



Developing a Driver Retention Program

A CostDown Consulting Training File

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Programs and Training that Improve
Driver and Fleet Performance



Overview

This training presentation includes the following:

1. Overview of current Driver Labor Market
2. Definitions and differences between Recruiting & Retention and concept of Driver Employment Strategy
3. The 10 Key Influences Drivers cite as reasons they leave a company's employ
4. Steps required for building an effective Driver Retention Program that will 'Loyalize' your drivers

Background: Driver Shortage

Trucking Industry expects Current Shortage of 20,000 Drivers may Jump to 111,000 by 2014

Posted: May 25, 2005

Alexandria, VA – The long-haul, heavy-duty truck transportation industry in the United States is experiencing [a national shortage of 20,000 truck drivers](#), the American Trucking Associations reported today in its newly released [U.S. Truck Driver Shortage Analysis and Forecasts](#).

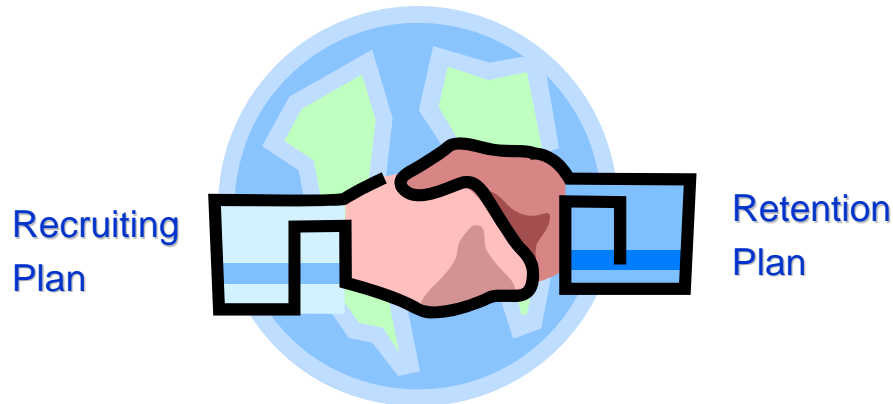
The *Forecast*, a report on the present and future of the long-haul truck driver pool, [predicts the shortage of long-haul truck drivers will increase to 111,000 by 2014 if current demographic trends stay their course](#) and if the overall labor force continues to grow at a slower pace.

Begin With a Few Definitions ...

Recruiting Plan – The actions and capital associated with **HIRING** qualified drivers

Retention Plan – The actions and capital associated with **KEEPING** qualified drivers

Driver Employment Strategy

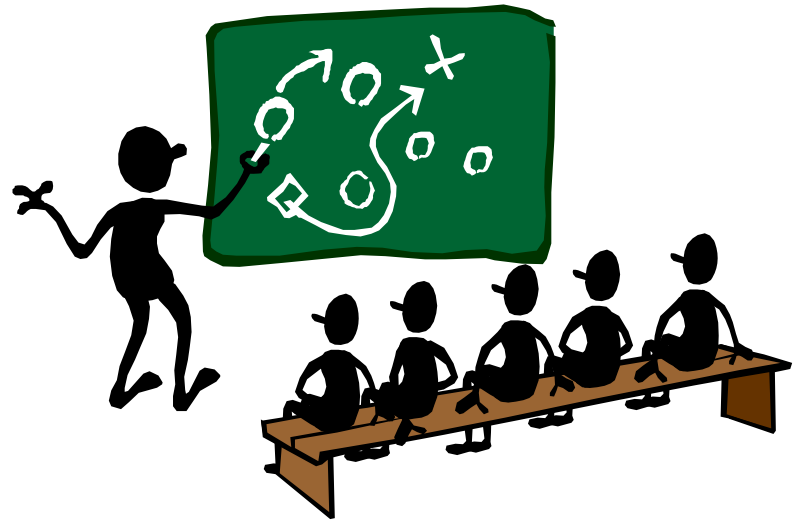


Driver Employment Strategy – The combination of a Recruiting Plan and a Retention Plan used in concert to **MAINTAIN** a company's optimal driver workforce size.

Recruiting Plan

Most trucking companies today have a formal, fully funded Recruiting Plan.

Executive management is very familiar with the costs and components of that plan, all of which are designed to accomplish the goal of **HIRING** competent drivers.



