Automotive Expert: Manager Vacancy

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Introduction

Isaac, the general manager of Automotive Expert, fiddled absent-mindedly with the papers on his desk. His mind, however, had drifted to the critical hiring decision that he would soon have to make. Larry, the manager of his company’s location in Medina, Ohio, had recently given notice that he would be resigning to move to St. Louis. Following a series of interviews, Isaac had whittled the list down to eight possible candidates. But now came the hard part: finding the one person who would best match the needs of the Medina store with minimal disruption to the company as a whole. Larry would soon be gone, so Isaac had to make his decision soon and present the recommendation to the owners.

Company Background

Automotive Expert was a chain of automotive parts retailers that focused on three main areas: automotive, agriculture, and high-performance parts. The business was started in Orville, Ohio by two friends, Brent and Bob, who were passionate about automobiles. After being in business for 10 years, they acquired their warehouse supplier and six other nearby retail stores that the warehouse supplied. Isaac had worked alongside the owners in the original Orville store and had become the store manager after Brent moved to Medina to oversee the newly burgeoning enterprise from the warehouse location. The other owner, Bob, being more passionate about working on vehicles, stayed behind to manage their lone repair shop. Shortly after the merger, the company became a member of a national auto parts association and rebranded itself as Automotive Expert distributors. This merger gave them better buying power, allowed them to challenge other national competitors, and helped them emerge as "The automotive experts for auto parts." Eventually the general manager, who came over from the merger, retired and Isaac was promoted to general manager over all of the Automotive Expert locations.

Automotive Expert was currently operating six retail storefronts, one warehouse, and one repair shop. While each store was located in its own city within 70 miles of the warehouse, each store had a different mix of clientele. Figure 1 contains Automotive Expert’s stores rankings in order of gross sales: Lodi, Akron, Medina, Orville, Spencer, and Norwalk.
Figure 1: Automotive Expert Retail Store Gross Sales Percentages

<table>
<thead>
<tr>
<th>Retail Store Location</th>
<th>Percentage of Automotive Expert Gross Retail Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lodi</td>
<td>26.55 %</td>
</tr>
<tr>
<td>Akron</td>
<td>24.33 %</td>
</tr>
<tr>
<td>Medina</td>
<td>17.68 %</td>
</tr>
<tr>
<td>Orville</td>
<td>15.27 %</td>
</tr>
<tr>
<td>Spencer</td>
<td>8.19 %</td>
</tr>
<tr>
<td>Norwalk</td>
<td>7.97 %</td>
</tr>
</tbody>
</table>

Source: Compiled from personal correspondence with the company (the company is privately-held, so there is no public record of sales).

The warehouse was located in Medina along with the retail store with the open managerial position. Automotive Expert’s one repair shop was connected to the Orville retail store (see Figure 2 below).

Figure 2: Store Locations Map

Source: Google Maps.

The Manager’s Position at Medina

The Medina store was the third largest and most productive store (in terms of sales) and had a mix of automotive and agricultural customers. With the manager leaving, five employees remained at the store (see Figure 3 below). Medina had two sales counter people, one full-time driver, and two part-time drivers. The sales counter staff primarily assisted customers, answered phones, managed the cash register, and took care of special order parts for customers. The drivers delivered parts to outlying customers and occasionally helped with other store duties like answering phones, stocking shelves, and assisting customers.
Figure 3: Organization Chart

Source: Compiled from personal correspondence with the company.

Store managers were responsible for the following types of duties:

**Customer service.** Store managers resolved customer problems and requests, protected the company's interests when dealing with customers, and handled financial concerns (e.g., bounced checks).

**Human resource management.** Store managers hired and fired employees, handled employee problems, and trained employees on company policies to ensure a consistent experience at all stores. The owners of Automotive Expert, Brent and Bob, sought consistency in store management to maximize flexibility allowing managers and employees to transfer between stores. They also managed employee schedules, represented employees to the owners for raises, helped employees set goals to qualify for future raises, and attended monthly manager's meetings.

