

AUTOMOTIVE AFTERMARKET TALENT INITIATIVE (AATI) SUMMARY REPORT

May 2019

Thank you to all participants, companies, associations, educational institutions, and executives whose life's work has been in the Automotive Aftermarket.

The accompanying report summarizes the findings of the AATI project that began in late 2018 and continued through the first weeks of May, 2019. In many ways the results have been enlightening and informative yet still an indicator that much continues to be needed in order to address the talent acquisition and retention challenges facing the automotive aftermarket industry and others associated with it.

This study has been quite rewarding due to the enthusiasm displayed by each participant, welcoming our inquiries, offering their own inputs and insights, and each person's willingness to assist the industry in its quest for fulfilling talent needs.

Never before has there been such a diverse population to understand its particular attributes, with Baby Boomers, Generation X, Generation Y-Millennials, and now Generation Z-Boomlets in the workforce at the same time. Each has its own specific opportunities but also challenges by which to accommodate in order to sustain today's enterprises and organizations. In addition, technology has created its own environment of how work is performed and completed, with ongoing changes occurring at a rapid pace. How employers address these opportunities and challenges will determine their ability to sustain and grow in this stable yet dynamic industry.

We welcome your feedback as this is a journey that has no end. With all that is on the horizon for the automotive aftermarket, having an educated, qualified, and satisfied workforce is a requirement for success.

THE CATALYST FOR THIS PROJECT: The Automotive Aftermarket Talent Initiative has been spearheaded and financially supported by Richard (Rick) B. Guirlinger and his company Bourke Services, LLC. He approached Keith Pretty, President and CEO of Northwood University (Northwood), in the second quarter of 2018 with the proposal to do a focused survey of companies facing automotive aftermarket recruitment and retention challenges. Rick was born and raised in Detroit, Michigan, and spent most of his career at General Parts/CARQUEST in Raleigh, North Carolina as a senior executive holding all relevant positions in Finance and Accounting. He achieved his MBA at Northwood, continues to teach in the University of Aftermarket Leadership curriculum, and chairs the Automotive Aftermarket Advisory Board of Northwood. The survey began in the third quarter of 2018 and was completed in the second quarter of 2019. It included more than 25+ companies, associations, educational institutions, and executives.

CHALLENGE AND OPPORTUNITY: The Automotive Aftermarket Program at Northwood at the undergraduate and graduate level is facing headwinds regarding enrollment. This is not just a Northwood phenomenon; it is occurring at all community, technical, and four-year plus education institutions across the U.S. This challenge is occurring even though institutions like Northwood University continue in the near-term with a successful program.

The overarching **CHALLENGE** is simply put: the industry is seeking talented people as never before. The void is due to a combination of:

1. Retirements
2. Competition from tech companies outside the automotive industry
3. The ability to attract, maintain, compensate, new and existing employees and management executives
4. The still perceived “stigma” that the industry is associated with *dirt and grease*.

So, what can be done to address this with a strategic focus and practical task activities available to all in the industry?

OPPORTUNITY:

- To find more value, common ground, and interest in the industry for automotive aftermarket careers supported by educational institutions like Northwood, technical universities, community colleges, and high schools in urban, suburban and rural communities across the country.
- Seek and solicit the continued support and direction of Aftermarket Manufacturers, Original Equipment Suppliers, Distributors, and Service Providers for the pipeline of new students and advanced degrees required for the ever-changing landscape of talent needs.
- Be top of mind within the national vehicle manufacturers with the aftermarket (Motor Equipment Manufacturers Association-MEMA; the Automotive Suppliers Association-AASA; Auto Care Association, etc., as key communicators and ambassadors of automotive aftermarket careers.
- Continue to cultivate direct and indirect support of executives currently engaged in industry companies and tap the treasure trove of semi and even retired aftermarket executives who retain their keen interest in advancing the goals and objectives of their primary career industry and who do and will lend their talent and time to boost enrollment and job opportunities in the automotive aftermarket.
- Recognize and maximize social media channels where people gather to discuss and find employment opportunities, and contribute to publications that serve the automotive aftermarket with timely and valuable content.
- Recognize and tap graduates in a more focused and systematic way to attract new talent to the industry and educational institutions such as Northwood, University of Toledo, Grove City College, etc.

