
2006

Atrium Companies
Dallas

Launched a private fleet in less than three months and created a management system to operate on a zero budget.

Jim Angel (left) was recruited by Harold Krane (right), vice president of logistics for Atrium Companies, to become the company's director of fleet transportation. Angel previously was employed by one of Atrium Companies' third-party logistics providers.

The inside track

Atrium Companies turns a bid into a benchmark

By Aaron Huff

In January 2005, Harold Krane, vice president of logistics for Atrium Companies, faced a critical deadline. In three months, Atrium – one of the largest manufacturers of vinyl and aluminum windows in the United States – would need about 60 trucks to service one of its largest traffic lanes.

Atrium Companies oversees logistics operations for 22 manufacturing and distribution facilities across the country. It assists in services such as developing packaging, monitoring the cubing of freight and the routing of runs, selecting carriers, selecting and maintaining equipment, and weekly reporting and monitoring of each facility's delivery operations to provide visibility and accountability for management. It also operates some equipment under Atrium Transportation Group, which manages DOT safety regulations, fuel control and other transportation management functions.

Atrium's two largest manufacturing areas, Dallas-Fort Worth and North Carolina, were using third-party transportation providers or "3PLs" for the usual reasons, Krane says. In the Dallas-Fort Worth area, Atrium's contract with its third-party provider was to expire on April 23, 2005. The vendor announced that it would require a significant rate increase to renew its contract.

In late 2004, Krane requested bids through an RFP that covered the delivery from four plants in the Dallas-Fort Worth area to Atrium's customers nationwide. To assist in managing the RFP process, Atrium Companies hired consultant Paul Gold, president of Atlanta-based Transportation Consultants Inc., to add his 40 years of experience to Krane's 40-plus.

"Going into a long-term contract, we wanted to have another set of experienced eyes," Krane says.

Bids came in from November 2004 through late January 2005. The lowest bid would have increased cost by $800,000 annually – with uncertainty in the area of service improvement, particularly from a new provider.

"As the bids came in, we decided to include ourselves as a bidder," Krane says. "We had our model for costing, and we had the infrastructure. We chose to cover our exposure for maintenance through a contract maintenance program. Our present insurance carrier would indemnify our casualty exposure, and we felt that we had the experience and the expertise to control the operating costs."

For Atrium's board of directors, the conservative estimate of 2005 cost savings of $650,000 (not including fluctuations in fuel), along with proposed service benefits for operating the private fleet, were enough for their decision: Krane received the go-ahead to launch the private fleet in late January.

Going private

To ensure a smooth transition after the April 23 cutoff, one of Krane's first actions was to hire Jim Angel. Krane and Angel had worked together in the 1990s and had launched several "start-up" logistical projects. Additionally, Angel had three years' experience as fleet manager for the Atrium account. Angel worked for Atrium's third-party transportation provider from 2000 until 2003.

"He called me on January 25," Angel says. "He had already ordered trucks."

To launch a 60-truck private fleet by April 23, the two developed a "punch list" that included cutoff dates and backup plans for critical tasks such as hiring drivers and office staff, purchasing supplies, implementing technology such as onboard computing and equipment tracking, and setting up fuel performance programs.

"All of the action items had target dates color-coded to denote degree of urgency," says Angel, now Atrium's director of fleet transportation. "It was a process that went extremely well."

All drivers successfully recruited by Atrium were handed keys to new tractors equipped with satellite radio and refrigerators.

One of the first efforts in the transition was to recruit drivers who had been working for Atrium as employees of the 3PL. Most of those drivers had worked for the Atrium account since 2000 and, as such, were experienced with handling and identifying Atrium's product. Additionally, they were familiar with the customers and what it took to keep them happy, Angel says, adding that some of those drivers had been working for Atrium before the 3PL was awarded the contract in 2000.

Recruiting this group was management's first objective; but they also created a backup plan with at least two other options to fill the staffing need for drivers – just in case.

"We felt we had to be aggressive in our financial package offering, and in providing a desirable working environment," Angel says. Atrium increased individual driver pay by about $5,000 a year. The top-tier drivers by seniority received an 8 to 10 percent increase. The entire compensation package and benefits were reviewed and improved. Angel also increased the beginning rate for drivers from 30 to 33 cents per mile. As a result, most of the drivers on the 3PL's payroll made the transition.

When drivers crossed over on April 23, they were handed keys to new tractors – which arrived only 10 days before the cutoff date. The trucks were equipped with Sirius satellite radios and refrigerators, among other comfort items. These increases were in line with the numbers budgeted. "Drivers were extremely pleased," Angel says.

The startup went with no interruption in service.

Tracking improvements

To benchmark the cost savings, Angel uses the same invoice and spreadsheet he created while managing the Atrium account for his previous employer. "We decided to monitor our actual '05 performance versus what the low 3PL bidder would have charged," Angel says.

The delta between actual expenses and Atrium Transportation Group's "billing" to the facilities using the third-party delivery rate is credited back to each division, pro-rata; the difference is related to the individual facility's utilization of the private fleet services. For example, if Atrium's aluminum extrusion facility in Wiley, Texas, accounted for 11 percent of the miles driven by the fleet in a month, the division would receive 11 percent of the delta as a credit to offset its delivery expenses.