**Operations.** Store managers are responsible for understanding state and federal laws that applied to certain restricted materials that are available for sale. Managers also opened and closed their store, balanced the registers, ensured facility security, served as the primary contact for all law enforcement interactions, cleared all paperwork so accounts payable could pay suppliers, and helped at the front desk during busy times.
Managers (as well as assistant managers) had two options for compensation. The first option was to receive a straight salary. On top of their normal 40-hour work week, store managers were expected to work three Saturdays a month and cover the store when employees were on vacation. These hours were calculated into the salary. The second option was to receive a base rate pay plus a commission based on gross sales. This option gave motivated managers the potential to earn more than they could from a straight salary. However, slower months could drop the commission to a lower point than they could have received from straight salary. All managers, except James, were paid on a base rate plus commission basis.

**Company Strategy and Recent History**

Isaac was tasked with keeping the stores profitable. Isaac felt that one key to an effective store was the mix of knowledge, skills, and background that each manager and employee brought to the company and the individual stores. The stores in smaller communities succeeded in part from community ties, limited competition, and established customer relationships. Isaac's larger stores typically had more competition and lower profit margins. These stores succeeded based on how quickly employees could help customers and whether the needed parts were currently in stock. Having parts in stock was partially the store manager's responsibility, but the main stock reordering levels were controlled by the owners.

Lately, store managers had been complaining that they couldn't sell parts that were not on the shelves. Isaac knew that getting Brent to order new part numbers was a catch-22 situation because he only wanted to order what had previously sold well. New parts didn't have sales histories, but how could a new product build a sales history without first being stocked? This dilemma was just one example of how Isaac felt like he was in a constant battle trying to pull the owners out of the status quo to embrace the evolving parts market. Isaac felt that Brent hadn't kept up with the changing times. Brent relied on his managerial and parts experiences from over 20 years ago. Isaac worked the counter at a different store every week and witnessed the struggles his employees and managers faced. Furthermore, as general manager, Isaac saw and approved every invoice for parts that had to be ordered from a competitor when the parts weren't in stock. Isaac firmly believed that if Brent would allow him more control over the ordering process the stores would immediately be more profitable. But, like many other aspects of the business, Brent firmly controlled the process. Isaac recognized that the owners were just trying to control costs, but he believed his stores were losing sales because of it.

Controlling costs was critical to helping these stores succeed, and managing employee hours and wages helped control costs. Costs were further reduced by efficiently processing paperwork, which minimized the time required for payables to cut checks. Isaac was even able to negotiate a percentage discount on parts ordered, as parts suppliers were eager to do business with a firm that paid them promptly.

Isaac had further stressed to his managers the importance of reducing turnover and minimizing new hire training time. He valued having managers who were willing to promote the company culture and follow policies and procedures that supported that culture. Isaac used his monthly manager's meeting to provide training and get feedback from managers. He knew that by
bringing managers together they could help identify problems and use the collective knowledge of the group to solve any difficulty.

The Problem Stores

Three years ago, Brent and Bob, the owners of Automotive Expert forced Isaac to shut down the Mansfield, OH store. Mansfield's remote location had always been a concern, and the additional transportation costs ate into already tight margins in a town full of competition. Furthermore, Mansfield's location in the "old part of town" and continually declining sales had become an increasing liability to Automotive Expert as well. When the Mansfield location’s store manager was hired by Automotive Expert’s top competitor, the owners had seen enough and forced Isaac to close the location.

Sensitive to the outcome of the Mansfield location, the Spencer store was an uncomfortable subject of conversation. Isaac had been under a lot of pressure from the owners to “fix” things. Isaac decided to change managers a couple of years ago at the Spencer store. It had been a risky move, but the new manager responded well to store challenges, including the opening of a competitor’s store across the street. Recently, the manager had gained back significant losses from the new competitor. Isaac assured the owners multiple times that the Spencer store situation was under control. He really did not want to shut down another store, but the problems at Spencer were occupying much of his time. The new vacancy at Medina was just one more problem on Isaac’s already full plate, but if the hiring was not handled correctly, it could have dire consequences for more than just the Medina store.

Candidates

Isaac received over 60 applications for the Medina manager position, but narrowed his list down to eight candidates. While Isaac reviewed his notes, he tried to identify what would be best for the company. There was much more to hiring a manager than just finding someone who could fulfill the required duties. The manager had to mesh well with the employees and fit in with the overarching company culture.