In particular, the **Opportunity** has six broad and deep components to achieve sustainable change and commitment to a career in the Automotive Aftermarket Industry:

1. Continue and significantly increase enrollment and relevant curriculum in programs starting as early as the ninth grade and through graduate programs (Note, this ten-year arc of education has the opportunity for broad appeal as it can be immediate, or planned over time to accommodate work, family, and personal interests.). This includes the “hands on” employment opportunities for technicians, service providers, welders, PBE/collision repair, and customer relationship management associates who meet the customer at the national, regional, and repair facilities and independent business sites.

2. To listen and act upon with renewed conviction the advice and counsel of industry companies and executives who have supported this career choice and education with talent, students, and significant financial contributions.
3. Recognize that there is no one job portal for attracting students to the network of educational institutions, particularly for reaching the parents of students who demonstrate an interest in the automotive/mobility industry and market.
 - a. The need for a comprehensive job site posting system that is constantly updated, shared via all appropriate social media channels, and raises the “cool quotient” for joining the automotive aftermarket and making it a career of choice.
 1. To increase the awareness of young women and minorities for their opportunities as a career choice in the automotive and mobility industry.
4. To enlarge the circle of job opportunity awareness from the traditional Midwest as the heartbeat of all things automotive and to gather greater participation from the other areas of the country that have landed new and continued investment in the industry from manufacturers to suppliers, distributors, service providers, and high-tech innovation companies.
5. To commit to cross-functional training, enhanced financial acumen and understanding of P&L statements taught at schools and corporate locations with an emphasis on Key Performance Indicators (KPIs) and Key Success Indicators (KSIs).
6. Train students and early stage employees to be able to “tell the story” of their work/project/team activity with clear and concise presentations.

The Cohort/Survey Participants: The word “cohort” was chosen deliberately to describe the participants in the survey. It is an ancient word and today means a group of people with common interests and characteristics. The companies that participated share a need to hire more and better prepared talent, and to offer their employees opportunities for internal and higher educational learning for targeted skills and degree needs. The cohort desires to be advocates for common service excellence, accountability for work product, a recognized organization that supports technology and innovation, and that embraces and supports teamwork, safety, leadership, brand reputation, and customer first...recognizing that sometimes a “customer” is actually down the hall in the same building.

The Participants in the full project/study included:

1. Babcox Media (Ohio)
2. Belle Tire (Michigan)
3. Grote Industries (Indiana)
4. Auto Care Association (Maryland)
5. NTN Bearings (Illinois)
6. NGK Spark Plugs North America (Michigan)
7. O'Reilly Auto Parts (Missouri)
8. HDA Truck Pride (Michigan and Missouri)
9. Mahle North America (Michigan)
10. Advance Auto Part /CARQUEST Auto Parts (North Carolina)
11. Tenneco-Federal Mogul (Michigan)
12. APC Technologies (North Carolina)
13. Mevotech (Toronto, Canada)
14. National Coatings and Supplies (North Carolina)
15. Gates Corporation (Colorado)
16. Dayco (Michigan)
17. MotoRad (Illinois)
18. BBB Industries/Genstar (Alabama)
19. Automotive Aftermarket Suppliers Association-AASA (North Carolina)
20. Northwood University-Keith Pretty, Brian Cruikshank, and Donna Wagner
21. Dr. John Passante, Organizational Development Group (Rhode Island)
22. Dennis Wilke, President/Dean of Rosedale Technical College (Pennsylvania)
23. Robert Egan, formerly Head of National Sales for Federal Mogul (Michigan)

The following are participants with additional follow up to be performed in the coming weeks:

24. Continental (South Carolina)
25. Dana (Ohio)
26. East Penn Manufacturing (Pennsylvania)
27. Schaeffler Group USA (Michigan)
28. Timken (Ohio)

The Survey Method: The survey included seven questions with an emphasis on the qualifications traits, and behaviors sought by aftermarket industry firms for their on-going human capital needs. The participants were interviewed on-site at their location or by conference call. It must be noted that the participants included (Marketing, Sales, Human Resources, Accounting, Finance, Engineering, Technical and Analytics at the entry level, Director, VP/SVP/President). This was a multi-generational group ranging from the ages of 24 to 70+. The survey population was asked for 30 minutes of their time; most conversations lasted from one to two hours with follow up as needed for additional information and perspective.