"I'm operating on a zero budget," Angel says. "The company's management can see the results of their decision by comparing the billing against actual costs. Through the end of October 2005, year-to-date expenses were $376,737 under 2004. That adjusts for increases in fuel costs, but does not consider the rate increase we would have incurred for a new 3PL contract."

One of the primary reasons Atrium is saving money is that it has increased backhaul income. Compared to 2004, Atrium is beating its backhaul numbers by an average $48,000 a month.

"Our operating experience has proven cost and service benefits in excess of our expectations," Angel says. ■

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innovators

RoadLink Services
Bethlehem, Pa.

Capitalized on minority and immigrant driver pools through an aggressive referral program and a corporate philosophy that embraces cultural diversity.

Sean Kelley

Berta Moreno, RoadLink Services director of recruitment and retention, has been successful at wooing — and keeping — drivers from a variety of ethnic backgrounds. The key, she says, is to understand and adapt to their cultural differences.

Driving diversity

Intermodal carrier finds flexibility a major factor in recruiting and retaining nontraditional drivers.

By Linda Longton

What if you had a group of drivers that works Sundays, but not Fridays? How about a group that takes off the entire month of December? Or one that leaves the country for two months every year?

These are just some of the challenges Berta Moreno has overcome in order to take advantage of geographic pools of immigrant and minority drivers and owner-operators. Moreno is director of recruiting and retention for RoadLink Services, the Bethlehem, Pa.-based corporate arm of intermodal firm RoadLink USA, which has 50 service centers nationwide, including operating companies in the Midwest, South, East, New England and Pacific.

Focusing on understanding the cultural differences of various ethnic groups has helped RoadLink grow its immigrant driver population from 22 percent in 1994 to 66 percent in 2004, with about 79 percent turnover, Moreno says. A brisk referral program, as well as inexpensive ads targeting specific groups, also means RoadLink spends less recruiting immigrants versus traditional drivers.

"We realized this is how the company was going and that we would have to do some things to make drivers feel comfortable here," Moreno, who is based in Chicago, says of the company's ability to recruit owner-operators and drivers from a wide range of ethnic groups, including Hispanic, Bosnian, Somalian, Indian and Middle Eastern.

For each area RoadLink serves, Moreno works with local company managers to determine which ethnic groups have the largest population. She also uses the U.S. Census Bureau website to pinpoint target groups. For example, there is a large Indian population in Northern California, whereas Hispanics tend to populate the southern part of the state. Chicago has a thriving Polish population. The company's 1,000 owner-operators and 350 company drivers either run within a 50- or 200-mile radius of their home terminal, which can be key in recruiting drivers from family-oriented cultures such as Hispanics and Vietnamese.

About 50 percent of RoadLink's recruitment is through referrals. "You can't beat these people for referring friends, uncles, cousins," Moreno says. On the other hand, "if one leaves, you can lose a lot." RoadLink's referral program includes posters and postcards advertising a $1,000 bonus, which pays 50 percent after the new hire has been on board 30 days and the remainder after 90 days. Recently, a RoadLink driver in Grand Rapids, Mich., referred a Somalian driver to the company's Columbus, Ohio, terminal. Since then, they have added 11 Somalian drivers — all from that one referral.

Another element of Moreno's recruitment efforts is advertising in non-English newspapers targeted at specific ethnic groups. "I hit the groups I want, and the cost is almost nothing" when compared to mainstream newspapers, she says. For example, an employment ad in the *Chicago Sun-Times* runs nearly $1,000, but an ad in an ethnic newspaper is usually less than $100. Response can be "hit or miss," but she believes ads in these targeted papers stand out. "In other papers, my ads get lost," she says.

innovators

Once recruits — who must have a one-year minimum of U.S. driving experience — come on board, retention efforts kick in immediately. Within the first 90 days, drivers go through six meetings. For example, they might meet with the recruiter after seven days, the terminal manager after 30 days and then the recruiter again at 45 days. "We have them come in and see how things are going. If there are problems, we address them," Moreno says.

Another key to retaining nontraditional drivers is being sensitive to the needs of the various groups, Moreno says. "We don't have to learn everything about their culture and beliefs, but we need to learn a little something." As an example, Moreno tells of the first time she attempted to shake a Middle Eastern driver's hand. "He didn't know what to do," she recalls. She later learned that their religion forbids Muslim men from touching women other than their wives.

Educating customers also is critical. "One customer called to say one of our drivers was in his parking lot and he didn't know what he was doing, but he didn't want him doing it there," Moreno says. It turned out it was a Middle Eastern driver who was saying his daily prayers. Now company salesmen make a point of calling or visiting customers to help them better understand drivers' cultural customs. "Communicating with customers ahead of time is key," she says.

Getting RoadLink employees and customers past the language barrier is another challenge. Because all drivers know English well enough to get their commercial drivers' license and follow directions, "it's not a language thing, it's a patience thing," Moreno says. "Some dispatchers think they don't have the time to dispatch a driver who has limited English."

To help overcome such issues, RoadLink makes an effort to hire bilingual personnel. For example, the New Jersey and Boston offices — where RoadLink has several Brazilian drivers — have some employees who speak Portuguese. In Los Angeles and Chicago, almost everyone speaks Spanish. But for RoadLink personnel who don't speak a second language, conversations with some drivers can be difficult, "particularly if there's an accident," concedes Woody Yarwood, RoadLink's director of safety. In that case, the company typically calls in an interpreter. "We've adapted very well to it," he says.