Promoting from within the Automotive Expert organization, which was the method that Isaac and the owners preferred, was less risky and helped show confidence in and commitment to employees. Consequently, the owners had instructed Isaac to interview all managers and assistant managers as well as employees at that location who were potential candidates for any management vacancies. Undeniably, each store had its own dynamics because of different types of customers, number of employees, and previous manager attitudes. However, the culture of personally knowing key customers and being their “automotive expert” permeated the entire company. Below are the notes Isaac took about the eight leading candidates he had interviewed for the position.

Candidate 1 – David. David had worked for Automotive Expert for the past 17 years and was most recently working at the Medina store at the sales counter. David came to Automotive Expert after closing his own motorcycle, watercraft, and snowmobile design and repair shop. Because of his repair and design history he had a great understanding of how engines work.
Furthermore, David's knowledge of the computer system, the customers, and most especially sources for hard-to-find parts made him a valuable asset to the company. During his tenure at Automotive Expert, David had been the manager of two different stores: he managed the Norwalk store for five years and the Spencer store for two years. David was living in Spencer and transferred to the Spencer store once that position came available.

During his time as manager in Spencer, David consistently broke company policies, one of which was the store smoking policy. Many times David would justify his actions by saying that "I've done it this way for years. Why should I change?" David's demeanor, combined with personal conflicts with certain key individuals in the community, irritated many customers. Two and half years ago, Isaac transferred David from the Spencer store to the Medina store after receiving multiple complaints from key customers about David. David was approaching retirement age in six years, but because of his current financial situation, he would probably continue working past normal retirement age. In the past, David showed no interest or desire in becoming the manager of the Medina store; however, he expressed his willingness to agree with whatever decision Isaac made. In his existing position, David was paid hourly and received overtime for extra time worked on Saturdays.

**Candidate 2 – Mark.** Mark had worked for Automotive Expert for 12 years and had only worked at the Medina store. Mark came to Automotive Expert from a tractor and agricultural dealership and had extensive knowledge and contacts in the agriculture parts arena. After working for Automotive Expert for a short while, he quit to work at a new tractor dealership. Two months later, Isaac received a call from Mark asking for his job back. He was hired back immediately. Mark was the assistant manager for the Medina store for the last eight years and had been the assistant manager to three different managers.

Mark had declined to become the manager every time he had been asked, claiming that he liked his freedom. "I like being able to clock out, go home, and not worry about anything. I don't want that constant responsibility," he said. When his time was up, Mark clocked out regardless of how many phones were still ringing. Mark also didn't like confrontation. He avoided employee conflicts and allowed others to come up with solutions to problems. However, he gladly stepped in and took responsibility when the manager was gone on vacation. Mark had made it absolutely clear to Isaac that he would be retiring in exactly 20 months. Mark was at the top of the pay scale and was one of Automotive Expert’s highest paid employees. As such, his pay wouldn’t increase very much in the move to the manager position unless the store sales increased and he chose the commission compensation option.

**Candidate 3 – Thomas.** Thomas had worked for Automotive Expert for the past seven years and was currently the manager of the Orville store. The Orville store had approximately 15% less volume than the Medina store. Thomas was initially hired as a part-time driver and worked his way up to a manager position in the Orville store. Thomas was living near Medina but commuted to Orville every day. Thomas, while slightly reserved, was great at customer relations. Once he became a manager, he spent time contacting large farming operations in the area and was instrumental in capturing a number of large accounts. He was very good at working with even the most difficult-to-handle employees. This included working with one of
the owners who was managing the only repair shop owned by Automotive Expert, which was attached to the Orville store.

While excellent with customer and employee relations, Thomas was not very detail-oriented. He was constantly late completing the paperwork required so that bills could be paid on time. He required a lot of needling to complete paperwork tasks. Despite having the time to complete the paperwork, he constantly put it off until the last minute. He also wouldn't follow certain company procedures even after being shown multiple times how it was to be done. He insisted that many of the company policies were too difficult, and his way was just as good. This made the office staff and Isaac’s job more difficult when compiling reports on sales, special sales, and payables. Thomas’s paperwork wasn’t consistent from month-to-month, let alone being consistent with the rest of the stores. Thomas was paid by base rate plus commission.