AFTERMARKET RECRUITMENT INQUIRIES AND RESPONSES FROM PARTICIPANTS.

When seeking to fulfill your company's talent requirements, name the three most important characteristics, traits, and qualities you seek?

RESPONSES: Integrity, passion for the industry, curiosity, attitude, problem solving skills, humble, smart, character, chemistry, agility, aptitude, communicator, able to deal with ambiguity, resiliency, work ethic, can deal with and seeks challenges, dependable, relates to people, teamwork oriented, reliable, business acumen, energetic, trustworthy, ability to think logically, enjoys a conversation whether personal or business, fun quotient, customer focus, ability to read and understand profit & loss statements, safety as a priority, respect for everyone, double checks their work, can respectfully challenge another's position, entrepreneurial, project management orientation, drive and desire to achieve, time management skills, refusal to fail, ability to overcome obstacles with integrity, emotional intelligence, trainable, envisions/desires to move up the organization, neat and orderly, professional appearance, software skills, social media awareness and savviness, promotable to a management position, credible, able to explain an issue in simple and straightforward terms, and, therefore, change someone's thinking.

Rank these characteristics against each other, (i.e.1st, 2nd, 3rd)

Responses:

1st Integrity

2nd work ethic

3rd customer focus.

NOTE: These three responses were the most commonly given from each interviewee in the survey.

Weight these three rankings: Far and away, INTEGRITY was the most important quality, characteristic, or trait desired by all companies. It is worth noting all participants know that the candidate for employment must bring this with them to the job; all participants also acknowledged the role in checking references to have some sense of the depth and breadth of a candidate's integrity. Ultimately, the executives who responded said that integrity was all about how that employee worked and communicated with the team, the customer, and management...including when no one was watching. The other two were weighted nearly equally, with the work ethic and customer focus often used in the same thought or sentence.

CONSIDERATIONS & RECOMMENDATIONS FROM THE FIRST QUESTIONS 1-3 OF THE SURVEY:

- The long list of characteristics, traits, and qualities from the list noted here is ultimately captured in the word: **CULTURE**. The executives from each company acknowledged that their “company culture” is often easy to know, but hard to articulate in words. Often this is addressed in a company Vision, Mission, Strategy statement, even so far as to be very visible on websites, communications channels, marketing/sales materials. These same executives also note that there is often not enough time spent in interviews discussing company culture and what a potential employee should be guided to understand and emulate as a member of the team. The survey results suggest there is a significant opportunity to have more informal conversations about culture across the work force; **employees don't want to be told what culture is, they want to be shown how to carry themselves in a way that it is clear that the company values and their personal values have significant common ground**. The question is: do you and your company to this on a regular basis...the survey suggests this is **not** part of the ritual of walking people through the inner workings of the company and their current and future place in the organization.
- Another characteristic captured during the interviews was: **CROSS-FUNCTIONAL SKILL SET**. For new hires, this is sometimes addressed during the on-boarding process. It is worth noting that smaller companies in the survey, at least by revenue, are more likely to be doing a better job of providing cross-functional training either by design or closeness of the work environment. Most large companies in the survey acknowledged that cross-functional skill training is still in its infant stages because there is usually no formal process embedded in an employee's first to fifth year training process. The new employee does not typically benefit from seeing where she or he is going on their career path. Human Resource executives in the survey note that they must rely on other executives in the company to “buy in and make time” to cross train. At the moment, it is more likely to find

its success when a **small group of executives** make this a project and are actually rated on the performance of employees, even those not in their direct supervision. The irony of this somewhat disjointed activity around cross functional training of employees is that Millennials are looking for this when they interview even if they do not say it out loud. Anecdotally, conversations with the under 35 years of age survey participants said this was a frustrating issue for them. They want to be exposed to others in the company and a way to do this is to assign them more often to projects even if their role is limited. **It gives them a sense of being part of the “strategic planning” and that their voice is being heard.** Additionally, more senior executives cited silo considerations for their own advancement within a company structure as a culture problem. They are worried that it is “easier” for a company to hire a skill set from outside rather than systematically train for it internally. This is an area of great promise for most companies, and employees want a commitment to this form of company culture. For them, it is the company’s **INTEGRITY QUOTIENT.**

