

DEALER PRINCIPAL

BUILDING YOUR ***DREAM*** **TEAM**

Strategies to Attract Top Performers
and Build an Exceptional Team

The Zurich ***Advantage:***

Helps Dealers Achieve
13 Months of F&I
Profit in 12 Months

THE NATIONAL TEAM:

The Ultimate in Dedicated
Support for Mega Dealers

Dealers Find **Winning Formula**

for F&I Sales
in the Service Lane

Preventing Sexual **Harassment**

in Your Dealership

Inside Customer Council & **Innovation Summit:**

Catalysts for Change
at the Dealership



ZURICH

Editor's Letter

Dear Leader,

Welcome to the first issue of *Dealer Principal*, Zurich's new biannual journal designed exclusively for a select group of exceptional auto dealer principals and leaders. This publication includes a mix of informative features, highlights and regular columns covering a wide range of industry-related topics, as well as news and updates from Zurich.

We strive to represent a variety of perspectives, including auto dealer leaders, customers and industry specialists.

In this issue, we take a look at the ways Zurich helps dealers generate more profit with our *13th Month of F&I Profit* initiative. We also explore the opportunities and challenges of talent acquisition, sharing strategies for attracting top performers to build the ultimate team. Our article, on innovation explores Zurich's innovation strategy and culture, and outcomes from our recent Dealer Innovation Summit.

You'll also find insights from Zurich's valued Customer Council, convening for more than 25 years, and learn about our *Service Lane Sales Program*, which yields big results for F&I sales in the service department.

I hope you enjoy this first issue. Please let us know if there are topics you'd like to see covered in the future.

Regards,



Vince Santivasi
Head of Direct Markets
Zurich North America

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About Zurich

COMPANY PROFILE

Zurich North America is part of Zurich Insurance Group, a leading multi-line insurer that serves its customers in global and local markets. With approximately 54,000 employees, Zurich provides a wide range of property and casualty, and life insurance products and services in more than 210 countries and territories.

Zurich's customers include individuals, small businesses, and mid-sized and large companies, as well as multinational corporations. The Group is headquartered in Zurich, Switzerland, where it was founded in 1872.

MARKETPLACE LEADERSHIP STATEMENT

We aim to create sustainable value for all of our stakeholders: our customers, employees, shareholders and the communities in which we live and work.

OUR EXPERTISE

We offer the global strength of a leading insurance provider and industry expertise in local markets. Working together with our producers and distributors, we are committed to providing winning risk management solutions to our mutual customers.

OUR DISTINCT SERVICES

- Global network
- Multinational capabilities
- Industry vertical expertise
- Program expertise
- Specialty products
- Captive services (group and single parent)
- Claims management
- Risk Engineering professionals
- Life insurance and disability coverage

OUR PURPOSE

- To protect you
- To inspire confidence
- To help you reach your full potential

OUR VALUES

- We are one team and value the diversity and potential of every individual.
- We embrace new ideas to exceed our customers' expectations.
- We deliver on our promises and stand up for what is right.

Delivering when it matters.
Industry-leading claims service
in North America.²

Customer advocacy scores are
20 points higher than the
business-to-business industry
average in North America.¹

DISTINCTIVE RISK INSIGHTS

Zurich uses data and insights to better understand risks and help our customers manage their total cost of risk.

- Zurich North America uses deep customer insights gained through our industry-leading segmentation and predictive analytics to help protect our customers from risk.
- Predictive analytics allow Zurich to better understand our customers' risks globally and locally. We've been using analytics for the past decade and continue to invest in talent and tools.
- Predictive claims models applied in the U.S. from first notice of loss throughout the claim life cycle help to enable quicker claim resolution, heighten awareness of other potential losses and minimize fraud.

COMMUNITY INVESTMENT

At Zurich, we are committed to supporting the communities in which we live and work. In North America, we support six core charities in the U.S. and eight in Canada, and more than 125 local nonprofits aligned to three key areas:

- Developing resilient communities
- Promoting health
- Promoting health and welfare for children

North America community impact was USD 2 million in corporate and employee giving in 2018.

1. B2B Industry average: 26 RNPS (Zurich North America score peaked at 46 in 2015)
2. Medallia B2B benchmark data, 2015
3. Rating as of July 31, 2018 A.M. Best and Standard & Poor's financial strength rating are under continuous review and subject to change and/or affirmation. For the latest Best's Ratings and Best's Company Reports (which include Best's Ratings), visit the A.M. Best website at www.ambest.com. The rating represents the overall financial status of the individual member companies of Zurich in North America, including Zurich American Insurance Company, and is not a recommendation of the specific policy provisions, rates or practices of each issuing insurance company.
4. Zurich North America
5. Zurich Insurance Group



AWARDS

- 2019 Bloomberg Gender-Equality Index (Bloomberg, January 2019)⁵
- Forbes 2019 list of America's Best Employers for Diversity (Forbes, January 2019)⁴
- Torch Award for Marketplace Ethics Better Business Bureau, (October 2018)⁴
- One of the 50 Most Engaged Workplaces (Achievers, August 2018)⁵
- Forbes' Best Employers for Women list (Forbes, July 2018)⁵
- Named Top Company for Executive Women for third consecutive year (National Association for Female Executives, March 2018)⁵
- Forbes' Best Employers for Diversity list (Forbes, January 2018)⁵
- Rated a five-star carrier by brokers surveyed by Insurance Business America (August 2017)⁵
- Named an Employer of Choice for veterans (Military Times' Best for Vets Employers 2017 listing, May 2017)⁵



RECOGNITION

- Industry financial strength ratings: A+ A.M. Best, AA- Standard & Poor's³
- In 2018, Zurich made nearly USD 4.6 billion in operating profit.⁵

OUR PEOPLE



Vince Santivasi is the Head of Direct Markets for Zurich North America's Alternative Markets business unit. Santivasi is responsible for the overall direction and strategic planning for Zurich's F&I and property-casualty insurance offerings to the automotive industry.