Sean Kelley

Maria Roman, RoadLink USA's Midwest safety manager, speaks English and Spanish, but she took the extra step of learning a few words of Polish to better communicate with the company's Polish drivers.

Such accommodations aside, Moreno is quick to point out that the company shows no favoritism to any particular driver group. "We treat all of our drivers the same," she says. "I don't treat Hispanic drivers different from a typical American driver."

Nevertheless, any company that expects to recruit and retain nontraditional drivers must be prepared to make certain cultural concessions. For example, for Middle Eastern drivers Friday is a holy day, but they will work on Sundays. Fortunately, some of RoadLink's customers were able to accept Sunday deliveries. "Sometimes we have some surprises, but because we've been doing this for so long, our dispatchers know what to plan for," Moreno says.

Complicating matters is many drivers' desire to return to their native countries for extended periods. Many Hispanic drivers, for example, take the month of December off. And Indian drivers return to India for two months each year. To handle these requests, RoadLink developed a leave of absence policy that allows drivers and owner-operators to be gone for up to three months and still remain on the company's active list. "They come back and go right back to driving," Moreno says.

Because of its international nature, RoadLink's recruitment model goes hand in hand with the intermodal business, Yarwood says. "We're hauling containers from Taiwan, Japan, China, South America," he says. Hiring owner-operators and drivers from other cultures "is kind of a natural fit," he says. "And Berta's made it work for us." ■

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CTL Distribution
Mulberry, Fla.

Built a relationship with its state employment office to find drivers, mechanics and laborers.


Sean Kelley

CTL Distribution recruiter Lisa LaFreniere interviews an applicant at a local unemployment center. The center gives her work space, among other services.

'One Stop' shopping

Florida carrier finds potential employees at an unlikely place — the unemployment office

By Sean Kelley

These days, recruiter Lisa LaFreniere's cell phone rings early and often. On a Tuesday morning in February, the first calls from hopeful truck drivers and technicians started at 7:30. The phone continued to ring during a brief meeting with her boss, CTL Distribution President Ken Bauer. By 9 a.m., job placement workers were calling wanting to know why LaFreniere wasn't already at their office to interview a waiting pool of applicants.

But LaFreniere's ring tone is music to her ears. Finding drivers wasn't always this easy at CTL's Mulberry, Fla. terminal where the company — one of the 20 largest U.S. tanker fleets — is headquartered.

"Our recruiting strategy used to be 'advertise and wait for the phone to ring,'" LaFreniere says. But the phone didn't ring enough. And with the Mulberry terminal located on a dead-end road near a phosphate mine, walk-ins were rare. But all that has changed. CTL isn't waiting for drivers to come to its recruiters. Instead, through an ambitious partnership with Florida's unemployment offices, CTL is going to its recruits.

The Mulberry terminal now gets 90 to 95 percent of its new drivers through unemployment centers in Polk and surrounding counties. The $55,000 the terminal budgeted for local classified advertising in 2004 now goes to other marketing efforts. Other terminals in Florida also are benefiting, and the company also is finding mechanics and laborers.

The success is due not only to LaFreniere's efforts but also to dramatic changes in the unemployment process, says Dan McNamee, vice president for capacity development and human resources at CTL Distribution's parent company, Comcar Industries. "When I began recruiting drivers 16 years ago, the unemployment offices used to be a place where you collected benefits," McNamee says. "They didn't help you get a job."

But all that has changed. The Workforce Investment Act passed by Congress in 1998, along with other legislation, has changed unemployment offices into career centers where the unemployed, the underemployed, veterans and welfare recipients transition into new jobs. Job seekers receive more than a check: They have access to training, education and career counseling.

In Florida where Comcar Industries and CTL Distribution are based, the state's Agency of Workforce Innovation has 24 career centers called One Stops, where job seekers receive financial and career assistance, meet potential employers and attend job fairs. Businesses use the facilities as recruiting offices and partner with the state to place out-of-work residents into open jobs.

LaFreniere stumbled upon the One Stop centers as a recruiting option because her sister-in-law lost her job. Like McNamee, she figured such centers were where people picked up benefit checks, but her sister-in-law's experience changed that impression. "She immediately sat down with a career officer who asked her where she wanted to be in 10 years. She found a job within two weeks through them. When we were looking for new ways to recruit drivers, I thought about her."

When LaFreniere approached the One Stop centers, she wasn't sure if her gamble would pay off. Things moved slowly at first, but through persistence, she built a solid relationship with the centers' career counselors. "They'll call me and tell me to swing by and pick up applications. They're anxious to place people, and I'm anxious to hire them."

The new relationship was beneficial for both parties: The centers got an engaged local employer with lots of positions to fill, and CTL got access to out-of-work residents eager to join the work force. CTL also gets a number of other services from the centers, including office space for interviewing, job fairs and pre-employment screening.

"They're probably better screened than your typical applicant," McNamee says. "They understand our requirements. They understand the job. The centers are actually allowing us to spend more time with better qualified people."

CTL Distribution doesn't often find fully qualified employees who hold commercial driver's licenses. But the center makes sure job seekers know what kind of job they are applying for and are familiar with the physical and lifestyle demands of a truck driver. And it ensures applicants meet the company's standards — screening out felons, for example.