- The term **PROFIT & LOSS STATEMENT** occurred in the survey conversations with real frequency. Less a characteristic or trait, it is recognized as the “financial language” of the company. To put it bluntly, employees think that numbers are the often hidden or not discussed because this is the purview of Finance & Accounting. There is a keen desire to know where they “live” in the P&L Statement. A question to ask is if you are part of a public company in the survey, when was the last time someone sat with you to review a 10Q or 10K? More important than even that, is it part of your company culture whether public or private to have all employees listen to quarterly presentations given to Wall Street/Shareholders/Investors? This is a critical component of helping all employees to understand the financial integrity of the company, where they fit in the revenue and cost streams, and part of the equation for cross functional training. Here is the good part if you are not doing this, it doesn’t require any outside costs but instead, internal time and commitment.
- **ENGAGEMENT SURVEYS:** The characteristics that are desired by companies are knowable once an employee is on the team, and in fact, for all employees. Few companies in the survey do anonymous surveys about internal performance and commitment to company values. Doing this type of survey often scares executives, but here is what interviewees noted: If we don’t do a better job of knowing how our employees feel about their work and company values, then there is the real likelihood they will leave. At what cost? Most sound data around this subject reports that replacing an employee costs 20%-35% of current compensation and is disruptive to the team that remains. There are multiple

surveys your Human Resources department can tap to use at your business. It will be a measure of your company's emotional intelligence and trustworthiness.

- **SUCCESSION PLANNING:** *Once hired and/or a long-term employee seeks to know the road ahead in terms of opportunity and compensation for value rendered. The interviewees acknowledged that most conversation around succession planning occurred at the time of a review or when an unexpected illness or an employee leaves for perceived greener pastures. Some of the surveyed companies have started small ad hoc projects or teams within their own business units to address the issue. Too often though, Human Resources are not included in this discussion or are asked to help only during a crisis. You are encouraged to assess your gaps and vulnerabilities as a natural part of the budgeting process for your unit/company and regularly meet with HR to discuss and devise a realistic plan of action as well as making it part of your budget and business plan for success. As an example, one of the surveyed companies looks at new hires and seasoned executives and asked the following question: Is this person promotable two rungs up the organization chart? Then the company goes back to the employee and has a conversation regarding their own vision of where they see themselves as part of the team. This simple gap analysis includes scorecards, review documents, technical skills assessment, and what needs to be added for job training and outside sourcing for counsel and guidance.*

RECRUITING TALENT QUESTIONS 4-7 OF THE SURVEY:

- *The most common outside sources used by surveyed companies includes: Monster, Indeed, Career Builder, Aftermarket Associations and Networks, Contingency and Retained Executive Search firms, High School, College, and University career fairs.*
- *Internal company websites typically list openings, some of which will include an exclamation point of highlight in terms of critical timing and need.*
- *The recruiting method **most likely to succeed** is from internal employees who reach into their own network to engage candidates in a conversation about their company. Some companies offer a "bounty" for recruiting, but it is too often just a request in a time of need. There is real opportunity to differentiate your company with a robust internal commitment to have all employees be recruiters...at a relative minimal cost.*
- *The single most difficult barrier to hiring is multi-response answer:*

1. At the **SERVICE PROVIDER** level, it is often location or “grease monkey” stigma, pay rate and opportunity for advancement, and weekend/evening work hours. This also applies to Distribution Centers and Delivery teams required to meet “just in time” demands of customers. Often not discussed but a reality, are drug screening and driving records which may disqualify new hires.

2. At the **CORPORATE** level, it is the current keen competition for talent that is also impacted by location and starting salaries. In addition, real or perceived circumstances that the Automotive Aftermarket industry is “not cool” is a factor. However, some surveyed companies are addressing this by identifying themselves with High Tech and Mobility as a method for competing for talent. As an example: One surveyed company (in a rural location mid country) relies heavily on engineers for their ever-changing products and follow-on services. Incoming engineers were put off by the company’s two-tier job title descriptions regarding advancement. The company created an internal ad hoc committee that revised and revamped job descriptions with more detail and clarity. They realized they actually had 5 levels of Engineering in their company for a much clearer career path, succession planning, and compensation opportunities. One of the benefits that came from this project is that now internal engineers who help recruit can advise candidates about where they might fit in 1-7 years with the firm. **A bonus is that turnover in Engineering and Tech was reduced by nearly 75%.**

NOTE: More than one-third of the surveyed companies indicated that more attention to the interviewing process and recruiting methods would increase the likelihood of successfully attracting talent. Some companies are using assessment tools for new hires and for internal candidates, but is generally sparse and a clear opportunity for a company to differentiate its hiring process and lower turnover.

