root cause is fixable.

I can hear some readers exclaim "*Damn that is a lot of work!*" Yes, creating an engaged workforce is a lot of work. But the mere fact you are engaging this process tells employees the dealership wants them to feel as though they are positively contributing to the success of the dealership. The degree that managers are eager to put forth this effort, will be determined by the strength of their passion to create 1) a highly engaged workforce that leads to higher levels of profitability, and 2) the culture to retain employees.

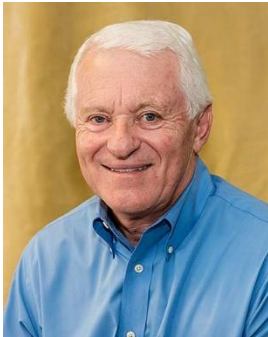
Rater Fatigue

Rater fatigue is a legitimate concern, and this is particularly valid should your employees never see their input or any changes as the result of that input. The antidote is simple — senior leaders must use the management and accountability systems previously discussed.

When employees know their data entry is valued, the likelihood of rater fatigue will decrease. Employees must see (seeing is believing) the data actually put to work, which speaks to the very reason the management/accountability system was discussed.

In closing please contact us whenever we can assist you with your employee engagement and use of people analytics.

About the Author



Larry Cole has a Ph.D. in psychology and successfully integrates the psychology of human behavior with courses he offers through the Dealer Institute. Larry has worked in the agriculture industry for over 20 years and 15 + years with equipment dealerships. He has developed and delivers a range of courses in leadership and organizational development, the psychology of selling and transformational customer service.

As an author, he has published 10 books and numerous articles in professional and trade publications. As a researcher he is currently working with the Dealer Institute regarding the motivational basis of company loyalty and employee engagement.

About Dealer Institute



The Dealer Institute is an all-inclusive integrated approach to training, development, and consulting designed to help our customers achieve operational excellence and long-term success. Our goal is to be your trusted advisor and first choice for business strategy, leadership, and employee development in the equipment industry. We are your one-stop shop with a wide array of training and development courses ranging from our Online Campus, to one-day event style courses, and next-level Module-based Courses specifically designed to meet your unique business challenges and needs. Our consulting approach will help you identify “root causes” and provide high impact solutions to help move your organization forward on a pathway to success. We are committed to helping you develop your people to grow your business.

Developing People To Grow Your Business

Contact the Dealer Institute if you are interested in onsite training or consulting
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