The screened pool of applicants is shown a video about CTL Distribution and the job they might fill, including would-be truck technicians. They then meet with LaFreniere or another recruiter for an interview. If hired for a driving position, they go through CTL Distribution's three-week driving school.

"We're in a unique position," LaFreniere says. "Anyone I interview doesn't have to have a CDL. I can train them and put them to work."

If a new hire is eligible for unemployment benefits, these continue in most cases during the school period. The state also may help new hires cover transportation or child-care costs during the training period. Once school is completed, new hires begin drawing a paycheck and enter the work force. A year later, if a driver is still with CTL Distribution, the company forgives the cost of their school.

Applicants from the One Stop fall into four basic labor categories: traditional unemployed job seekers, veterans, welfare-to-work applicants and young workers, age 16 to 24. With veteran applicants, CTL Distribution often can find CDL holders or applicants with equipment experience. In fact, the company has built a relationship with the representatives of veterans groups that have offices at the centers. Those representatives steer National Guard and Reserve retirees from transportation companies toward CTL Distribution.

For other applicants in the welfare-to-work pool, the opportunity to drive a truck opens a new door. "They might have had a job before making $6.25 an hour. That's $12,000 a year. Now they can make over $30,000," says LaFreniere.

Sean Kelley

Dan McNamee, vice president for capacity development and human resources at CTL Distribution's parent company Comcar Industries, says CTL's partnership with Florida's One Stop centers has helped the company find drivers and reroute advertising dollars to other marketing efforts.

The centers also can steer teenage applicants with an interest and aptitude for mechanics toward the company. "We don't expect them to have tools, and we don't expect them to be certified," LaFreniere says. "But we expect them to work through that."

There are other benefits to the arrangement. CTL Distribution and its parent company get a public relations bump from employing out-of-work and underemployed Florida residents. Tax credits also are possible, but McNamee says the company isn't yet chasing those credits because of the man-hours involved with qualifying for them.

The effort is limited largely to CTL Distribution's Mulberry terminal, even though CTL has 13 terminals in eight states and hauls chemicals and phosphates in 48 states. In the nearby Tampa terminal, conventional recruiting still works. "If they run an ad for drivers, they get inundated," LaFreniere says. Plus, other recruiters find it hard to believe an unemployment center is a good source for potential drivers — even though most unemployment centers in the country are similar to the One Stop centers in Florida.

Still, LaFreniere and another recruiter working through the program find applicants willing to do over-the-road work at one of Comcar Industries' five carriers. And drivers hired at CTL Distribution and trained at its school eventually may transfer to over-the-road jobs at sister companies or move to other terminals.

LaFreniere and McNamee concede that getting other recruiters to consider their local unemployment offices is a challenge. "We have to battle the image of an unemployment office," LaFreniere says. "I've even had to re-educate my co-workers. When I tell them what I'm doing at the One Stop centers, they say, 'You're going where?' "

LaFreniere smiles because she knows drivers are there. ■

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Innovator of the year

LENDING DRIVERS A CHANCE

WATKINS & SHEPARD TRUCKING'S unusual tuition financing program helps expand the pool of drivers and earns the Montana carrier recognition as *CCJ*'s Innovator of the Year.

BY AVERY VISE

In 2004, Duane Christensen retired after 27 years as a firefighter, including about 20 years at McChord Air Force Base in Tacoma, Wash. He could get by on his pension and other resources, but Christensen, who was only in his early 50s, needed something to occupy his time. More importantly, he wanted to earn enough money to put his son, now 9 years old, through college.

While surfing the Web recently for job possibilities, Christensen saw an ad for Western Pacific Truck School, a major truck driver training operation on the West Coast. Christensen had worked with heavy equipment his whole life, and his father had been a truck driver for many years. So he called Western Pacific and expressed an interest in obtaining a commercial driver's license. But the school's representative quickly raised a hurdle, Christensen says.

"The guy asked, 'Do you have

CEO Ray Kuntz got commitments from a bank and a major driving school network last summer. His staff implemented the novel tuition financing program in just a few months.

WHY WATKINS & SHEPARD?

Targeted initiative, universal applicability get the nod

Any one of the carriers *Commercial Carrier Journal* recognized as an Innovator in 2005 could be the Innovator of the Year, but only one can be chosen. Despite the strong lineup, one trucking operation stood out for most of our editors.

One aspect of Watkins & Shepard Trucking's efforts that appealed to *CCJ* editors was the universal applicability. "The idea wasn't one that was specific to Watkins & Shepard, but rather an innovation that other carriers could use and apply to their own recruiting and staffing situations," says *CCJ* Managing Editor Dean Smallwood. Indeed, CEO Ray Kuntz launched the program in part as a demonstration project for the rest of the trucking industry.

And Watkins & Shepard's boldness in taking the idea from vague concept to full implementation in about six months got the attention of Aaron Huff, *CCJ*'s technology editor. "At nearly every trade show or conference, executives talk about driver recruiting and retention. You seldom hear people speak of taking risks by bringing new drivers into the profession."

Perhaps the most compelling case for Watkins & Shepard's selection comes from Linda Longton, vice president-editorial for Randall-Reilly Publishing, *CCJ*'s parent company.

