



## **Retention Survey: 2014 MATS Recruiter Group**



### **Retention Survey Background and Scope**

On March 27<sup>th</sup> and 28<sup>th</sup> of 2014, Joe White of CostDown Consulting conducted a retention survey at the Mid- America Truck Show (MATS). Seventeen trucking companies with booths at the show represented primarily by their recruiters participated in the survey. Recruiters were assured that their identities and the identity of their company would not be revealed to encourage objective responses. Company types included dry van, flatbed and tanker.

Nine 'current practice' questions were asked of each company representative in attempts to define retention activities, issues and solutions that could be shared with the industry. Six of these questions resulted in responses and common issues that are worth sharing.

Survey results format includes questions followed by responses followed by 'Retention Key Point' discussions summarizing individual issues and solutions.



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Survey Question	<b>Q1: What are your drivers average annual earnings?</b>
Response	Wide range of responses: \$35,000 - \$65,000. Over half of the recruiters had to pause to estimate annual earnings based on promised mileage rate and weekly miles. Original question was 'What do your 1 <sup>st</sup> year drivers average in a year and what do your tenured drivers earn in a year'? Only 3 (17.6%) companies responded with confident wage averages for both categories.
Retention Key Point:  <b>Wage-competitive companies need to train drivers on the importance of understanding and comparing annual earnings to minimize turnover</b>	<p>Wage competitiveness issues aside, companies need to be able to express wages on an annual basis and distinguish between 1<sup>st</sup> year and experienced driver averages. Much of the high 'new driver' (0-90 days) turnover is a result of wage expectations being higher than actual earnings.</p> <p>Additionally, wage-competitive companies need to train drivers on the importance of understanding and comparing annual earnings to minimize turnover associated with a competitor advertising a higher mileage rate that is not necessary a higher annual wage. Three of the companies surveyed had it right. They are able to provide wages for each category and by terminal. One company also provided average annual student wages for recent truck school grads.</p>
Survey Question	<b>Q2: Who is responsible for driver retention in your company?</b>
Response	9 respondents stated 'nobody' or 'everyone'. 5 respondents were able to name a specific person(s). 3 respondents stated 'dispatcher or terminal manager'. Those that named a responsible party were asked what that person's duties were. 4 of the 5 responded that they were primarily 'arbitrators'; responsible for resolving issues for upset drivers threatening to quit. The 5 <sup>th</sup> respondent was also an arbitrator but claimed his job was expanding to include actual retention program development.
Retention Key Points:  <b>1. Someone in your organization needs to be in charge of Driver Retention</b>  <b>2. Your company needs a formal Driver Retention Program that is constantly evolving</b>	<p>The most common mistake made by trucking companies regarding driver turnover is that someone within the organization is not specifically accountable for retention. The premise that everyone is responsible for retention is correct in concept but not in practice. Someone has to be held accountable when turnover rates rise and retention solutions are needed.</p> <p>Small, single location trucking companies may be successful with dispatcher or terminal manager accountability providing those employees are backed by competitive driver pay, home time and equipment offerings <u>and</u> have the skill set to both motivate and accommodate drivers. Most companies however need a person, or in the case of larger companies, a committee in charge of retention.</p> <p>Being in charge of retention is not an arbitrator position. Terminal/Driver Managers should have the skill set, training and authority necessary to arbitrate their own disputes. If not, that authority becomes undermined as drivers increasingly turn to the arbitrator in hopes of getting the answer or request they want.</p> <p>Retention accountability requires two enablers: 1. A person or persons (committee) held accountable for improving driver turnover 2. A formal driver retention program in place that is constantly evolving to provide increasing benefits that improve a truck drivers work life experience at that company (see Q6: Longevity Program).</p> <p>Finally, the retention professional at an organization does not have to be a standalone position. For small to medium sized companies, it can be added to the responsibilities of an existing competent manager that has the requisite skill set and influence. Larger companies should explore the committee model.</p>



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Survey Question	<b>Q3: What does your company offer driver candidates that others do not?</b>
Response	<p>Several survey participants provided multiple answers so all are listed:</p> <ul style="list-style-type: none"> <li>• Family Values, Respect, Open Door Policy (9)</li> <li>• Unique Pay or Performance Bonus (4)</li> <li>• Newest Equipment (4)</li> <li>• Better Home Time (3)</li> <li>• Pay Type Choice (miles or % or revenue) (2)</li> <li>• Employee Owned Company (1)</li> <li>• Dedicated Freight (1)</li> <li>• No Touch Freight (1)</li> </ul>
Retention Key Point:	<p><b>Recruiters need the ability and training to differentiate your driver employment offering from those of your competitors</b></p> <p>Trucking companies struggle to differentiate their driver employment offering from that of their competitors. The industry has long realized that respect, pay, equipment and home time provide the foundation that supports improved retention; therefore it is not a surprise to see these four items top the list.</p> <p>Not one respondent mentioned a truly unique ‘value message’ – in other words, what they offer that competitors clearly do not. In searching the literature provided at their booths, benefits were listed that recruiters did not mention which could help differentiate them (pet/rider policy, practical mile pay, fitness facility, etc...).</p> <p>In the business world, there is something called the ‘elevator speech’, a prepared 20-30 second speech about a person or product’s unique attributes. It should be short enough to memorize but content rich in its description of those attributes. Trucking companies need to define their driver employment value offering (elevator speech) and train their recruiters on delivering that message.</p>
Survey Question	<b>Q4: Of your drivers that quit, what percent return?</b>
Response	<p>None of the respondents had a good grasp of the percent of drivers that quit and then returned. When asked to guess, the estimated range was from 7% - 50%.</p>
Retention Key Point:	<p><b>Tracking the percentage and most recent employer of returning drivers provides valuable recruiting and retention information</b></p> <p>Tracking the percentage and most recent employer of returning drivers offers valuable information that should be used in both recruiting and retention efforts.</p> <p>If a high percentage of drivers return, your driver employment offering is most likely very competitive. Take advantage of your competitiveness by placing ‘Welcome Back’ announcements in newsletters. Mention the driver’s name, the years he/she worked for your company and the company they just left. By mentioning his/her most recent employer you are in effect letting all drivers know that ‘XYZ Trucking’ wasn’t as good a place to work as is your company. That should deter other drivers from leaving for XYZ Trucking. Make sure your recruiters know the percentage and use it when talking with driver candidates. Reinforce that competitiveness during new driver orientation.</p> <p>If a low percentage of drivers that quit are returning, your driver employment offering most likely is not competitive and odds are your turnover rates are higher than industry averages. Use exit interviews and competitor surveys to identify problem areas and make the necessary changes. If wages and/or equipment are the issue, you may be facing significant capital challenges. Regardless of the challenges, if your percentage of returning drivers is low; changes do need to be made.</p>



