



Baldwin & Lyons, Inc.
The Pledge of Excellence

AUGUST 25-26



CLAIMS

SAFETY 
2014 SEMINAR

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2014 SEMINAR

Driver Motivation Management

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Wheaton Van Lines | Bekins Van Lines



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HOW DO I GET DRIVERS TO PERFORM THE WAY I WANT THEM TO?



Employee Productivity

- + Maximum *employee* productivity is achieved when employees possess three things:
 - **A**bility (KSAs)
 - **M**otivation
 - **O**pportunity

The focus of this presentation will be on “M.”





Carriers and Drivers

- + There are many types of carriers:
 - Van
 - LTL
 - Specialized commodities
 - Small package

- + Different carriers design the driver job differently
 - Yes, drivers drive – but,
 - They may do other things (loading, delivery, etc.)
 - They may have different levels of responsibility

- + Carriers have different organizational cultures
 - Values, norms, management philosophy, rules of the game
 - Dictates what behaviors are valued by the organization





How to Motivate Drivers

- + Depends on your company
 - Must be consistent with your culture – it is a sign of the culture
- + Depends on how you have designed the driver job
- + There is no “**one best way**” to motivate drivers or any other employees



Types of Motivation

+ Intrinsic motivation

- Internal motivation “I am motivated by the sense of accomplishment”
- Factors include the work itself, recognition, advancement and responsibility

+ Extrinsic motivation

- External motivation “I am motivated by receiving a reward”
- Factors include performance-based pay raises, incentives, bonuses, and fines or punishment





Motivation Foundations

- + Operant conditioning
 - Positive and negative reinforcement
 - Punishment
- + Goal setting
 - The process of developing, negotiating, and establishing targets that challenge the individual
- + Job enrichment
 - Making the job more intrinsically motivating
- + Concepts of justice and fairness
 - Distributive and procedural fairness





Motivation Through the Job

+ Enrich the driver job

- Allow drivers more autonomy and participation
 - Drivers get input or control over routes
 - Drivers get to participate in selecting their loads
- Have drivers complete other tasks requiring a variety of skills – not just driving
 - Depending on the business this will vary
- Use on-board technology to get drivers more involved in their work





Motivation Through Compensation

- + Develop incentive compensation programs
 - Based on positive reinforcement
 - Bonuses tied to specific driver behaviors
 - Pay raises tied to overall driver performance
 - Bonuses based on company or unit performance





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Economic Model of Motivation

- + Three essential components
- + Valued outcomes for drivers
- + Belief that performance achievements are linked to valued outcomes
- + Belief that effort can lead to the performance achievements linked to valued outcomes





Performance-based Compensation

- + Pay raises (raises to the base wage or rate)
- + Incentive compensation
 - Bonus paid for particular behavior or outcome
 - Driver must have control of the behavior or outcome
 - Must be large enough to elicit the behavior
 - Best paid frequently and close in time to the outcome or behavior





Fines or Punishments

- + Withholding a bonus or pay raise for not meeting outcomes or engaging in behavior
- + Deducting pay (fines) for not meeting an outcome or engaging in behavior
- + Effective when:
 - Employees have control of the outcome or behavior
 - Applied in a consistent manner
 - Measures of the outcomes or behavior are accurate
 - There is a fair process to appeal the decision
 - The process is perceived as consistent with values and ethics