Recruiting Plan – Actions & Capital associated with **HIRING** Competent Drivers

Components of a Recruiting Plan

COMMON

- Professional Recruiter
 - Recruiter Incentives
- Advertising
- Recruitment Budget
- Referral Bonus
- 'Family' Atmosphere
- Driver Testimonials

COMPANY SPECIFIC

- Driver Enticements
 - Sign-On Bonus
 - Compensation
 - Benefits
 - Home at nights
 - New Equipment
 - Cell Phones

Retention Plan

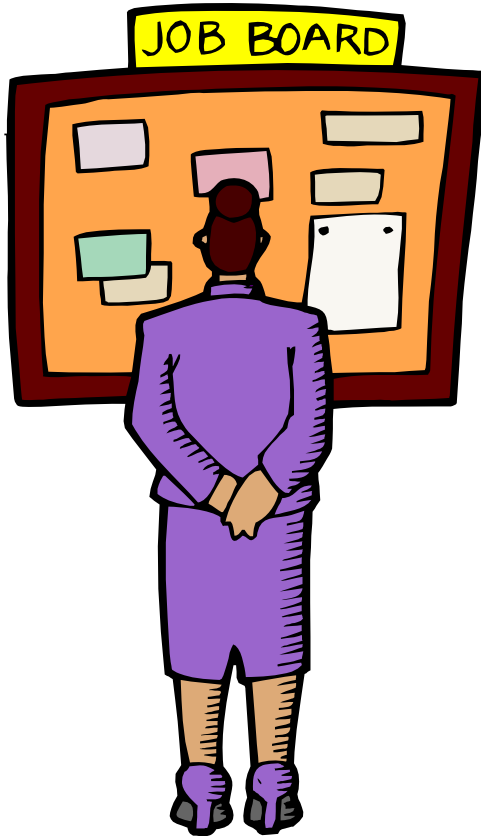
Many companies today do not have a formal Retention Plan.

Executive management does not know what the components of a Retention Plan are, nor do they have money specifically allocated for Driver Retention.



Retention Plan – Actions & Capital associated with KEEPING Qualified Drivers

Without a Retention Plan ...



A Driver Employment Strategy without a Retention Plan does not work.

The Recruiting Plan brings drivers into the company but without a Retention Plan that addresses driver issues, turnover often remains high.

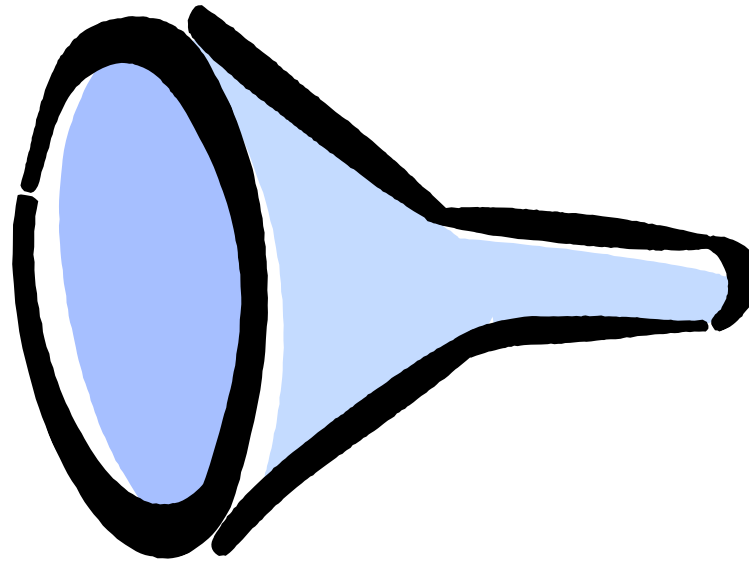
Unfortunately, increases in turnover in some companies often result only in higher investments in recruiting while ignoring the need for a viable Retention Plan.

An Effective Driver Employment Strategy Operates Like A Funnel

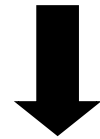
Recruitment Plan



**Increases
Applicant
Flow Into
the
Company**



Retention Plan



**Restricts
Driver
Flow Out
of the
Company**

Trucking Industry Study : Driver Turnover

In 2004, CostDown Consulting performed a study of Driver Turnover in the trucking industry that identified the 10 top issues drivers cited as their reasons to stay with or leave a company's employ.



Called '**Influences**', these are the aspects of a company's operation that need to be aggressively managed by the Retention Plan to prevent and reduce high driver turnover.

Key Driver Retention Influence Table

The next slide summarizes study findings in a **Key Driver Retention Influences Table**.

Retention Influences are not listed in a specific 'order of impact' because their ranking within companies varies depending on how a specific company performs within the other influences.