"All carriers complain about the driver shortage, but most just keep using the same timeworn, ineffective methods to try and solve the problem," Longton says. "By making it possible for people to pursue a career in trucking who have the desire, but not the financial means, Watkins & Shepard has identified and capitalized on a completely new source of drivers. The industry gets more drivers, and those new drivers get the chance for a fresh start. With its innovative approach, Watkins & Shepard sets a template for others in the industry to follow."

Indeed, late last month, the American Trucking Associations and Truckload Carriers Association endorsed a company driver tuition finance concept "modeled after a financing program successfully piloted by Ray Kuntz," according to the groups' news release. "We're leaving no stone unturned in our efforts to find new drivers, and this program allows us to reach out to those who want to become drivers but who without some sort of assistance might not be able to enter the profession," says ATA President Bill Graves.

$4,800?' I laughed and said, 'Well, not on me.' "

But rather than send Christensen away – possibly to an entirely different second career – the Western Pacific representative offered an alternative. If Christensen met certain qualifications and standards, he could get a low-interest, two-year loan – regardless of his creditworthiness – and most of the loan ultimately would be repaid by someone else. The catch? He would have to commit upfront to working for Watkins & Shepard Trucking, an LTL and truckload carrier based in Helena and Missoula, Mont.

Christensen took the deal and got his CDL. On Feb. 21, he completed 10 days of secondary training at Watkins & Shepard's driver training facility in Missoula. His employment had been delayed because he needed to deal with a family member's health problem. "This company seems to be very family-oriented," Christensen says. "They just told me, 'We'll see you when you get here.' "

Christensen vows to be a loyal, longtime employee for Watkins & Shepard. "They're going to put my son through college."

Trucking schools turn away thousands of otherwise qualified students each year because they don't have the money and can't obtain tuition financing on reasonable terms. So says Gregg Aversa, who heads The Sage Corporation, one of the nation's largest networks of truck driving schools. And it may well be that because Aversa mentioned this situation to Watkins & Shepard Chief Executive Officer Ray Kuntz almost a year ago, Duane Christensen today is a truck driver. And if others follow Watkins & Shepard's example, the trucking industry could bring in significant numbers of people who would drive if they could.

Seeing an opportunity

In late 2004, Kuntz, who was and is a vice chairman of the American Trucking Associations, was asked to head up ATA's efforts on driver recruiting. Ultimately, that effort grew into a joint task force with the Truckload Carriers Association. Kevin Burch, president of Dayton, Ohio-based Jet Express, heads the effort for TCA.

In a task force meeting last spring, Aversa mentioned that Sage almost could double the 4,000 CDL students it trains each year if all qualified applicants could get financing on reasonable terms. That information astounded Kuntz. With all the problems the trucking industry has just to get people to consider driving a truck as a vocation, thousands who wanted to be drivers were being turned away at the front door – the truck driving school – because of lack of financial resources or weak credit histories. "These people are the low-hanging fruit," he says.

Kuntz understood that banks and other traditional lenders would not help. It's their job to earn a return on capital and protect against the risk of default. The trucking industry's need for drivers simply isn't their problem. But Kuntz did see trucking equipment lenders as a potential ally. After all, if trucking's long-term growth was constrained by a lack of drivers, it was in an equipment lender's interest to help.

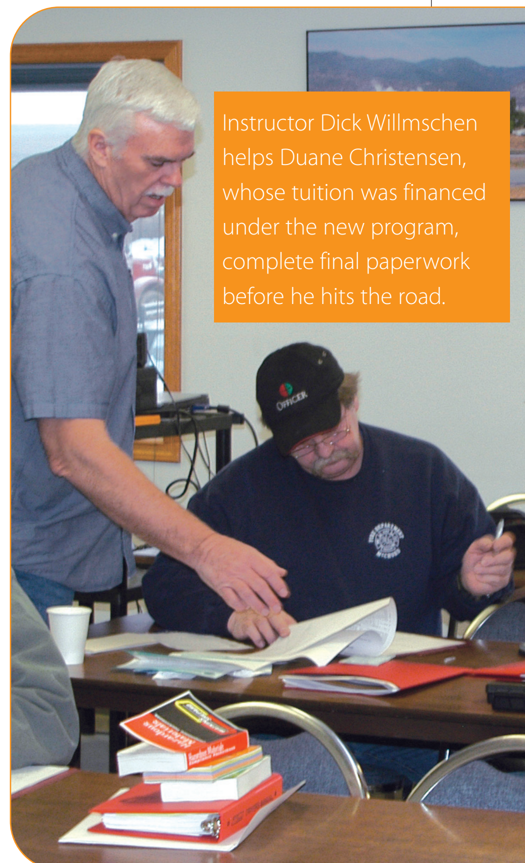
A few weeks later, J.J. Singh – vice president of financial services for Flying J and chairman and president of Transportation Alliance Bank – happened to be meeting with Kuntz in Montana. Singh mentioned reading about Kuntz's testimony before a House Veterans Affairs subcommittee regarding making financing under the Montgomery GI Bill useful for commercial driver's license training. (Just last month, Sens. Conrad Burns of Montana and Mark Pryor of Arkansas introduced legislation to implement what Kuntz recommended at that hearing.)

Kuntz saw an opening and pitched Singh the idea of having the trucking finance community help with CDL training for students who otherwise could not obtain reasonable financing. Singh promised to consider the idea. Only two hours after that meeting, Singh called Kuntz and committed to help.