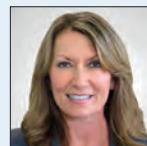
Prior to his current role, Santivasi served as Head of Direct Markets and Programs Sales. Previously, he served as Head of Business Development for Finance & Insurance (F&I), where he successfully managed the growth and performance of the mega dealer segment.

Prior to Zurich, Santivasi held numerous positions in the retail automotive business. He has served as course instructor and workshop leader for the National Automobile Dealers Association (NADA).

Santivasi holds a bachelor's degree in business management from Philadelphia University and has completed executive education at the Wharton School of the University of Pennsylvania.

Santivasi joined Zurich in 2003 as a Finance and Insurance Executive. He later held roles as the Regional Finance & Insurance Manager in Pennsylvania and then as Direct Markets General Manager for the Southeast and Mid-Atlantic Divisions.

DIRECT MARKETS LEADERSHIP TEAM



Marie Knight
Vice President and Head of Direct Markets Strategic Services



Eric Hart
Vice President Head of Sales



Kathi Ingham
Vice President and Head of Finance & Insurance



Craig Davidson
Vice President and Head of Property & Casualty and Rental



Nathan Hixon
Vice President and Head of Specialized Solutions

Zurich's Direct Markets Mega Dealer Organization

Zurich is one of the largest F&I and property-casualty insurance providers to U.S. franchised auto dealers. Our solutions are designed around the changing risks and profitability needs of franchise auto, motorcycle, powersports and RV dealerships, and are offered through our direct sales force.

Our business was started by a group of auto dealers in 1922 and our dealer customers have been closely involved in developing our products, services and solutions for more than 95 years. Our Finance & Insurance (F&I) products are sold to retail customers of auto and motorcycle dealers. We provide our copy - written package garage policy, and we offer other brokered products through our in-house agency.



THE NATIONAL TEAM: POWERHOUSE OF SUPPORT DEDICATED TO MEGA DEALER CUSTOMERS

Zurich's National Team provides dedicated support to Zurich's mega dealer customers, helping them grow their business, generate more profit and enhance the customer buying experience.

National F&I Managers

Zurich's National F&I Managers are the main point of contact for Zurich's F&I mega dealer customers and provide unparalleled support on a wide range of business challenges from income generation, employee development, sales strategy, compliance and legal requirements, and much more.

National Account Managers

Zurich's National Account Managers work closely with Zurich's P&C dealer customers as the main point of contact, to install accounts, address claim issues, manage account reporting and billing issues, and more.

Area Managers and Executives

Zurich's Area Field Executives provide service, training and support for dealer customers. This nationwide boots-on-the-ground team is dedicated to driving results by working hand-in-hand with the dealership team.

National Reinsurance Executives

Zurich's National Reinsurance Executives help dealers identify and customize the best profit participation program and help manage to maximize profit and build wealth.

ZURICH HELPS DEALERS GENERATE

13 MONTHS OF PROFIT IN 12 MONTHS

Zurich is committed to helping our customers succeed and to continuously improve their financial results. As part of this commitment, Zurich developed *The Zurich Advantage*, income-generation programs that can impact more than the F&I office. When dealerships implement one or more of these programs, they can see real results – 13 months of profit in 12 months – without relying on increasing PVR by a single dollar or selling one more vehicle!

THE ZURICH ADVANTAGE PROGRAMS:

F&I Online - Consumer Resources

Zurich F&I Online gives customers finance and insurance product information when and where they want it, whether at home, on a mobile device, or in your dealership. The online platform integrates easily into your dealership website, helps generate leads and quickly gives customers easy-to-understand information through animated videos and interactive brochures. Website analytics help track effectiveness.

Digital Retailing

Zurich can seamlessly incorporate F&I products into your online selection and pricing tool, allowing customers seeking an online buying experience the ability to learn about F&I products and choose what interests them. Before the buyer even walks into the dealership, you'll know their product preferences.

Zurich University

Zurich University provides dealership employees interactive training on a wide variety of topics: F&I sales presentations, objection handling, compliance, harassment and discrimination, service advisor training and much more. Training is continually updated to keep pace with changing regulations, customer buying styles and relevant automotive industry topics. Training can be assigned, measured and documented to ensure consistency and maximize efficiency.

Direct Marketing Program

Zurich's innovative Direct Marketing program extends your opportunity to sell vehicle service contracts (VSCs) through various channels beyond the finance office, including:

Missed Opportunities:

This component of Zurich's Direct Marketing program offers an exciting new opportunity to sell F&I products to car buyers who did not elect to purchase at the time of sale. This program combines targeted marketing offers, a professional call center, and a data-driven approach to boost the adoption of protection products. It's the perfect strategy to complement your onsite process and to keep customers coming back to the dealership.

Expiring Contracts:

This component of Zurich's Direct Marketing program allows you the opportunity to sell additional coverage to your customers whose existing vehicle service contracts are approaching expiration. This program presents an additional revenue stream, can help improve retention and offers your customers an enhanced ownership experience.

Service Lane Sales Program

The Zurich Service Lane Sales program provides dealerships the opportunity to increase vehicle service contract sales, improve overall gross profit as well as reinsurance growth opportunity, and is another critical step toward greater customer retention and loyalty. This turnkey program makes it easy to present customers with the features and benefits of purchasing a vehicle service contract. Our proven selling system, combined with cutting-edge technology, allows consumers to review and purchase a vehicle service contract while they're in for service or from the comfort of their own home.

Service Advisor Training

Zurich, in collaboration with Steve Shaw—one of the industry's leading service advisor trainers—offers service advisor seminars in cities throughout the U.S. This hands-on, one-day training program provides service advisors what they need to know to improve their repair order performance, including proven practices that deliver results.

F&I Seminars

Zurich offers regional F&I training seminars multiple times per year at different venues across the nation. The training is designed for dealership management and their F&I teams. Attendees walk away with stronger sales presentation skills, ways to integrate technology into the sales process, a broader knowledge of compliance issues, and the ability to deliver improved results and an optimal customer experience.

