

## Stay Awhile

### Getting hourly employees to stick around doesn't have to be a challenge.

By Mark Henricks - July 2008

Like his father and grandfather before him, Mike Shullman struggled to keep hourly employees. Annual turnover rates among hourly workers at Russell Speeder's Car Wash averaged in the high double digits since the 160-person company was founded in 1963. Breaking in trainees cost plenty and multiplied managers' personnel burdens. The steady stream of new hires, most indistinguishable from competitors' staff, failed to differentiate the Norwalk, Connecticut, company. "If we don't have qualified, knowledgeable, motivated associates, we can't operate," says Shullman, 42.

Retaining hourly employees is a challenge for most service entrepreneurs, says David Fagiano, COO of Dale Carnegie & Associates Inc. But Fagiano says the route to better retention is well-known and has little to do with simply paying higher wages. "If you ask how to keep people engaged, they say, '[I] want the company to know about me, care about me, listen to me and give me honest feedback,'" he says.

Shullman found that most conventional advice concerned white-collar workers. So to get to the bottom of the retention problem at his company, he read widely, assigned managers to brainstorm solutions and hired a consultant to revise his hiring process, which had consisted largely of placing want ads and putting candidates on the payroll after brief interviews.

That was five years ago. Today, Shullman avoids want ads. Instead, he and his manager's scout for people already working at a variety of other businesses and exhibiting the attitudes they're looking for. Then they recruit them, sometimes spending months cultivating a single hire. If someone comes in looking for a job, the hiring process takes a minimum of two weeks. Managers step into empty positions until suitable hires are found.

Hourly employee turnover shrank sharply once Shullman began hiring the right people. He took things a step further by adding measures to incentivize and motivate employees. Today, Shullman offers hourly workers up to three weeks of paid vacation, bonuses for referrals and even tuition reimbursement. Managers provide daily feedback to workers, and employees give feedback about managers.

The cost of all this, plus paying higher hourly wages to start with, increases Shullman's personnel outlays 50 percent to 75 percent over industry norms. But he thinks it's worth it: Turnover has dropped to about 10 percent, and the company now manages car washes for other owners who can't carry out operations as well. Still, boosting retention is a [work](#) in progress. Says Shullman, "For what we do, I don't think the book's ever going to be finished."