

Rate Your Driver Retention Program

By Joe White
Chief Executive Officer
CostDown Consulting

Think your trucking company has an effective driver retention program in place? Let's find out. The following "interactive" driver retention program rating exercise will define just how effective your program is.

The format is simple: The retention area being rated is followed by three retention activities, each of which is assigned a point value. You may score more than once within a retention area, so credit yourself with all points that apply. For the sake of brevity, driver retention is henceforth referred to as "DR."

■ Turnover Analysis

5 Points: If you surveyed your drivers to identify specific turnover influences by driver profile. Profile examples: tenure, type (company or owner-operator), location.

3 Points: If you collect and analyze exit interviews.

1 Point: If you analyze your company's turnover statistics by driver profile.

The foundation of an effective DR program is statistically identifying your company's specific turnover influences and building focused solutions based on the results. Well-designed surveys provide the most comprehensive data. Less-effective activities include exit interviews (which are hard to collect) and turnover analysis (because the information is limited, and it does not provide reasons for leaving).

■ Accountability

5 Points: If a top operating officer of your company is responsible for DR.

3 Points: If you provide DR training and incentives to your driver managers.

1 Point: If your top-level recruiting employee is responsible for DR.

Driver Retention begins at the top (not at the driver manager level, which many would have you believe). Compensation, home time and fleet age all are established by the owner/CEO of a company. Additionally, an effective DR program is documented by written policy, supported through driver manager training and corporate "work life" improvement initiatives, and fully funded — all activities that must be initiated and managed from the highest level.

■ Compensation and Benefit Competitiveness

5 Points: If you manage driver compensation and home time competitiveness on a regional basis.

3 Points: If you didn't reduce wages or lay off drivers during the latest recession.

1 Point: If you have increased driver wages at least once in the past six months.

In a tight labor market, you must remain wage and benefit competitive within all regions where you operate. That requires continually surveying what competing trucking companies offer and remaining competitive with them. Good news for carriers that didn't lay off or reduce wages during the recession: They are becoming "most desirable" employer targets for drivers at companies that did.

■ Tenure-Focused DR Program

5 Points: If your DR program provides mentors, wage guarantees and recognition programs that target retention for both new and tenured drivers.

3 Points: If your DR program provides "work life" benefits that increase with a driver's seniority.

1 Point: If your DR program provides a sign-on bonus for new employees and retention bonuses for all employees.

To attract and keep drivers is the mission. Your DR efforts should include new-employee mentoring programs and wage guarantees. For most trucking companies, 55% or more of their turnover is in the driver tenure profile of zero to 60 days. For tenured drivers, "work life" benefits (new trucks, promotion opportunities, etc.) and recognition should increase with seniority.



■ Communication

5 Points: If top management communicates with their drivers at least monthly.

3 Points: If you maintain a company blog or publish a monthly newsletter that posts driver spotlights and other articles of driver interest.

1 Point: If driver managers communicate with each assigned driver at least twice a week.

Communication reinforces retention efforts, particularly when it comes from the top. For example, your mileage pay may be 2 cents less than a nearby rival's, but because of the miles dispatched and minimal delays, your drivers average \$2,000 more per year. Without the executive group's management of wage competitiveness supported by frequent driver communication on how to analyze pay based on annual earnings, many drivers may leave for what only seems like higher pay.

Let's take a look at how your DR program ranked. In total, these five retention areas provide 45 possible points. If you scored fewer than 100, you may be in trouble.

That's only partially a joke for two reasons. The first is that during a tight labor market, jobs are plentiful and safe. Drivers can quit their current employment and literally start with a new company (and receive a hire-on bonus) the same week. Even the best retention programs can't eliminate all frustrations, delays, road breakdowns, missed family opportunities or disagreements with management. With jobs so easily obtained, the slightest provocation can result in a resignation.

The second reason is that we've discussed only some of the issues that need to be managed for an effective driver retention program. Others include equipment age, driver training, recognition programs, clear and fair work rules, equitable treatment, driver productivity, job and wage security, and pay for performance (safety and productivity), to name a few.

Back to the five retention areas you did rate: If you scored 5 points or more in a retention area, you most likely are managing that area effectively. The retention activities were arranged so that the top activity, rated at 5 points, is the most effective activity for that area.

I hope this rating exercise has raised your awareness of how comprehensive and activity-intensive an effective driver retention program is. Driver retention is a lot of work, but the "well-worth-it" reward for a high-ranking driver retention program is a low ranking driver turnover percentage.

Based in Grayson, Ga., CostDown Consulting helps trucking company owners and CEOs develop effective driver retention programs.