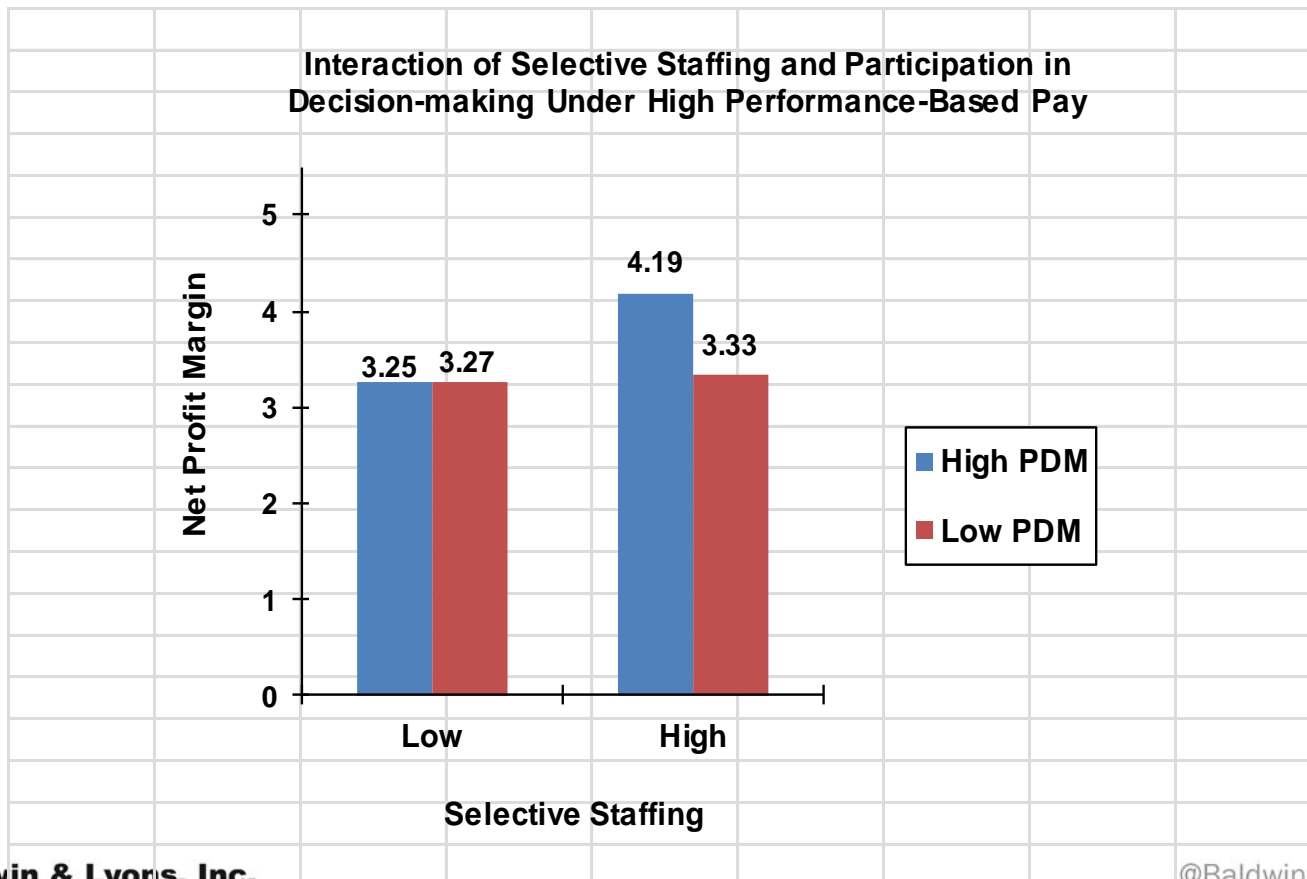


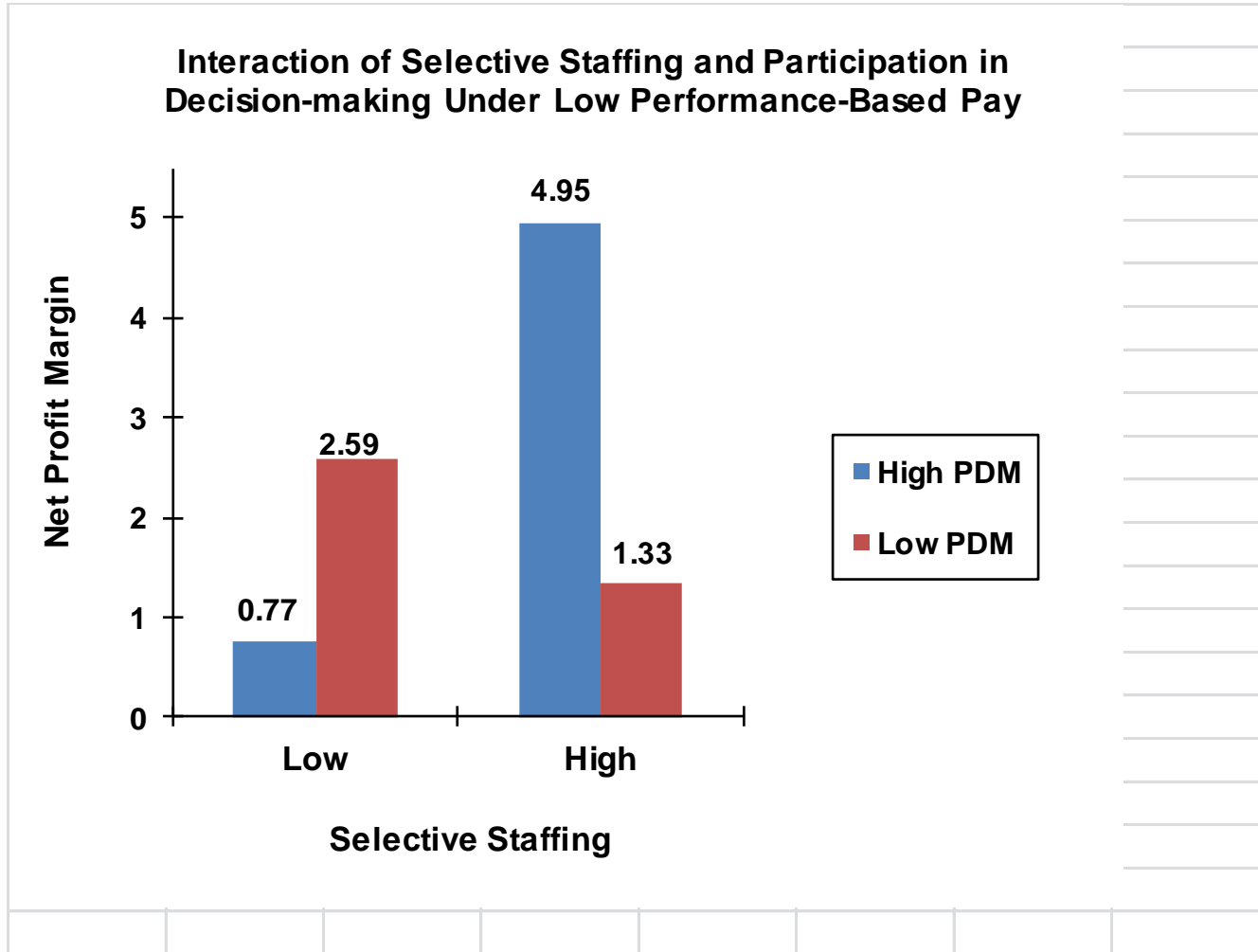
Motor Carrier Research

- + A series of studies conducted at the University of Arkansas
- + Research team
 - John Delery, Nina Gupta, Doug Jenkins
- + Focus was on the driver job – how carriers managed drivers and how this influenced carrier outcomes