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Survey Question	<b>Q5: Do your Driver Managers help or hinder retention efforts?</b>
Response	It was interesting to see the facial responses to this question. For most, driver manager influence on turnover was a sensitive area. The majority of recruiters surveyed (88.2%) claimed that some of their driver managers hindered retention efforts. When asked what percent of Driver Managers they believed hindered retention, responses ranged from 10% - All of Them.
Retention Key Point:  <b>Driver Manger retention performance is influenced by Company Culture, Training, Work Load, Financial Incentives and Individual Personality</b>	<p>Common reasons that cause Driver Managers (DMs) to negatively impact turnover:</p> <ol style="list-style-type: none"> <li>1. Company Culture. If the executive group has policies in place that support truck drivers (ex: pay for non-driving hours, flexible home time for personal needs), DMs are more able to accommodate driver needs. Without such policies, DMs are perceived as uncaring.</li> <li>2. Lack of Training. When dealing with drivers, soft skills are critical. These include communication, respect and the ability to motivate drivers to higher performance. Also, DMs need to be trained as problem solvers that can remove wage and home time obstacles for assigned drivers.</li> <li>3. Work Load. Sometimes DMs have too many assigned drivers, limiting the time they can spend communicating, motivating and problem solving.</li> <li>4. Lack of Incentive. Driver Mangers should receive financial incentives for maintaining high retention numbers.</li> <li>5. Not Manager Material. Obviously, not everyone has the right personality to manage and motivate employees.</li> </ol>
Survey Question	<b>Q6: What seniority-based wage, benefit &amp; work opportunities are offered drivers?</b>
Response	65% of respondents (11) answered with either 401K program vesting and/or mileage increases on an annual basis. 18% (3) stated they didn't offer seniority based benefits. The remaining 3 respondents each provided a unique answer: medical premiums were lowered after the 1 <sup>st</sup> year, stock options, in-office work opportunities.
Retention Key Point:  <b>Well-designed Longevity Programs encourage a hire-to-retire loyalty amongst driver employees.</b>	<p>An effective hire-to-retire retention program provides drivers a longevity program that offers a 'benefits ladder' with 'rungs' of opportunity based on seniority. Design of the benefit ladder should be such that drivers want to stay long enough to climb up to the next level of benefit.</p> <p>Most trucking companies have benefit ladders that stop after year one (with the exception of 401K company match vesting and vacation time). After that, the driver has received his/her full sign-on bonus and is now lumped in with everyone else in regards to annual wage increases and safety/performance bonuses.</p> <p>Trucking companies focus their benefit offering on new-hires as they represent the highest churn driver profile. However, well-designed longevity programs offer even new hires enticement as they picture themselves moving up the ladder.</p> <p>Examples of seniority based benefits could include seniority based extra home time days, newer equipment, work assignments, bonus multipliers, layoff and no-wage reduction guarantees, profit sharing and promotion opportunities.</p> <p>Tenure based opportunities is a very successful retention component for Teamster companies. Union drivers look forward to earning seniority and the associated increase in benefits. That same successful retention approach should be capitalized on in non-bargaining trucking companies as well.</p>



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### Retention Survey Key Point Summary:

1. Wage-competitive companies need to train drivers on the importance of understanding and comparing annual earnings to minimize turnover
2. Someone in your organization needs to be in charge of Driver Retention
3. Your company needs a formal Driver Retention Program that is constantly evolving
4. Recruiters need the ability and training to differentiate your driver employment offering from those of your competitors
5. Tracking the percentage and most recent employer of returning drivers provides valuable recruiting and retention information
6. Driver Manger retention performance is influenced by Company Culture, Training, Work Load, Financial Incentives and Individual Personality
7. Well-designed Longevity Programs encourage a hire-to-retire loyalty amongst driver employees

This survey was developed and conducted by Joe White of CostDown Consulting. If you have questions about this survey, would like to discuss your company's turnover issues or would like professional assistance developing an effective Driver Retention Program, please contact:

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