Menu Providers

Zurich's Streamlined Selling System® 4.0 can be utilized with all major menu providers to deliver an engaging and effective customer experience. Zurich's rates and forms easily integrate with all major menu providers, including:

- Darwin Automotive
- Tail Light
- Dealertrack
- DocuPAD®
- and others

PowerTracking™

This web-based F&I reporting platform integrates with most dealer management systems and features 24/7 online access, allowing the dealer or Zurich representative to access performance metrics in real-time to ensure optimal collaborative account management.

WHAT DEALER CUSTOMERS SAY ABOUT THE ZURICH ADVANTAGE PROGRAMS

Service Lane Selling

Zurich helped us with the structure of the Service Lane Selling program and they also helped us find the right person for the role, which was really important. It has proven warranties to be really successful! In the first month, our Service Lane Sales Manager sold 10 warranties. Last month, he sold 20! Not only is he selling warranties but customers like to talk to him about things that are on their mind and we learn a lot more about our customers overall.

Michael Trebino
Executive Manager
Pine Belt Auto

F&I Seminars

We send our Finance Managers to Zurich's F&I seminars at least once a year and always send our potential Finance Manager candidates before they begin the position. These seminars have really been a benefit in training our staff. I encourage any current and potential future Zurich client to utilize the seminar training for the mutual benefit of the dealership and its guests.

Jack Starling
Starling Automotive Group

Service Advisor Training

I am in my 27th year in the car business, first in sales, now in service, and I have never had training that impacted my results so significantly. Zurich's Service Advisor Training not only helped me increase my dollars per repair order but it also has impacted my C.S.I. in a positive way.

Dan Kmiecik
Service Manager
Peoria Toyota

NO PLACE FOR IT HERE: PREVENTING SEXUAL HARASSMENT AT THE DEALERSHIP

“IT TAKES 20 YEARS TO BUILD A REPUTATION
AND FIVE MINUTES TO RUIN IT.”

- WARREN BUFFETT

The odds of your company being hit with a large punitive damage for a sexual harassment suit might be low, but tolerating any hint of sexual harassment is a reputational mistake that could cost you customers, employees and future hires, including women and minorities.

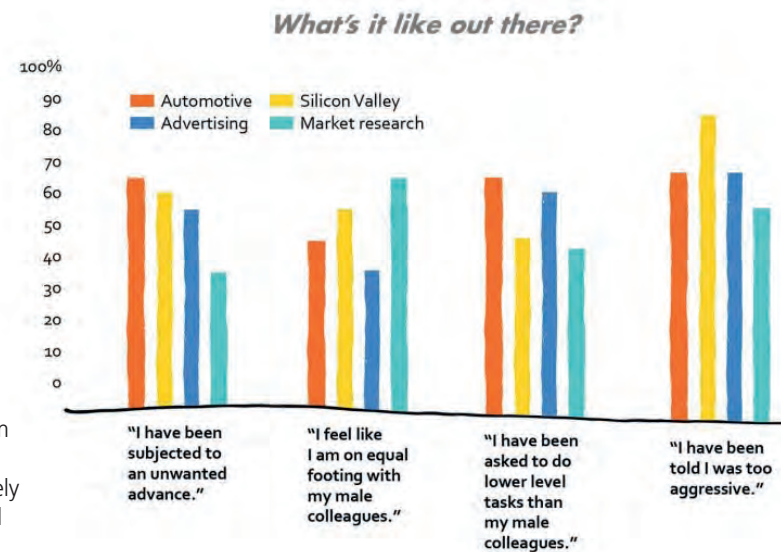
The #MeToo movement has spurred many companies to more closely monitor employee behavior and evaluate sexual harassment policies and training. Forward-thinking companies know that stepping up their efforts in this area will do more than avoid a financially damaging lawsuit. Developing strict policies and robust training programs can also help reduce potential public backlash and reputational ruin caused by the filing of a sexual harassment claim. A recent study showed that when people learned that a sexual harassment claim had been made against an organization, they perceived it as less equitable overall and one with a defect in the culture, not just one individual.¹

Even before the #MeToo movement started shedding light on egregious behavior by high-profile individuals and organizations, the automotive industry was fighting its perception of being less than female-friendly. By coincidence, just as the #MeToo movement gained steam in late 2017, Automotive News conducted a study of 900 women in the automotive industry.² (Note: This was not a dealer-only survey). The survey was conducted in partnership with Elephant in the Valley, a group of Silicon Valley executives and researchers from Stanford University who looked at sexism in the tech world in 2016.

Dubbed Project XX, this report revealed women in the automotive industry experienced a high degree of perceived sexism:

- 84% of women had heard demeaning comments from a male colleague.
- 65% of women said they received an “unwanted advance” by a male coworker, which is more than any other industry surveyed.
- 63% of women claimed to be excluded from male-oriented company events, such as happy hours, football games and meetings at cigar lounges.
- Nearly 70% of women were told they were “too aggressive” and 50% were told they were “too quiet.”
- More than 50% received comments on their appearance and were told to dress more feminine and display their breasts.

As one survey respondent commented, “The issues facing women working in automotive are far more severe and the sexism far deeper than in other industries.” In 2018, a follow-up survey showed that women felt sexism issues were becoming more widely talked about in the automotive industry (73%), but a majority still felt that gender issues in the auto industry haven’t changed from 2017.³



Source: 2017 Automotive News Project XX Survey

UNDERSTANDING THE EEOC AND ITS PROCEDURES


The U.S. Equal Employment Opportunity Commission (EEOC) is the enforcer of Title VII of the Civil Rights Act of 1964, the law on which sexual harassment is considered discriminatory. The EEOC states that “unwelcome sexual advances, request for sexual favors, and other verbal or physical harassment of a sexual nature constitutes sexual harassment when this conduct explicitly or implicitly affects an individual’s employment, unreasonably interferes with an individual’s work performance, or creates an intimidating, hostile, or offensive work environment. Such harassment may include unwelcome verbal, visual, nonverbal, or physical conduct that is of a sexual nature or based on someone’s sex.”⁴