Accepting the challenge

Kuntz immediately recognized two things. First, his idea needed a real-world proof of concept – not just a theoretical program to sit on a shelf until some trucking company happened to notice it. Second, Watkins & Shepard would make a great guinea pig.

Although Watkins & Shepard isn't huge, neither is it small. The company has a large presence in the Pacific Northwest, but its 650 power units serve 23 widely distributed terminals – from Los Angeles to New York, Michigan to Mississippi. Since the 1980s, the carrier has run its own truck driving school at its Missoula facility and currently provides basic CDL training under a four-week program to as many as nine drivers a month. Watkins & Shepard also conducts secondary training under a 10-day program for individuals who are new CDL holders or who have little experience in trucking.


Instructor Dick Willmschen helps Duane Christensen, whose tuition was financed under the new program, complete final paperwork before he hits the road.

Onsite training allows Watkins & Shepard to control the quality of instruction and allows management to get to know recruits before they hit the road. It also offers veteran drivers the opportunity to interact with students and pass on – discretely, of course – concerns that students might be voicing. "Our drivers are a great resource for what's happening," says Mark Dodge, manager of driver training. Dodge himself was a student driver at Watkins & Shepard almost 15 years ago. He had been working as a teacher. "My wife told me I needed to make more money," Dodge says. And Dodge isn't alone. His boss, Macon Turner, driver operations director, also got his CDL through the carrier's training program about 15 years ago.

"One thing we do differently than most carriers that train drivers is use a core group of driver trainers who aren't also driving for a living," Kuntz says. "These guys are professional driver trainers." At some carriers, the secondary training program for new drivers becomes simply an opportunity for the driver who is doing double duty to obtain a second logbook, he says.

With the ability to put up to 18 drivers through secondary training each month, Watkins & Shepard devotes much of its recruiting effort toward new CDL holders coming out of truck driving schools. So in addition to advertising in newspapers and magazines, the carrier's recruiters typically spent considerable time and money visiting driving schools.

"The picture you are seeing is that we are hanging our hat on new blood," Kuntz says. The carrier would prefer not to hire drivers with years of bad habits. Because Watkins & Shepard relies on new blood, it depends heavily on high-quality instruction. So the carrier is selective about the third-party schools it recruits from. Curt Weidner, director of recruiting, surveys schools on their training methods and procedures to ensure CDL drivers receive adequate primary instruction. For example, many schools don't require drivers to train using loaded trailers, and that's a red flag, Dodge says.

The schools operated by Sage Corporation traditionally are among Watkins & Shepard's richest sources of new drivers. And because Sage's president basically started it all with his comments about financing, Kuntz directed Weidner to work with TAB and Sage to design a program that would ensure that a student who lacked access to funding could pay for truck driving school if he committed to working for Watkins & Shepard.

Curt Weidner, director of recruiting for Watkins & Shepard, implemented the tuition financing program in October and continues to tweak it by adding schools in key locations.

Hitting the street

During the summer of 2005, Weidner worked with staff at TAB and Sage to hammer out the details of a program that would benefit all parties. Students wanted financing. Sage wanted to be able to train more students. Watkins & Shepard wanted to lower its recruiting costs. And TAB wanted to reach out to new customers while limiting its risk.

The program was implemented in October at Sage schools in key areas for Watkins & Shepard – Montana, Idaho, Utah and North Carolina. If an applicant can't obtain tuition under reasonable terms, Sage personnel determines whether he is a likely match with Watkins & Shepard based on where the person lives, how often he wants to be home, what kind of equipment he prefers to operate and so on.

If a match is found, Sage offers financing under a two-year, low-interest loan – assuming that Watkins & Shepard extends employment. If the student accepts the conditional offer, Watkins & Shepard conducts all the necessary driver qualification checks and confirms that the driver is a good fit. If everything checks out, the student signs loan documents with TAB and makes a $250 down payment – just enough to ensure the student is serious. Watkins & Shepard co-signs the loan, so TAB's approval is automatic and creditworthiness is irrelevant.

Once CDL training is complete, the driver undergoes Watkins & Shepard's 10-day secondary training program. Loan payments of about $185 a month begin about a month after this training is complete. But under a longstanding tuition reimbursement program the carrier has used to help with the cost of its own school, Watkins & Shepard covers $100 a month. So as long as the driver remains at Watkins & Shepard for the full two years, he only has to pay about $85 a month for his CDL training. Drivers who leave still are obliged to pay TAB the full $185 a month for the remainder of the loan term. If they default, it's then up to Watkins & Shepard to collect. Kuntz points out that the trucking company has an experienced collections department and that it won't just immediately write off drivers who ignore their financial obligations.

Chugging along

Kuntz knows that Watkins & Shepard will end up covering the loans of a few drivers – so far, two are 30 days or more behind in payments – but he is convinced the program still will be a good investment on balance. For example, he already has slashed thousands of dollars a month out of the budget for recruiting ads and travel. In essence, the tuition loan program and deputized driver school personnel act as frontline recruiters for the carrier.

Watkins & Shepard is expanding the program to other schools. For example, Sage didn't have the West Coast presence the carrier needed, so Western Pacific and a couple of others were added recently. Other schools have expressed interest, but nothing final has been established, Weidner says.