Note that The Driver Retention Influence Table has 4 columns:

- Cost Ranking
- Retention Influence
- Responsibility
- Components of Influence

KEY DRIVER RETENTION INFLUENCES

COST RANKING	RETENTION INFLUENCE	RESPONSIBILITY		COMPONENTS OF INFLUENCE
		Primary	Secondary	
\$\$\$\$\$	Compensation	Corporate		Wages, Benefits, Performance Bonuses, % of Total Hours Worked Actually Paid
\$\$	Communication	Field	Corporate	Customer Requirements, Company Policy, State-of-Company, Newsletters, Home Mailings, Feedback Process for Driver Suggestions
\$\$	Problem Resolution	Field	Corporate	Breakdowns, Delays at Customer, Payroll Problems, Special Requests, Family Emergencies
\$	Respect & Honesty	Field	Corporate	Recognition, Equal Stature with Field Management, Always Told the Truth
\$	Actual Job Duties and Compensation same as Recruited For	Interviewer (Corporate or Field)	Field	Actual Job Requirements, Expectations & Compensation Must be Clearly & Honestly Communicated during the Interview
\$\$\$\$\$	Equipment: Age	Corporate		Appearance, Comfort, Image
\$\$\$	Equipment: Maintenance	Field	Corporate	Equipment Availability, Minimum Breakdowns
\$\$\$	Not Enough Home Time	Field	Corporate	Load Distribution, Dispatch Hours, Home for Holidays
\$\$	Adequate Training	Field	Corporate	Knowledgeable Trainers, Driver Mentors, Fully Trained Before Expected to Perform
\$	Clear & Fair Working Rules	Field	Corporate	Published/Enforced Company Policy, Fair Load Distribution, All drivers Treated Equally
\$	Advancement Opportunities	Corporate		Advancement to Management or Other, Higher Paying Driver Positions

Key

- \$\$\$\$\$ High Cost Influence
- \$ Minimal Cost Influence

Observations: Key Driver Retention Influence Table

Important to the understanding of Driver Retention is the following cost and Primary Responsibility observations:

1. 7 of the 10 Influences are relatively inexpensive to fix (based on rating of \$\$ or less)
2. Field employees have Primary Responsibility for the majority of the 10 Influences
3. Corporate has Primary Responsibility for the 3 highest ranked cost Influences: Compensation, Equipment, Home Time*

* Home Time cost is related to circuitous miles and lost backhaul opportunity incurred as a result of getting the driver home for scheduled days off.

Recruiting / Corporate & The Employment Offering

The top 3 Influences in terms of cost - Compensation, Equipment and Home Time – make up a trucking company's [Driver Employment Offering](#).

These are the Influences drivers look at most when considering working for a company. As discussed, these 3 Influences are controlled by Corporate.


Therefore, the success of your recruiting efforts is primarily driven by the decisions Corporate makes to fund these 3 Influences.

Critical Point

If Corporate doesn't adequately fund their Driver Employment Offering:

1. **The company will not be competitive in its recruiting efforts**
2. **The company will not be successful in its retention efforts**

Drivers will leave your employ and hire on at a company that offers higher pay, newer equipment or increased home time.



Developing a Driver Retention Program

Next, we will examine an overview of each of the 4 basic steps required to develop an effective Driver Retention Program:

1. Survey Your Drivers
2. Analyze Results
3. Establish a Work Life Improvement Committee
4. Develop & Implement Work Life Improvement Programs

Step 1. Survey Your Drivers

Design and administer a Driver Survey that ranks how well your company performs in each of the 10 Influences.

Ask 2-3 questions about each Influence where the answer choices are structured as follows:

1. Excellent / Very Good
2. Average /Fair
3. Poor /Not At All

Step 1. Survey – Example Question

Example:

Influence = Job Duties Same as Recruited For

Are your job duties the same as described to you during your interview?

1. Yes – very much so
2. For the most part
3. No – there are big differences

Step 1. Survey – Profile Question

Also ask questions that will allow you to analyze responses by Driver 'Profile'; such as tenure, location, board and Driver type (owner-operator vs. company driver).

Example:

What is your tenure with the company?

1. 0-6 months
2. 6 months – 1 year
3. 1-3 years
4. > 3 Years

Step 1. Survey – Compile Results

Once your survey is complete, compile the results by driver profile.