Since the #MeToo movement began, the EEOC has strengthened its commitment to educate and enforce Title VII. The agency has implemented new procedures, aiming to prevent workplace sexual harassment before it becomes legally actionable. Because of these efforts, sexual harassment charges filed with the EEOC increased 12% between fiscal year 2017 and 2018.⁵

Anne Lawton, a professor of law at Michigan State University who has written extensively on employment discrimination and sexual harassment law, explains the EEOC has strict guidelines that must be met for a case to be brought against an employer:

- The employee is required to bring the harassment claim to their employer first (preferably HR and not their supervisor) before contacting the EEOC.
- The employee must file their discrimination complaint with the EEOC within 180 days from the time the harassment took place.
- The EEOC will notify the employer of the charge and start the investigation.
- If the matter is not settled, resolved or dismissed, then the EEOC will give the employee a “right to sue” letter, allowing the lawsuit to move ahead.

“What can be more typical is that a harassment suit may be dismissed by the EEOC or the court, but the employee then experiences retaliation by the employer, such as being fired or demoted, and wins a case based on that action,” Lawton says. “The fear of retaliation keeps many employees from going to HR with a harassment claim.”

 ROUGHLY THREE
OUT OF FOUR INDIVIDUALS
WHO HAVE EXPERIENCED
SEXUAL HARASSMENT IN THE
WORKPLACE DID NOT REPORT
IT TO THEIR EMPLOYER.⁶

Even though a harassment claim may not make it to trial, your company could incur substantial legal costs paid to the attorneys you need to hire during the EEOC investigation and potential pre-trial preparation. A harassment claim should be covered under an Employment Practices Liability insurance policy or a Directors and Officers (D&O) liability policy, and it’s important to understand what exclusions, if any, would prevent coverage for a harassment claim alleging emotional distress.

One of the best ways for your company to avoid a sexual harassment suit is to establish an anti-harassment policy that includes complaint procedures and ongoing training. “The U.S. Supreme Court in two separate cases has given employers a protective position against harassment suits if they can demonstrate their policies and procedures are in place and communicated to employees through training,” Lawton explains.

 RECENT
JUDGEMENTS AGAINST
AUTO DEALERS:⁷

- \$2 million against a New Mexico dealer for allowing inappropriate comments and unwanted touching
- \$325,000 award to a female sales manager in Texas who was repeatedly asked out on dates by another manager and received unwanted hugs and suggestive comments
- \$500,000 to a finance manager in Massachusetts who experienced inappropriate behavior, including crude jokes made during sexual harassment training

Zurich Risk Management *Continued*

THE TRUE COSTS OF HARASSMENT: YOUR COMPANY'S REPUTATION

A mere allegation of harassment can severely damage your dealership's reputation on the outside and employee morale on the inside.

- Employee turnover may be the largest cost of sexual harassment. You could lose your ability to attract and retain top talent.
- Harassment can lead to job dissatisfaction and low productivity by those who observe or experience it.
- Your company could suffer from increased absences, as people who feel they are being harassed tend to take more sick days.
- Poor morale could spread and affect team members, as victims of harassment tend to suffer more from anxiety, depression and other psychological issues.
- Negative word-of-mouth can spread to customers and damage your company's standing in the community.

Creating a harassment-free organization starts by establishing a culture of respect where every person is held accountable and every employee undergoes training, including leadership, managers and "star" salespeople.

BEST PRACTICES IN POLICIES, TRAINING AND REPORTING

Your best defense against a sexual harassment claim is implementing the appropriate policies and procedures. These written documents should include:

- A definition of harassment
- Examples of harassment
- How an employee reports harassment, either experienced or witnessed
- A statement that promises protection from retaliation for employees reporting harassment
- A plan that outlines how investigations will be handled
- The expected resolutions to complaints, including potential employment termination for a person who violates the anti-harassment policy

An increasing number of states require sexual harassment training (see sidebar) for organizations with more than 15 employees. Even if your state hasn't legally required training, it makes good business and legal sense to provide training for all employees, including part-time workers, seasonal/temporary workers and even contractors. Keep records of who received the training, the training dates and the content discussed. Provide managers with specific examples of harassment situations to monitor.

One of the critical aspects of your sexual harassment policies is giving employees at least two reporting avenues that they feel are trustworthy, preferably HR, upper management or an anonymous email or hotline. Employees should be assured that all complaints will be thoroughly investigated and appropriate action will be taken.

Lastly, sexual harassment training is not a one-time event. In-person training and discussion should happen once a year to show senior leaders' commitment to zero tolerance for any type of harassment.

DID YOU KNOW?

Sexual harassment training is mandatory in the five states listed below, plus Washington, D.C.⁸ Each state has specific requirements regarding training content, frequency and who is expected to attend the training.



California



Connecticut



Delaware



Maine



New York



Washington, D.C.

Zurich University's online training portal offers sexual harassment and discrimination training modules as well as record-keeping functionality. Talk to your Zurich representative about this important resource.

1. Does, Serena, Seval Gundemir and Margaret Shih. "Research: How Sexual Harassment Affects a Company's Public Image." Harvard Business Review. 11 June 2018.
2. "Project XX." Automotive News. Accessed 9 August 2019.
3. Carty, Sharon Silke. "Project XX One Year Later." Automotive News. 17 December 2018.
4. U.S. Equal Employment Opportunity Commission. "Facts About Sexual Harassment." Accessed 9 August 2019. <https://www.eeoc.gov/eeoc/publications/fs-sex.cfm>
5. U.S. Equal Employment Opportunity Commission. "Select Task Force on the Study of Harassment in the Workplace." June 2016. https://www.eeoc.gov/eeoc/task_force/harassment/report_summary.cfm
6. U.S. Equal Employment Opportunity Commission. "EEOC Releases Preliminary FY 2018 Sexual Harassment Data." 4 October 2018.
7. "Preventing Harassment in the Workplace." Bass Sox Mercer. 16 January 2018.
8. "'Am I Required to Provide Harassment Training' and Other FAQs." ADP. 14 January 2019. <https://sbshrs.adpinfo.com/blog/am-i-required-to-provide-harassment-training-and-other-faqs>

WE SHARE YOUR PASSION FOR LEADING AN EXCEPTIONAL DEALERSHIP.