As of late last month, 139 students had applied for the tuition loan program at third-party schools, although for various reasons many have not met the carrier's standards. Watkins & Shepard has approved 56 of those applications and some remain under review. At this point, 20 have been hired since October. That may not sound like very many, but as Dodge puts it, "That's 20 folks we never would have seen." The carrier also is offering the TAB financing arrangement to students at its own schools as needed, and 16 drivers have completed Watkins & Shepard's program under the plan.

By adding more schools, "we're continuing to tweak the flame," Weidner says, adding that the operation can handle only so many new drivers anyway.

Kuntz is quick to point out that he is not the reason the tuition loan program is successful. He gives the credit to the recruiting team led by Weidner, the safety and training department led by Turner and the staff of the truck driving school led by Dodge. "It may have been my idea, but these are the guys who make it happen."

That's similar to how Watkins & Shepard came to spearhead the creation of a risk retention group that's fully owned by its trucking company owners. Kuntz became familiar with captives and risk retention groups through his involvement in the ATA Insurance Task Force and tasked Ken Crippen, Watkins & Shepard's outside general counsel, with exploring and implementing a solution. Launched in September 2002, the American Trucking and Transportation Insurance Co., a Risk Retention Group now has five carrier members representing 2,800 trucks. (For more on Watkins & Shepard's twist on the captive concept, see "A captivating enterprise" in the online version of this article at www.ccjmagazine.com.)

Kuntz has other ideas for his team to implement in the near future, and many revolve around the skyrocketing costs of health care and workers' compensation. Watkins & Shepard is rolling out a wellness program to train drivers, as Kuntz puts it, "how to eat, live and keep from getting sick." He's also considering how, especially with an aging work force, to be smarter about preventive care. For example, a heart attack will cost $100,000 or more in health care, he notes. But if you catch the problem early, you may be able to install a stint for $35,000 to $40,000 and avoid the heart attack.

"The money we spend will come back to us on the back end," Kuntz says. In so many ways – from health care to driver training to safety to liability insurance – that's a core philosophy at Watkins & Shepard. ■

ABOUT THE AWARD

CCJ launched the Innovator of the Year award in 2004 to recognize carriers for trying new things and succeeding. By soliciting nominations and investigating leads, *CCJ*'s editors recognize Innovators throughout the year and select one for special recognition as Innovator of the Year. Innovators considered for the current award were those recognized in the magazine in 2005.

Innovation in any aspect of the operation is eligible for recognition. To qualify, the carrier or private fleet must operate at least 10 power units in Classes 3-8 and maintain a satisfactory safety rating, if rated. Selection of Innovators for recognition is at the sole discretion of *CCJ*'s editors.

This year's award was announced and presented at the *CCJ* Innovators Summit, a networking event for previously recognized Innovators that was held Feb. 1-2 at the Hawk's Cay Resort in the Florida Keys. Representatives of innovative trucking operations shared best practices and updated one another on the results of their initiatives. *CCJ*'s Innovator of the Year program is sponsored by PeopleNet and Freightliner. For more information on the program, links to previously recognized Innovators or a copy of the nomination form, visit www.ccjmagazine.com and click on the Innovators tab in the upper right corner. Or contact Avery Vise, editorial director, at 800-633-5953, avise@ccjmagazine.com.

Agility at large

Pitt Ohio Express capitalizes on shipping trends and expands its labor pool by starting small

By Aaron Huff

Pitt Ohio Express
Pittsburgh
Responding to customers' needs, began using smaller equipment and recognized the potential to help further diversify its work force.

By offering a career path that starts with non-CDL equipment, Pitt Ohio Express is tapping a wider labor pool, especially women like Carolyn Rhoe, who joined Pitt Ohio from the U.S. Postal Service.

Photo courtesy of Pitt Ohio Express

In August 2004, Carolyn Rhoe — a former employee of the U.S. Postal Service — joined Pitt Ohio Express as a delivery van driver, a job that doesn't require a commercial driver's license. Recently, Rhoe earned a Class B CDL, qualifying her to drive a straight truck. Eventually, she plans to go through her employer's training program and get her Class A CDL and advance to a tractor-trailer combination.

"I plan on moving up one step at a time," Rhoe says.

Rhoe is one of many new drivers that have joined Pittsburgh-based Pitt Ohio Express since 2004, when management began operating delivery vans at its 21 terminals in the mid-Atlantic region. In addition to 25 Sprinter vans, which Rhoe first drove at Pitt Ohio, the carrier's fleet of non-CDL equipment includes 35 Ford F-800 delivery vans and 40 straight trucks. Pitt Ohio, which specializes in next-day and time-definite less-than-truckload service, also operates 633 tractors and 318 straight trucks that require Class A and B CDLs.

Maximizing productivity

Although smaller equipment has brought many people like Rhoe into the trucking labor force, that wasn't Pitt Ohio's initial motivation. Owner and President Chuck Hammel says his main reason for increasing the size of non-CDL equipment was purely economical — to lower costs and increase service in response to trends in customers' shipping patterns. Managers had noticed a steady drop in the average weight per shipment as more customers use just-in-time, zero-inventories scheduling, making shipments smaller and more frequent.

"We're not a package carrier because we have these trucks," Hammel says. "This is a result of what is happening with our customers."

To date, experience has shown that delivery vans can finish a route in half the time of straight trucks or tractor-trailers, due to better maneuverability in congested traffic and the capability to deliver freight directly to customers' doorsteps. Overall, the vans save 30 to 45 percent in delivery costs for the targeted shipment size of 200 pounds and under, Hammel says.