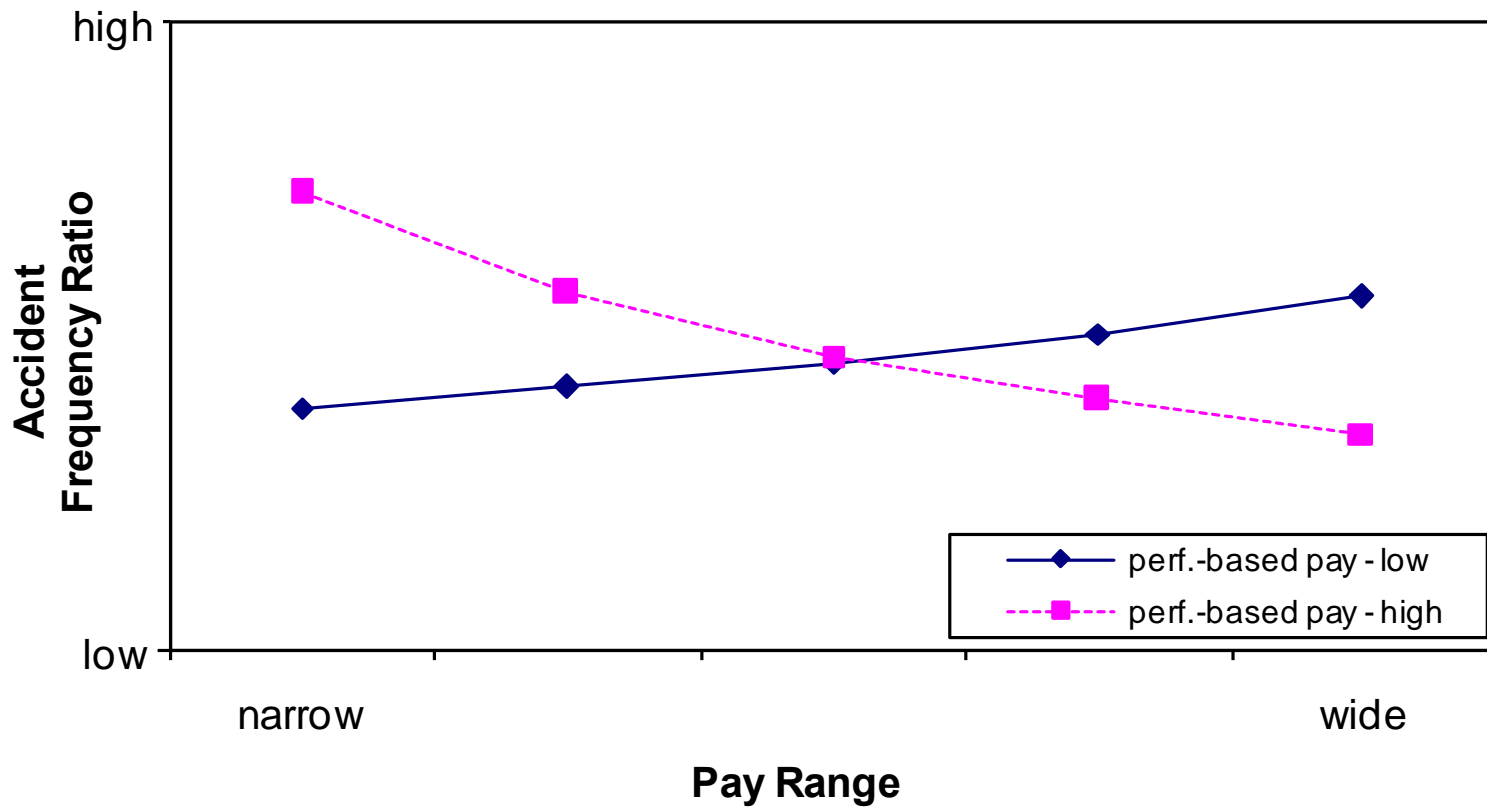


Interaction of Selective Staffing, Participation in Decision-making, and Performance-Based Pay (1995)