When you're passionate about what you do and the customers you serve, you want an insurance provider that is just as passionate. Our business was started by a group of auto dealers in 1922, and we've been committed to auto dealers for more than 90 years.

And because we understand dealerships, we can help you protect your business and the customers you serve while helping you grow.

[zurichna.com/
industries/auto/
dealerships](https://zurichna.com/industries/auto/dealerships)

**ZURICH INSURANCE.
FOR THOSE WHO TRULY LOVE THEIR BUSINESS.**



This is intended as a general description of program offerings available to qualified customers of Zurich's F&I operations and programs, through Universal Underwriters Service Corporation, a member company of Zurich in North America. Zurich does not guarantee a particular outcome, reduction in costs, or improvement in administration or revenue and further assumes no liability in connection with the providing of these services. Universal Underwriters Service Corporation is the issuing provider and administrator of Zurich's vehicle service contracts in all states except Florida. In California and New York, UUSC operates under its DBA, UUSC Service Company (CA License #0C17302). In Florida, the issuing provider and administrator is Vehicle Dealer Solutions (FL License #60132). Insurance coverages underwritten by individual member companies of Zurich in North America, including Zurich American Insurance Company. © 2019 Universal Underwriters Service Corporation. All Rights Reserved



BUILDING YOUR **DREAM TEAM**

Strategies to Attract Top Performers and Build an Exceptional Team

The booming economy has created hiring headaches for many industries, including automotive retail. Attracting your “dream team” requires inspiring candidates about the industry, emphasizing your people-focused culture and leveraging digital and social platforms to connect.

Dealerships of all sizes struggle to find dynamic salespeople, qualified service technicians and ambitious staff who are committed to the long-term career potential that the retail automotive industry provides. Highly talented job seekers have their pick of positions across industries in what has been dubbed the “applicant economy” by Hireology,¹ a hiring and talent management consultant for retail automotive firms and other industries. Dealerships compete for the same talent as industries such as software or finance, especially at entry-level positions.

Many dealers use online job boards such as Indeed, Monster, or ZipRecruiter to drive a high quantity of applicants when they have a job opening. Unfortunately, competing for quality candidates causes dealers to overspend to find top talent and pay an “applicant tax.”² Profitability can quickly come under pressure if the costs of employee recruitment and retention are not strategically managed. Hiring and onboarding a new employee costs an average of \$10,000 at a dealership, and annual turnover rates can be as high as 67% for sales positions.³ The wrong hiring decisions can be costly.

According to the Dealer Workforce Study conducted annually by the National Auto Dealers Association (NADA), the last several years have been challenging in terms of tenure and retention rates:⁴

- Average employee tenure in 2011 was 3.8 years and dropped to approximately 2.5 years by 2017.
- Three-year retention is holding at 45% for automotive compared to 65% for the overall U.S. non-farm sector.
- Employees typically require an average of three full years to reach optimum productivity, meaning that almost half of retail automotive hires do not reach their performance potential during their tenure, which impacts dealer profitability.

Finding the right talent takes progressive strategies beyond using online job boards to immediately fill a position. “The *Right* people are so essential to our ongoing success that one of our main strategies is to keep our talent pipeline filled by continually looking for the best candidates, even when we don’t need them,” says Mike Van Ryn, Director of Talent Development for the Zeigler Auto Group. The group has 26 locations throughout the Upper Midwest.

“Since we’re very selective about the type of employee we bring into our stores, we make recruitment an ongoing, proactive process. We’ve found that the time and attention we put into recruiting has reduced our turnover,” he says.

Bill O’Flanagan, President and General Manager of the Reedman-Toll Auto Group in Pennsylvania, explains that his locations run regular Monday night interviews where they meet candidates for all positions. “By seeing what kind of talent is out there on an ongoing basis, it helps us to make the right decision when an opening does come up. We don’t get ourselves into a panic state with turnover,” he explains.

HIRE FOR ATTITUDE AND CHARACTER

The last decade has seen the overall retail industry transformed through more engaging online experiences, increased product customization and seamless customer experiences. This same transformation is happening in automotive retail as well, requiring dealers to hire top talent who will deliver an approach that is more customer-centric than it is transactional. More transformations are on the horizon as the industry continues to evolve.

That means dealers need to seek talent who will adapt, and grow with the industry and the organization. “It doesn’t matter what position we’re hiring for, we are looking for someone who shares our value of being customer-first and has the aspirations and work ethic to grow just as Zeigler does,” adds Van Ryn.

CREATE ASPIRATION FOR THE INDUSTRY

Keeping an ongoing dialogue with talent—those looking for jobs right now and those considering a career switch to the automotive retail industry—is a great first step in being more proactive with recruitment. But how do you make sure you tell the right story when you talk to high-potential candidates?

“Our industry is not perceived as being aspirational,” explains O’Flanagan. “We suffer from an old-school image. All of us need to improve the perception of the automotive retail industry as one with terrific long-term career potential and the ability to make good money.” He points out that salaries in automotive retail can be as, or even more, competitive as those in technology or other highly compensated industries.

O’Flanagan explains that during candidate interviews, the Reedman-Toll recruiters spend time outlining a clear career path—one that offers training, promotion and financial opportunities, as well as the ability to move between departments, such as from sales to finance.

“We’ve earned a reputation as a great place to build a personally and financially rewarding career. Our customers see how motivated and engaged our employees are, and they often refer candidates to us. Nothing beats word-of-mouth as a recruiting tactic.”

BUILDING YOUR DREAM TEAM

Strategies to Attract Top Performers and Build an Exceptional Team

BE A PEOPLE-FIRST CULTURE

Dealers who successfully engage and recruit top talent know candidates choose a position based just as much on culture and values as on specific job descriptions. That's because top candidates don't expect their first job at a dealership to be their only job – they seek professional and personal growth through formal training, mentoring and other learning opportunities. Having a clear people-first strategy will make your dealership more attractive in today's market.