An example is provided on the next slide. It shows for the Milwaukee Terminal how the following groups ranked each Influence:

1. Company Drivers
2. Owner-Operators
3. Drivers with < 6 month tenure
4. Drivers with > 6 months tenure

Example of Questionnaire Results

Milwaukee Location: Driver Retention Questionnaire Results					
RETENTION INFLUENCE	AVERAGED RESPONSES BY PROFILE				
	ALL	CO. ONLY	O/O ONLY	< 6 MONTHS	> 6 MONTHS
Compensation	2.09	2.55	1.34	1.86	2.21
Communication	1.87	1.66	1.99	2.10	1.45
Problem Resolution	1.95	1.40	2.26	1.94	1.32
Respect & Honesty	2.56	1.95	2.89	2.11	2.55
Duties/Compensation same as Recruited For	1.40	1.95	1.10	2.22	1.07
Equipment Age	2.29	1.17	2.91	1.57	1.91
Equipment Maintenance	2.60	2.10	2.88	2.72	1.90
Not Enough Home Time	1.60	1.88	1.44	1.66	1.76
Adequate Training	1.46	1.65	1.35	1.92	1.13
Clear & Fair Working Rules	2.18	1.32	2.65	2.16	1.55
Advancement Opportunities	1.81	2.71	1.31	1.88	2.39
PROFILE AVERAGE	1.98	1.85	2.01	2.01	1.75
Count by Driver Type	45	16	29	23	22
% of Driver Workforce		35.6%	64.4%	51.1%	48.9%

Step 2. Analyze Results

Continuing with our example, we can now make the following observations about our Milwaukee Terminal:

1. Co Dvrs (2.55) are much more dissatisfied with compensation than O/Operators (1.34)
2. O/Operators rated us much worse at Problem Resolution (2.26) than did the Co Dvrs (1.40)
3. Dvrs with < 6 months tenure ranked Communication (2.10) much lower than Dvrs with > 6 months tenure (1.45)

Many other observations can also be made from the survey results of the Milwaukee Terminal.



Step 2. Analyze Results

As a general rule, survey results will be about 85% Intuitive and 15% Insightful.

This means that you may already know or have a feel for 85% of the possible observations while about 15% of the observations provide you with insight regarding your retention issues that you didn't already know.

Step 3. Work Life Improvement Committee

Perhaps the biggest benefit of a Driver Survey is not in the results, but in the fact that a survey puts your drivers on notice that the company is trying to improve their drivers' working conditions.

After reviewing survey results, results are communicated back to the drivers. Included in that communication should be an announcement of the formation of a **Work Life Improvement Committee** established to address the concerns expressed in the survey.

Step 3. Work Life Improvement Committee

A **Work Life Improvement Committee** should have the following attributes:

1. Chaired by a high level member of operations
2. Provides constant communications to the drivers
 - a) Initially about survey results
 - b) On-going about new programs designed to address their retention issues
3. Continually designs and implements real programs that improve driver perception about the culture of the company, builds trust and eventually 'Loyalizes' your drivers

Step 4. Implement Work Life Improvement Programs

Work Life Improvement Programs are those that address weaknesses in the Retention Influences.

For example, if Home Time was an issue, the following programs might be implemented:

1. Bankable Home Days - Drivers can stay out past scheduled return day and build up home days for their next stay
2. Rotation Weekends – Weekends off are scheduled on a rotating basis so all can share
3. Any Time Days – Based on seniority, drivers get so many Any Time Days per year they can add to their scheduled stays at home
4. Home Time Rewards – Outstanding productivity or service performance earns drivers extra bankable home days

Step 4. Implement Work Life Improvement Programs

As you can see from our Home Time example, Work Life Improvement Programs do not have to be expensive.

They simply have to offer at least a small improvement over current conditions.



The greatest cultural and retention impact will come from **consistent** communication and implementation of Work Life Improvement Programs.

Your company's **continued** actions to make improvements will, over time, build trust and 'Loyalize' your drivers.

Developing a Driver Retention Program



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*Contact us for a
no cost; no obligation
consultation*

Existing and Prospective Clients:

Hopefully you found my presentation on Developing a Driver Retention Program beneficial. Understanding the Key Driver Retention Influences is critical to the building of a successful Retention Program.

Also critical is establishing an effective Work Life Improvement Committee. Forming that committee commits your company to on-going retention efforts while providing proof to your drivers that you truly consider betterment of their working conditions important.

The most challenging role for your committee may be in the actual design of effective new retention programs. CostDown Consulting is the industry leader in innovate retention programs and would welcome an opportunity to discuss your retention issues with you. To find our more about our Driver Retention Program, please visit our [Services](#) page.

Thank you for your time and my sincerest wishes for a very profitable year.



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