- Encouragingly, more than 25% of the surveyed companies now have formal out-reach programs to high schools, tech colleges, and community colleges. The team that visits and sponsors these events is usually cross-functional in terms of executives who are populating the career booths, giving presentations, and doing follow up with teachers and professors to keep the lines of communication open. The most successful out-reach is coordinated and “owned” by Human Resources in partnership with Business Units. It is the incubator for cross-functional programs.

- *What is the Aftermarket Industry not doing to assist you with talent acquisition? The responses from the surveyed companies focused on six key issues:*

1. The disjointed and multiple job portals for companies in the industry means there is no “one go to place” for candidates, teachers, parents, to search for jobs whether in their own backyard or out of state locations.

2. Lack of coordination via social media to reach candidates; the aftermarket is perceived as behind the curve when using Instagram, Twitter, Facebook, Google, etc.

3. There is a clear lack of communication between companies that are supporting educational institutions. One company surveyed based in the Eastern time zone is building a technical school in the Mountain time zone to support its need for talent. Virtually no others surveyed were aware of this effort.

4. Not enough women associated with and working in the Automotive Aftermarket are showcased on a regular basis in forums and national events.

5. Minorities do not often feel welcome because they do not see “others of their own color” in entry-level to leadership roles.

6. There is little sharing of information between aftermarket companies about what is an effective strategy for regional and national events to attract talent to the industry.

- *What about Millennials? The common perception is that stated: “If I am not growing, I am going”. Essentially, this is the difference between Leaders and Non-Leaders-Operators-Producers. A leader takes responsibility for all they own and for things she/he does not control. A Non-Leader takes responsibility mostly for themselves. **Companies Need Both.***

The real question for every company in this survey to address regarding Millennials for each role in your organization is: Do you have an operator/producer where you need a Leader? If Millennials appear to have a lack of “self-awareness”, it may be companies do not spend enough time helping teams align and perform where each person adds the most value. Perhaps the next time a review or interview is with a Millennial, spending enough time digging for the answer: where do you add value? should be worthwhile. The surveyed companies that are addressing this matter successfully are committed to one-on-one mentoring, internal and external

training programs including education opportunities at universities such as Northwood, make contact moments memorable because they are personal and by thanking people for their contributions, budgeting time and money for more education, and some companies see growing leaders as an experiment to be endorsed and supported. It was clear from the conversations that many executives actually had a pivotal moment in their career where he/she was given a chance at a project or program long before they were actually ready...and they nailed it. How often does that happen for Millennials in your company?

- *What about the depth and breadth of job opportunities in the Automotive Aftermarket? Participating companies in the survey want to send a clear message to institutions of learning across the spectrum to recognize that opportunities for real careers exist in **ENGINEERING, LOGISTICS, HUMAN RESOURCES, SALES, MARKETING, RETAIL, DISTRIBUTION, WAREHOUSING, TECH ANALYTICS, TECH PROBLEM SOLVING, TECH PLATFORMS, QUALITY CONTROL AND QUALITY ASSURANCE, OPERATIONS, COMPLIANCE, MOBILITY, CRM SYSTEMS, SUPPLY CHAIN, AUTOMOTIVE MAINTENANCE, AUTO/TRUCK BODY REPAIR, SPECIALITY PAINTING, FUELS MANAGEMENT, FLEET MANAGEMENT, AND SENIOR MANAGEMENT POSITIONS...ALL WITHIN AN ENVIRONMENT OF DIVERSITY AND INCLUSION.***

WHAT'S NEXT? SOME SUGGESTIONS AND TASKS WITH TIMETABLE:

First 30 days:

- **Review the characteristics, traits, and qualities noted by the participants. Focus on 5-7 words that embody your company culture and begin to use them more frequently in conversation, social media, interviewing, reviews, job descriptions, and small/large group activities. Have your own “company vocabulary” that everyone knows and can use effectively.**
- **Your company probably has a LinkedIn page/presence. Nearly all of your employees are on LinkedIn. You may want to suggest that a common background picture or brand identifier is used for all employees at your company...part of your culture!**
- **Write a letter to Northwood University and two other educational institutions and tell them exactly what you need them to be teaching and focusing on for YOUR business. Then follow up with a calendar of conversations to know if you are being heard, if**

students are being offered courses that help your business, and to know if your company can offer more help from staff/executives/ funding/scholarships to benefit your business model and people. If you have not visited Northwood's campus or others, making the effort should be beneficial in many ways.