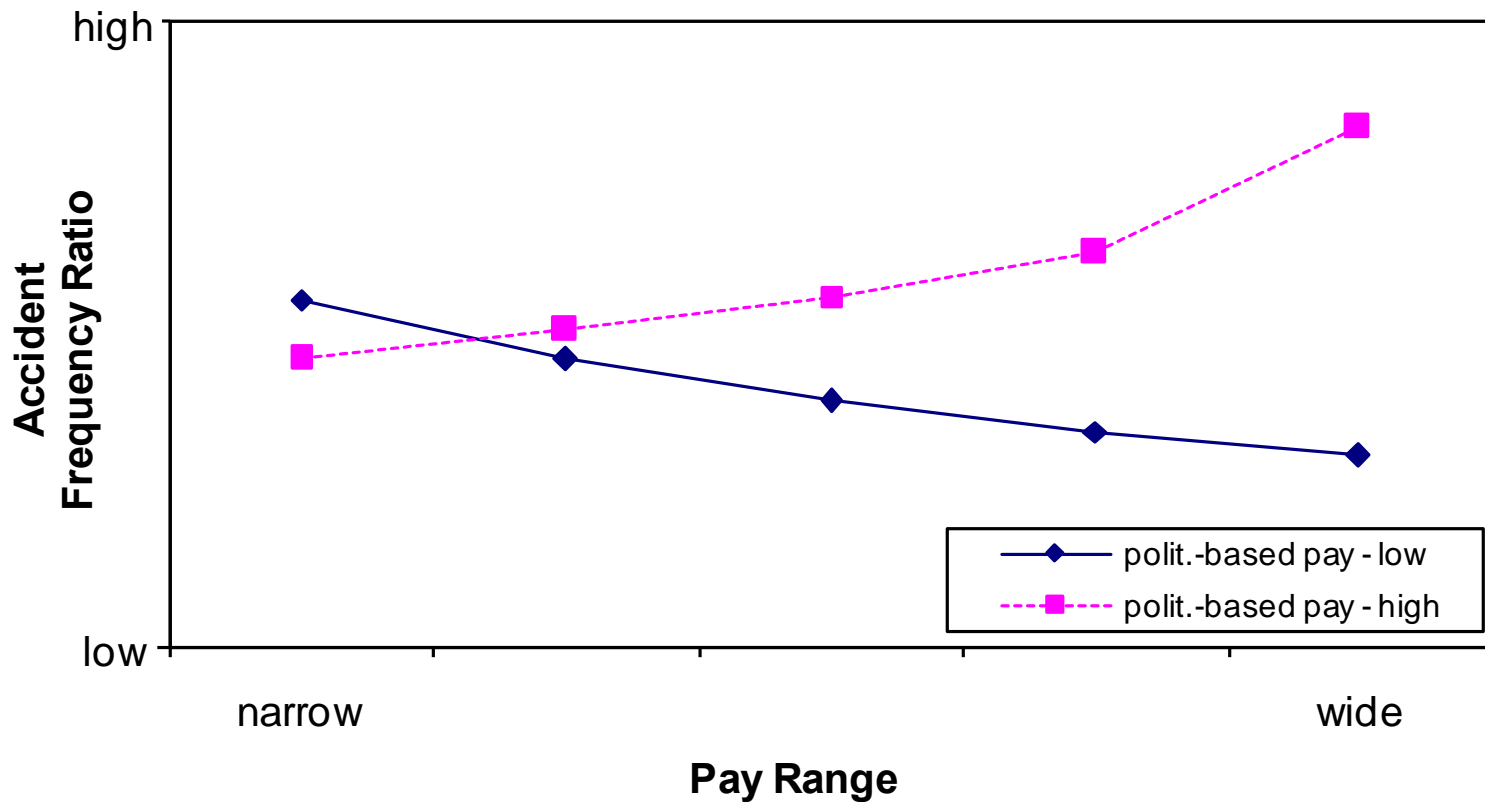




Pay Systems and Accidents



Pay Systems and Accidents





Final Remarks

- + Motivating a workforce is not easy – especially over time
- + There is no “**one best way**”
- + Enriching jobs can be helpful, but it may also benefit to have an incentive system
- + Incentive-based compensation is powerful – be careful, you will get what you reward, not necessarily what you wanted





COMPLIANCE SAFETY & ACCOUNTABILITY SCORES MANAGEMENT



Compliance Safety & Accountability Scores Management

- + Interstate carrier of household goods
 - Began operating in 1945
 - Acquired Bekins Van Lines 2/2012
 - Acquired Clark and Reid 11/2013
- + Approximately 1165 drivers and 300 agents
- + No employee/company drivers
- + Around 31 million miles annually
- + Around 860 inspections in the past year





Compliance Safety & Accountability Scores Management

- + Began tracking CSA scores in January 2010
- + Beginning fall 2012, scores began increasing
- + Eventually 4 BASIC scores above threshold
- + Crash score remained well below threshold averaging around 1.8%





Compliance Safety & Accountability Scores Management

Action plan

- + Educate fleet on CSA and it's importance
- + Penalize poor performance and reward good performance using current programs
 - Fines and bonuses
 - Safety violation points program/driver rating
- + Inform drivers and agents on individual performance (CSA scorecards)





Compliance Safety & Accountability Scores Management

Roadside inspection records

- + All information entered in CSA database
- + Each inspection record file contains log copies and proof of correction
- + Logs compared to inspection and repairs
- + Inspection results entered in online driver profile
- + Compared monthly to FMCSA records



Compliance Safety & Accountability Scores Management

Monthly safety newsletter updates



Wheaton
We move your life

BEKINS

PARTNER COMPANIES

Issue 60 June 2014

PARKING SAFETY

Many of the accidents reported by our fleet in the past ten years have occurred while the driver was maneuvering in a parking lot. Parking lot accidents, such as pulling from a parking space, striking a parked vehicle, and moving through a parking lot account for more than one quarter of all accidents recorded for our fleet. While these incidents typically occur at slow speeds and do not generally cause severe damage or injury, they occur frequently and have resulted in more than \$250,000 in property damage.

Many of these incidents are considered preventable and result in penalties and assessments to the involved drivers. Some incidents also resulted in damage so severe that the vehicle was disabled causing only down time and lost revenue. To prevent these incidents, recognize the increased hazards involved in maneuvering your vehicle while parking and use extra caution to avoid collisions.