**Candidate 4 – James.** James had been with Automotive Expert for seven years and was the manager of the Spencer store. Two and a half years ago, he replaced David as the manager at the Spencer store, which was the second smallest of all of the Automotive Expert stores. James started out as a driver and worked his way up to the counter and then to the manager in the Spencer store. He successfully repaired relations with customers after David was removed from the store and had sales back up within a month after becoming a manager. A year ago, a competitor opened a store directly across the street from the Spencer store. Sales dropped almost immediately by 50%. James worked tirelessly and had managed to recapture many customers. His store returned to 80% of gross sales compared to before the competition moved in. When asked about the possibility of managing the Medina store James commented, "I want to make my store successful." Isaac felt that James was determined to drive the encroaching competitor completely out of business. James was a salaried employee.

**Candidate 5 – Julie.** Julie had worked as the assistant manager in Spencer for a year and a half. Prior to that, she worked as the Automotive Expert warehouse manager for four years. She had been with Automotive Expert for eight years. She understood both the retail and the warehouse side of the business and had a good understanding of what it took to get parts to a customer. Julie’s elderly father’s health was failing. She had been gone a lot to help her father and sometimes urgently left without prior notice. The added stress of her father's health weighed heavily on Julie and was starting to impact her ability to handle small conflicts at work with customers and employees. Julie was paid the base rate plus commission.

**Candidate 6 – Lucy.** Lucy was the assistant manager in the Lodi Store, which was Automotive Expert's largest grossing store. She had been with Automotive Expert for 10 years. She was very outgoing and was loved by all of her customers. She was very well trained and had extensive knowledge. She was offered the manager position in the Spencer store when David was transferred but declined the offer. She lived in Lodi and didn't want to commute. She liked her fellow employees, and both the employees and customers felt like family to her. In fact, it was not uncommon for Lucy to be found hunting, fishing, camping, or at a BBQ with the manager, the drivers, and key customers throughout the year. Moving to the manager position would be a substantial wage increase for Lucy, but she had expressed her desire to remain in the Lodi store as assistant manager. Lucy was paid the base rate plus commission.
Candidate 7 – Steve. Steve, who was one of only two external finalists, had responded to the manager job posting and was living in Medina. Steve had worked in a restaurant for the past four years. He started in the kitchen preparing food and worked up to the kitchen manager position over two years. He then was promoted to the retail side and ultimately to store manager, where he worked for two more years. He demonstrated excellent customer relation skills and during his interview was able to give specific answers on how he had handled customer and employee problems that had arisen while he was a manager. His answers showed his ability to solve problems and his abilities in both employee and customer relations. He was highly motivated. His resume was impeccable and he interviewed well. He had no automotive experience at all, however. He expressed his willingness to do training on his own time to become ASE certified. Steve could be hired for 65% of the price of what Larry had been making. After a year of in-store training, he would receive a raise that would bring him to 77% of what Larry had been making. Steve was available to start work immediately.

Candidate 8 – Fred. Fred also responded to the manager job posting. Fred was running a one-man diesel mechanic operation. He was working out of town on fleet trucks. He was trusted exclusively to maintain a fleet of big rig trucks, and the companies he serviced were willing to pay a premium for his expertise. He lived in Medina. He worked one week on and then one week off in Steubenville, which was 125 miles away. He started in the industry by working for a trucking company as a mechanic just after graduating from high school. He was then employed with a heavy duty automotive repair shop working on diesel engines before starting his own business. He had extensive automotive knowledge, especially on large diesel trucks. He was extremely enthusiastic and had been running his own business for six years. He had no management experience. Fred could also be hired for 65% of what Larry had been making. After a year of in-store training, he would receive a raise that would bring him to 77% of what Larry had been making. Fred was available to start work within a week of receiving the job offer.

The Hiring Decision

Isaac’s decision about whom to hire as the new manager of the Medina store was a tough one. Having external candidates who lacked automotive parts experience and long-tenured, existing employees who were reluctant to accept the responsibilities of manager further complicated the problem. What should Isaac do? Whom should he hire to fill the manager position?