- **Call your executive counter-part by Function and/or Title from two other automotive aftermarket companies in this survey and have a conversation about Talent Acquisition. Tell them what seems to be working for you and ask them what is working. These are not secrets, but you are likely to hear something about the discipline and hard work your colleagues are doing that you have not explored, or that needs more attention by your company. Then start having the conversation about Talent Acquisition often within you own team; then reach out to Business Unit leaders and speak with them. This cohort of survey participants is dynamic, bright, engaging, high energy, educated, nuanced, direct, and the right combination of humble and confident...why not tap this group for everyone's benefit?**

First 60 Days:

- **If your on-boarding processes are effective, then continue to perfect them. If not, make this a priority across all business units and publish your results and add short update meetings where this is the only topic so all participants grasp the seriousness of this process. This is a COMPETITIVE ADVANTAGE available to you now.**
- **Have formal and informal conversations about your company CULTURE. The engagement survey (Survey Monkey works well) is a way to see into your current culture state of mind, but if you choose not to do that then overcome the trap of not doing anything by creating a small and diverse team to address this as a priority and to own this as a high value opportunity. Too often these critical activities do not happen because people are uncomfortable, uneasy, or unsteady by what they learn. By doing this you increase the likelihood of retaining and engaging people, seeing the gaps in culture perception and identifying solutions, and contributing to your company's market competitiveness.**
- **Explore Leap.ai, Vettery algorithms, PandoLogic, Uncommon, Textio Hire, and other apps that increase the likelihood of better vetting and fit for new hires.**

- Visit a local high school or technical/community college that your company has ignored or just didn't take the time to focus on and ask to meet with the school principal and/or guidance counselors. Tell them you want to help their students be ready for jobs or higher education. Then apply what you learn to your talent needs. Sometimes students just need a cheerleader in their corner to see an opportunity.

First 90 days:

- Spend time with your team and other business unit leaders ensuring you have a clear strategy and programs to provide opportunities to learn critical thinking skills, problem solving, fact-based decision making, and cross-functional training. Small groups can advance these skills quickly and efficiently across the rest of your company.

Finally, the word *PASSION* came up repeatedly in the survey discussions and has been deliberately left to the end of the report. What the cohort shared about *PASSION* is they want more:

- Recognizing of employees
- More development plans
- More clear and concise communication
- Challenges (i.e. meaningful and impactful work)
- Forums where asking questions is supported and encouraged
- Finding better ways to look at problems
- Cross-Functional training
- Permission to fail and recover
- Bold leadership
- Pride
- Trust and Integrity
- More work prioritization-Operational Excellence
- Employees having fun
- Empowerment
- Constant two-way conversations
- Advancement when earned
- Risk-taking when it is explainable in plain English
- More responsibility and visibility for women and minorities
- Key Learning by knowing the language of the company
- Core leadership Accountability to all stakeholders

To summarize PASSION in two words: BE HONEST!

You may find this list as an opportunity to grade your company and yourself, giving weightings to these indicators and articulate the level of passion in your company to educate your employees as well as recognizing these passion qualities in your employment candidates.

Your weighting(s) can be a clear guide for you and your company to allocate internal talent, funding, and energy for improved Talent Acquisition and to perpetuate your commitment to your company values.

A few reading recommendations as a result of our survey and project:

Give and Take: Adam Grant: Focuses on “Why Helping Others Drives Our Success”

Deep Work: Cal Newport: Focuses on “Rules for Focused Success in a Distracted World”

The Advantage: Patrick Lencioni: Focuses on “Why Organizational Health Trumps Everything Else in Business”

Questions are the Answer: Hal B. Gregersen, PHD (MIT Leadership Center) Focuses on “Ask something and then get out of the way”