Common parking accident occurrences:

- Backing into a truckstop parking space & colliding with a vehicle parked in the adjoining space.
- Pulling from a parking space and turning too soon. The vehicle then off-tracks into the vehicle parked in the next space.
- Pulling from a parking space and turning too sharply or too soon causing the overhang on the rear of the vehicle to strike another vehicle or other obstruction.
- Pulling from or backing out of a parking space and striking a vehicle parked in a blind spot.
- Using inexperienced spotters who provide improper instructions or fail to recognize hazards. Also, using multiple spotters who give conflicting instructions.

Recommendations:

- Avoid blindside backing – If possible, observe the area first and plan your route beforehand to avoid this dangerous maneuver.
- Make sure all mirrors are adjusted properly – Adjust your mirrors properly to allow you to see as much area around your vehicle as possible. Replace broken or cracked mirrors immediately and keep them clean.
- Do not assume – Get out and check the area first. Ensure you have sufficient space for maneuvering. If you parked on a street or in a lot that is not limited to truck traffic, a car or motorcycle may have parked in your blind spot without you being aware of it.
- If possible, use spotters – If you can, have someone help you maneuver or when parking. Instruct the spotter on the proper use of hand signals and make sure they watch the entire rear of the rig including overhead clearance and both sides of the vehicle.

Recognizing the increased risks involved when parking or pulling from a parking spot will help avoid a collision. Take your time and be alert when maneuvering in parking lots or parking outdoors.

STATE AND FEDERAL REGULATIONS

Electronic Logging Device Testing Update

In March of this year, the van line began testing Electronic Logging Devices (ELD) in several vehicles. We initially chose drivers with logging issues and volunteer drivers to test the devices. Currently, we have around 30 drivers participating. Several of these drivers are now relying on the device to record their hours of service and are no longer required submit paper logs as a result.

The feedback received from this group of drivers mostly is positive. Those using them regularly appreciate the convenience these devices provide in keeping track of their hours and mileage by date. A few of the drivers also have been involved in state inspections. Thus far, none of these drivers have been found to have hours of service violations.

While use of ELDs currently is not required by federal regulations, the Federal Motor Carrier Safety Administration (FMCSA) is working on the regulations regarding use of them. The final rules for ELD use are expected to be issued within the next few months with an anticipated implementation deadline within 24 months after the rule becomes final. Currently, the American Trucking Association (ATA) and many carriers support use of these devices and now larger freight carriers already require their use.

For more information on using electronic logging devices, contact that Showalter (317-558-0333) | Butt_Showalter@baldwin.com or Dennis Whitaker (317-558-0339) | Dennis_Whitaker@baldwin.com

COMPLIANCE, SAFETY, ACCOUNTABILITY SCORES

Our fleet's CSA scores for June 2014 were recently posted. The scores continue to indicate steady improvement in our fleet's safety record. The CSA program measures safety performance, primarily from roadside inspections, and categorizes violations into several rating categories. The van line now has only two unsatisfactory scores remaining. These two categories involve hours of service violations and driver's license violations.

As of June 2014, the fleet's scores posted by the FMCSA are:

BASIC	CURRENTLY	GOAL	STATUS
UNSAFE DRIVING	16.1%	65%	SATISFACTORY
HOURS OF SERVICE	82.4%	65%	ALERT
DRIVER FITNESS	88.8%	80%	ALERT
CONTROLLED SUBSTANCES &	71.1%	80%	SATISFACTORY
VEHICLE MAINTENANCE	77.7%	80%	SATISFACTORY



The most frequent violation affecting the Hours of Service category are for failing to keep the daily log up-to-date. To avoid these violations, keep your logbook updated throughout the day. Have it next to you while





Compliance Safety & Accountability Scores Management

Driver CSA Scorecard

PARTNER COMPANIES



0001-0000 Sample Driver
 Fleet: C Qualified Date: 10/24/1985 Printed Date: 6/27/2014

Total Inspections: 5 Total Inspection Violations: 7
 Inspections With No Violations: 4 Total Points: 18
 Percentage with No Violations: 80% Out of Service Violations: 2

CSA Scores for Inspections From 6/27/2012 To 6/27/2014

BASIC Category	Violations	Points	Score	Goal	Result
Unsafe Driving BASIC:	0	0	0.00	2.43	Satisfactory
Traffic Violations such as speeding, seat belts, etc.					
Hours of Service BASIC:	1	9	1.80	0.55	Unsatisfactory
For the Hours of Service BASIC, you are ranked 606 out of 756 drivers that have been inspected.					
Logbook Violations such as logs not current and hours of service violations					

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Driver Fitness BASIC:	0	0	0.00	0.09	Satisfactory
Driver Violations such as no medical card and suspended drivers license					
Drugs/Alcohol BASIC:	0	0	0.00	0.03	Satisfactory
Possession or consumption of alcohol or drugs by driver or passengers					
Vehicle Maintenance BASIC:	2	9	4.50	4	Unsatisfactory
For the Vehicle Maintenance BASIC, you are ranked 565 out of 756 drivers that have been inspected.					
Equipment related violations such as tires, lights or brake defects.					