"We've found that there is a direct correlation between our company's growth and finding and developing the right talent," says Van Ryn. His company has formalized its commitment to people and their training through its Zeigler University, which offers sales and customer service training, manager development and even a guest speaker series featuring nationally known motivators in performance and career growth.

At Reedman-Toll, team collaboration is fostered through group goals and projects, as well as a mentoring program between senior and junior employees. O'Flanagan says these initiatives build a strong and supportive network for employees.

One of the key ways to demonstrate to employees that you are a people-first company is to establish an HR department with experts dedicated to attracting, hiring and training new employees. As head of Zeigler's recruitment and talent development, Van Ryn notes his team includes five other recruiters who source for talent as well as train within Zeigler University and constantly focus on culture within the group.

By emphasizing company culture and having dedicated HR experts executing a formal recruitment and training program, dealers can demonstrate their commitment to a people-first approach to both potential hires and current employees.

LEVERAGE TECHNOLOGY FOR CONNECTION

While online job boards may have their place in a recruitment strategy, the most effective use of technology happens with a dealership's own website and social media platforms. Candidates look to learn everything they can about a company and are influenced through multiple social and digital touchpoints. Growing your reputation as a desired employer depends a great deal on your website's content, as well as via social media platforms that include LinkedIn, Facebook, YouTube, Twitter and Instagram.

Your website should include a compelling *careers* section with employee testimonials, videos of company events and key leaders, a comprehensive overview of career paths and benefits, and other content that showcases your unique culture. Top talent looks for more than just a job for money, and needs a compelling way to determine if they can learn and grow with your company. According to Hireology, a career site is seven times as cost-effective as job boards in attracting quality talent.⁵

"At the end of the day, you can't communicate enough with prospective employees about your culture and how career development is structured," explains O'Flanagan.

YOUR DREAM TEAM: MORE MILLENNIALS, MORE WOMEN

Forward-thinking dealerships want to attract more millennials and more women as employees to mirror the demographics in society and their consumers. According to the NADA study, millennials continue to turn over at a disproportionately higher rate than Gen X or baby boomers.⁶

Dealers can reduce millennial turnover by recognizing that this cohort group has specific expectations of their employers and subsequently create a culture that supports their vision of a rewarding career experience by offering the following:

- Flexible hours to achieve work-life balance
- Collaborative, not competitive, work environments
- Adoption of technology to make work more efficient
- Company-supported opportunities to give back to the community
- Perks and benefits that par with leading employers in tech and consulting

"I think we offer millennials the opportunity to work in a fun, fast-paced industry. Cutting-edge technology is being embedded into cars, and dealerships will play a role in addressing the mobility challenges of a growing population," says Van Ryn. "Millennials expect a lot of coaching and feedback in order to improve their skills and performance. To address this need, we developed a program to help managers become better coaches: the Master Coach Series."

Many dealers understand that customers like buying cars from salespeople who are relatable. And with most car sales influenced by women today, dealers need to make it a high priority to hire more female sales people. The NADA workforce study shows that the retail automotive industry struggles to attract and retain women.⁷

- Female dealership talent has hovered at 20% over the last few years
- Women were hired for only 22% of new roles during this time
- Turnover among female sales consultants was a full 25 percentage points higher than their male counterparts

To engage and retain more women in the automotive retail sector, dealers should consider several approaches:

- Make sure job descriptions are gender-inclusive
- Offer schedule flexibility for work-life balance
- Partner with women-led professional networks
- Develop strong mentoring programs

1. Robinson, Adam. "How auto retailers should lure top talent." *Automotive News*. 25 February 2019. <https://www.autonews.com/commentary/how-auto-retailers-should-lure-top-talent>
2. Kempton, Beth. "Are You Paying A Steep Applicant Tax?" *Hireology.com*. 19 April 2019. <https://hireology.com/blog/are-you-paying-a-steep-applicant-tax-to-attract-top-talent-in-todays-applicant-economy/>
3. "Meeting the Challenges of a Changing Workforce: Dealership Staffing Study." *Cox Automotive*. 20 September 2017. <https://www.coxautoinc.com/learning-center/dealership-staffing-study/>
4. "NADA 2017 Workforce Study: Immediate Takeaways for Dealers and HR Leaders." *Hireology*. <https://hireology.com/resources/key-takeaways-from-the-nada-2017-dealership-workforce-study/>
5. Kempton, Beth. "Are You Paying a Steep Applicant Tax to Attract Top Talent?"
6. "NADA 2017 Workforce Study: Immediate Takeaways for Dealers and HR Leaders." *Hireology*.
7. Ibid.

4 UNCONVENTIONAL WAYS TO SEEK NEW TALENT

1 Talk to students working on technology-focused degrees and programs at colleges and trade schools, emphasizing the growing use of innovative technology in all aspects of the retail automotive industry.

2 Subsidize the auto tech program at a nearby community college or trade school.

3 Seek experienced professionals accustomed to working nights and weekends in customer-facing jobs, such as real estate agents or insurance sales people.

4 Recruit the happiest customers you've had in the last six months. Reach out to them through a friendly email or phone call. They've already had successful customer experience, why not ask them to consider making it a successful employment relationship?



Collaboration **New insights**
 Showcasing **Fresh perspectives**
Creativity **New concepts**
 Testing/piloting **New ideas** **Originality**

ZURICH INNOVATION HELPS DEALERS SET STRATEGY AND WIN BUSINESS

A heightened focus on business innovation has become prevalent in recent years, but *why* has innovation become so important?

Sumeet Bhatia, Zurich North America's Head of Innovation, says the answer is the culmination of several factors. "We are living in a time when the pace of change has accelerated, customer expectations are changing, distribution and digital channels are evolving, and data and technology are also rapidly changing. All of these changes demand that we think differently and act faster, which is why Zurich elevated innovation to be one of our key strategic pillars," Bhatia explains.

There may be no better example of rapid industry change than the one facing North America auto dealers today. Autonomous vehicles, electric cars, ride-sharing, alternative distribution, non-franchise models, telematics, cyber, technology platforms and digital applications, changes in customer buying behavior and artificial intelligence are just some of the emerging trends dealers contemplate today.

Zurich elevated innovation as a strategic priority in 2017 to become a leader in developing new solutions that help customers thrive among rapid change. As part of Zurich's innovation strategy, Zurich hosted the Dealer Innovation Summit and the Alternative Markets Innovation Summit. Both summits focused on emerging issues, advancements and trends in the franchised auto industry, and hosted auto dealer leaders from around the country.

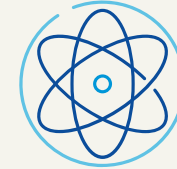
"Both summits provided the rich opportunity to gather customers, Zurich auto industry specialists and innovation champions in a roundtable, collaborative setting to share first-hand experiences, explore industry trends and challenges, and convene with experts and peer groups to solve problems," Bhatia says.

Despite rapid and considerable industry evolution, Zurich's dealer customers are forward-thinking and sophisticated in anticipating change. John Altman, Chief Operating Officer, Beyer Automotive Group, a mid-size family-owned business with eight franchises in the Virginia market, explains, "We are always thinking about growth and diversification. "We see the many disrupters

coming into the industry, so we make it a priority to sit down as a team and think about what we can do to capitalize and grow. We think about ways we can become even better car dealers, and how we can improve in general. We explore other opportunities where we already have expertise and can grow or expand into but we also think about what we can do in business in general, other opportunities that we can open up or expand into, not only on the insurance side, but other services as well. So, Zurich's Dealer Innovation Summit came at a great time."

The summit offered sessions dedicated to customers' buying behavior trends, customer care, product creation and improvement, service creation and enhancement, and problem-solving. "It was really interesting. It was a great opportunity to listen to really smart folks," Altman says. "Some of the dealers that attended the summit are titans of our industry. Each of us talked about what was going on in our business and we had some really cool brainstorming sessions. On the Zurich side, I was really impressed. They are sharp people! Right away we were really impressed with the way Zurich is thinking about solutions in our business."

Zurich Innovation Continued



Innovate

Better products, services and customer care

THREE FOCUS AREAS FOR INNOVATION

- 1 Continuing to foster an innovative mindset
- 2 Analyzing relevant trends
- 3 Developing new capabilities

PUTTING INNOVATION INTO ACTION

Foster an innovative mindset

We continue to examine how we think about our business, relentlessly listening to our customers' needs and expectations and encouraging creativity and collaboration with customers and colleagues. To facilitate innovative ideation throughout the organization, Zurich launched the Make the Difference program to offer employees a creative way of working that empowers every employee to share ideas and inspire new and creative solutions.

In 2018, Zurich opened the Idea Center, a forum for employees who engage with customers and distributors to share ideas, evaluate common themes and seek new solutions. That year, Zurich also unveiled the Innovation Lab, a collaborative, physical space at our North American headquarters where we meet with customers, distributors and brokers to brainstorm and solve problems. Auto dealer customers joined us in the Innovation Lab to participate in a variety of summits where issues and trends unique to auto dealers were examined.

Analyze and communicate on emerging trends

Artificial intelligence, autonomous vehicles, telematics, ride-sharing, cyber and blockchain are just some of the emerging trends we see across the insurance industry, and many affect the auto industry specifically. We collaborate with the Innovation team at Zurich's global headquarters in Switzerland to identify, analyze and communicate our perspective on how these trends could affect our business and customers. We also build and maintain strong relationships with innovation partners, such as business

incubators and startup accelerators, to help us enhance our service to auto dealers and their customers.

Test and pilot new concepts rapidly

We continue to explore, develop and pilot new capabilities to determine what value can be added. New products and services across the value chain, alternative distribution, and new marketing programs can help give customers an advantage and enable them to win in their markets. Sea Pine Technologies' digital applications for service lane selling, CARCHEX direct marketing programs and artificial intelligence that simplifies the way we interact with distributors are just some of the capabilities that are already helping dealers win.

"We were really impressed with the solutions that Zurich is offering in our business. A great example of that is their acquisition of Sea Pine Technologies," Altman notes. In February, Zurich acquired the company which specializes in innovative digital applications for the marketing of vehicle protection products. This strategic move further expands Zurich's automotive F&I capabilities and strengthens our innovative offerings to both auto dealers and car owners by expanding auto dealers' ability to offer F&I products beyond the traditional point of sale.

"We had been looking for a better way to sell to our service customers, but the technology wasn't there. We needed to do it in a way that is easy, quick and you don't have to send the customer to the F&I office. Zurich and Sea Pine's digital application has given us that solution and it has already been really successful," Altman notes.

"Another example is the CARCHEX offering. CARCHEX solution allows us to market F&I products beyond the initial point of sale. Other companies have been going after our customers for years with these types of solutions. Now we can capture that business. I don't think we even know yet how big this is going to be. We may be looking back in a few years thinking it was a huge thing that we did!" Altman says.

These are just some of the advancements and concepts that help Zurich's auto dealer customers thrive during rapid change. This thinking exemplifies the customer-led spirit of innovation that we continue to foster, applying customer insights to develop new ways to deliver innovative products and services that meet our customers' needs now and in the future.

"I really do feel that the attention I get from the people at Zurich is better than any other vendor, by far. It says a lot that they are so committed to our business," Altman explains.

ACHIEVE A 13TH MONTH OF F&I PROFIT IN 12 MONTHS.

Zurich is more focused than ever on helping our customers succeed. Zurich's exclusive profit-generation programs can help dealerships achieve an additional month of F&I revenue without selling one more car or increasing PVR by a single dollar.