Corrective Action Necessary

UNSATISFACTORY HOURS OF SERVICE BASIC: Keep your logbook up to date to your last change of duty, always have copies of your prior 7 days logs available, comply with hours of service limits and do not falsify entries.

UNSATISFACTORY VEHICLE MAINTENANCE BASIC: Do thorough pre-trip and post-trip inspections daily, check your vehicle's lights and tires at each stop; regularly inspect brakes and brake adjustment; replace defective or worn items immediately.



Compliance Safety & Accountability Scores Management

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Compliance Safety & Accountability Scores Management

Unsafe Driving BASIC

- + Scores have been below 20% for over 2 years
- + 49% of severity points for speeding
- + Penalties for both speeding citations and warnings are \$25 fine and 25 points





Compliance Safety & Accountability Scores Management

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Compliance Safety & Accountability Scores Management

Hours of Service (Fatigued Driving) BASIC

- + 41% of severity points for logs not current - \$200 fine and 100 points
- + Hours of service 25% of severity points - \$100 fine and 50 points
- + Several drivers now testing electronic logging devices and no further violations in this group





Compliance Safety & Accountability Scores Management

Driver Fitness BASIC

- + 65% of severity points for driver's license suspended/disqualified - \$400 fine and 100 points
- + Driver Violation Alert (DVA) monthly reporting where available.
- + Where DVA not available, probationary drivers MVR reports obtained monthly





Compliance Safety & Accountability Scores Management

Driver Fitness BASIC *(continued)*

- + Citations noted on inspections must also provide proof of payment or dismissal
- + Self-Certification on CDL license holders now resulting in suspension in several states. Checked during annual reviews
- + Physical expirations now showing on MVR, verified against our records





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Controlled Substances and Alcohol BASIC

- + A single violation can have a major impact
- + Six inspections out of 1726 in past 2 years
- + Half of these involved passengers/casual laborers
- + Fine of \$400 and 100 points for violations and minimum 30 day disqualification
- + Score now a zero due to no violations in past year





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Vehicle Maintenance BASIC

- + 68% of severity points on brakes, lights & tires
- + Brakes = 26%, lights = 22%, tires = 20%
- + Fine of \$100 and 50 points for each type violation and \$200 additional for OOS
- + Increased frequency of periodic inspections from twice annually to three times yearly





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Vehicle Maintenance BASIC *(continued)*

- + Current drivers and new drivers given training on proper daily inspection training and tested
- + Continuing maintenance issues result in retraining
- + Vehicle defects checked against periodic inspections. May require new inspections from different vendor





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Good Inspection Bonuses

- + CVSA Level 1 inspections with no violations = \$500 bonus, Level 2 and Level 3 = \$250
- + Congratulations letter signed by entire department along with two free truck wash vouchers
- + Driver receives 25 violation points credit
- + Recognized in monthly newsletter





Compliance Safety & Accountability Scores Management

On-road observations by Is My Driving Safe

- + Helps identify unsafe operation
 - Safe driving habits
 - Vehicle appearance and condition
- + Observations used to audit logs
- + Good observations (80%) result in \$50 bonus
- + Bad observations sent to agent or discussed with driver





Compliance Safety & Accountability Scores Management

Results

- + Severity points per inspection in March of 2013 were 5.13. May 2014 these reduced to 3.8
- + Reduced from 5 alerts in February 2013 to 2 in May 2014
- + Remaining alerts in Hours of Service and Driver Fitness but scores are dropping





Compliance Safety & Accountability Scores Management

Future changes

- + Monitor CSA scores and adjust penalties for primary violations
- + Reduce penalties for violations in BASICs that maintain satisfactory scores
- + Expand use of ELD use as drivers volunteer and regulations require





QUESTIONS?