**GIVE US 30 MINUTES
TO SHOW YOU HOW.
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13TH MONTH

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LOVE THEIR BUSINESS.**



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Zurich Service Lane Sales

WINNING FORMULA FOR F&I SALES SUCCESS IN THE SERVICE LANE

As part of Zurich's commitment to helping dealers continuously improve their financial results, Zurich has developed income-generation programs that can impact more than the F&I office. Zurich's Service Lane Sales program provides dealerships the opportunity to increase F&I sales, improve overall gross profit and reinsurance growth, and is another critical step toward greater customer retention and loyalty.

This program makes it easy to present customers with the features and benefits of purchasing a vehicle service contract. Our proven selling system, combined with cutting-edge technology, allows consumers to review and purchase a vehicle service contract while they're in for service or from the comfort of their own home.

Achieving meaningful and sustained F&I sales success in the service lane has always been widely accepted as 'impossible.' This axiom is due in large part, not to past noble and genuine attempts, but to the breakdowns which lead to the failed results. Zurich's state-of-the-art proprietary digital solutions, not previously available to any service lane program, have been designed to leverage the latest

technological advancements to specifically solve for the previously insurmountable barriers to the success equation. Andrew Rosen, CEO of Sea Pine Technologies explained, "The technology, combined with a process that has been industry tested, vetted and continuously enhanced through years of practical experience gained at actual dealerships, allows for customer dealers to finally experience significant and stable productivity."

Zurich and Sea Pine's direct field teams' ability and expertise to properly implement Zurich's Service Lane Sales Program, through complete collaboration and engagement with its customer dealers, makes all the difference for long-term prosperity. Rosen said, "We expect to continue to see unparalleled growth in vehicle service contracts sold and dealer gross revenue generated. As with all industries, change through innovation is inevitable. We are proud to be able to arm our customer dealers with a program that not only enables them to increase profitability, customer retention, customer loyalty and customer satisfaction today, but which propels them into the future for years to come."

"We've always wanted to have this type of program but until now we really never had the right solution," said Michael Trebino, Executive Manager, Pine Belt Auto. "Zurich's Service Lane Sales program has proven to be really successful."

We didn't realize we were missing so many opportunities. We're seeing a lot of new opportunity."

John Altman, Chief Operating Officer, Beyer Automotive Group, said, "We had been looking for a better way to sell to our service customers but the technology wasn't there. Zurich's digital application has given us that solution and it has been really successful!"

"The technology, combined with a process that has been industry tested, vetted and continuously enhanced through years of practical experience gained at actual dealerships, allows for customer dealers to finally experience significant and stable productivity."
Andrew Rosen, CEO,
Sea Pine Technologies



ZURICH'S CUSTOMER COUNCIL

OPEN EXCHANGE OF IDEAS, INGENUITY AND CREATIVITY SERVES AS CATALYST FOR CHANGE, SUCCESS FOR DEALERS

For more than 25 years, Zurich has convened its Customer Council, made up of 12-15 auto dealer leaders from around the U.S. The group exchanges ideas that help dealers solve problems, think differently about aspects of their business and transform their operations.

Marie Knight, Zurich's Head of Direct Markets Strategic Services, explains the council offers Zurich some of the most valuable opportunities to listen to and help customers solve problems. "What we learn during our time with the council helps us clearly understand their concerns and challenges, to navigate the rapidly changing industry and leads us to solutions that best serve our customers," she explains.

Dealers who attend the council meetings find great value too. Bill O'Flanagan, President and General Manager of Reedman-Toll Auto Group, notes, "Meetings with scripted presentations and a lack of open discussion are often a waste of time. The difference with Zurich is that they come to the council meetings with ideas that are intentionally not fully-formed, - that is where creativity and ingenuity come in. Zurich sets the tone for open discourse, an unguarded exchange of ideas, and a format that encourages creativity."

The council serves as a think tank, contemplating an industry facing compressed profit margins, new delivery models, interrupters and advancements in technology. Council members share their perspectives, experiences, opportunities, challenges, and areas of focus and growth. They provide firsthand accounts and recommendations in areas that influence Zurich's strategy. "The Direct Markets organization is very proud to be customer-led," says Knight. "The Customer Council is representative of the high value we place on customer opinions and on delivering industry-leading products and services that help them succeed."

During the two-day meetings, activities include dealer roundtables examining the state of the franchised auto industry and the wider auto industry; updates and strategic discourse from Zurich's Direct Markets leaders; and working lunches, cocktail receptions, formal dinners and social events.

"I came out of the most recent council meeting and completely changed our service process," O'Flanagan says. During the meeting, O'Flanagan met a council member who inspired him to convert Reedman-Toll's service model to a digital write-up using kiosks rather than a service manager, shaving six minutes off of the write-up time along the way. O'Flanagan noted the dealership's service department experienced significant results. "98% of our service contracts are done digitally now. We are up to 56% penetration at one location and 50% at the other. The council meeting gave us a chance to hear from other dealers, people who have the same challenges and who are trying new things. It really has been the best use of my time and radically changed how we think about and structure our service department," he says.

The council's impact to the Direct Markets business has been tremendous. "Many of the things Zurich is doing for auto dealers are in large part a result of ideas shared by the council. They have certainly contributed to the advancements in products, services, customer education programs, marketing programs and technology solutions that Zurich has put in the marketplace," Knight says.

"For me, the Zurich Customer Council meeting was the best meeting I attended this year. The time I spent there and the connections I made led to some radical changes and great success," O'Flanagan says. "It's the only meeting that I clear my schedule for."



ZURICH'S CUSTOMER COUNCIL IS COMPRISED OF 12 TO 15 DEALERS WHO REPRESENT DIVERSE DEALERSHIP FRANCHISES.

DIVERSE PERSPECTIVES ARE IMPORTANT, SO DEALERS RANGE IN SIZE, GEOGRAPHY, GENDER AND FRANCHISE TYPE. PARTICIPANTS HAVE DEEP INDUSTRY KNOWLEDGE, A WIDER POINT OF VIEW, AND THEY ARE OPEN TO SHARING THEIR INSIGHTS.

WE ARE PASSIONATE ABOUT WORKING TOWARD A BRIGHTER FUTURE.

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