"The challenge becomes 'How do we look at our entire book of business, and separate those shipments that fit on the smaller trucks and have the right density to make it profitable?' " Hammel says. "You have to run an operation inside of an operation. That becomes a challenge."

Management chose its Pittsburgh terminal for an initial market study to determine how to incorporate delivery vans into its daily operations, says Dave Brehl, the terminal's manager. The company uses its inbound planning software system to identify shipments that weigh less than 200 pounds — the size managers felt would best fit the profile for van shipments. When they began the market study, Brehl says he was surprised to find that 25 percent of shipments fit into that category.

After freight bills are entered into the inbound load planning system, planners and dock workers identify freight and load the delivery vans overnight. Even with software to identify shipments, the freight selection process remains highly manual, Hammel says, because load planners have to consider customer demands. Quite a few customers do not want their freight separated from pallets or skids in transit and delivered at their doorstep.

"It's been in the test and concept phase, but now that results are coming in, we are planning on how we will roll this out more formally," Hammel says.

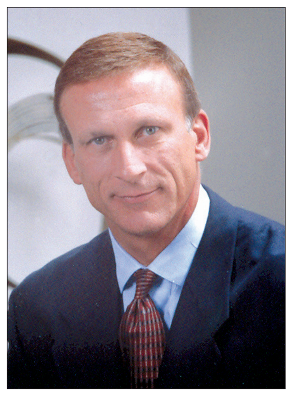
Diverse work force

Along the way, Hammel and other executives recognized the potential for delivery vans to help further diversify Pitt Ohio's work force, particularly by recruiting more women and minorities. They determined that part-time job opportunities would appeal especially to mothers who could begin work after their children boarded the school bus.

"With the huge driver shortage, everyone is competing for the same resources," Hammel says. "We thought we would open it up and look in other places."

To help publicize careers for women, the company in 2004 sponsored a player on Pittsburgh's National Women's Football Association team. "We are looking to do that again and perhaps even expand our reach to other cities with the same type of teams," says Candi Cybator, manager of marketing and public relations for Pitt Ohio Express.

To find qualified candidates, the company also partnered with Pennsylvania Women Work, a nonprofit organization that helps single parents and displaced homemakers find jobs. The company is looking for other sponsorship opportunities for events and organizations that support women in the workplace, Cybator says, as well as recruiting new drivers from the typical sources — driver schools and trade schools.



Pitt Ohio President Chuck Hammel's initial interest in smaller equipment stemmed more from trends in the shipping community rather than in labor.

Central to Pitt Ohio's driver recruiting efforts are its training and retention programs that offer employees a solid career path. Employees with good motor vehicle records can receive apprenticeship training to move from working at the dock to driving a delivery van, a straight truck and, ultimately, a tractor-trailer after earning a Class A CDL. Pay increases at each level, and workers are paid more per hour for part-time versus full-time employment, says Jeff Mercadante, director of safety.

"I'll bet we have 600 employees driving a tractor-trailer today who started on a dock," Hammel says. At Pitt Ohio, everyone has the same opportunity to advance their driving career. "I see a lot of women in trucks today and quite a few in the bigger trucks."

And as drivers move up, they tend to remain: The company's annual driver turnover is 5 percent — well below the 2005 turnover rate of 15 percent for LTL carriers, according to the American Trucking Associations.

Business intelligence

Until recently, when it came to finding ways to do things differently, executives at Pitt Ohio Express typically made managerial decisions on an ad-hoc basis. For example, increasing its fleet of delivery vans resulted from straightforward cost accounting and testing the concept at its terminals. Going forward, management now is using sophisticated business intelligence tools to catch trends early — and adapt and innovate faster than its competitors.

Over time, these business intelligence tools will play a key role in understanding freight characteristics and customer requirements for delivery van shipments, says Scott Sullivan, the company's vice president of information technology services. Each day on average, Pitt Ohio moves 12.8 million pounds of freight in 9,700 shipments for 2,600 customers in the mid-Atlantic region.

"In the future, we're going to need something to 'tag' shipments that potentially could be delivered on a Sprinter, but it's not clear yet if that's going to be determined by customer information, shipment detail logic or some combination of the two," Sullivan says.

To better anticipate customers' future needs, management recently created two internal groups to act as Pitt Ohio's research and development team. The first group, a Business Intelligence Competency Center, is composed of four people who use the company's business intelligence tools to "get inside data to understand customers better," Hammel says, "and to better predict where they will be going and where they will need us."

The second group, the Futures Committee, meets monthly to discuss business strategies and trends such as the buying patterns of the younger, next-generation work force, and how to tap new and emerging markets.

However, all of this planning and scheming is invisible to ex-postal worker Rhoe, who is just grateful for the results. Rhoe says she plans to work at Pitt Ohio "as long as they'll have me." ■

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DistTech
Newbury, Ohio

Crafted a new market strategy and corporate identity to become the primary provider of its customers' information needs as well as transportation.

As chief information officer, John Hazenfield works closely with DistTech's vendors to develop new technologies.

Photos courtesy of DistTech

A timely approach

With a new name and new strategy, DistTech builds closer ties with customers.

By Aaron Huff

Starting in 2000, Chief Executive Officer Richard Manfredi and other executives at Manfredi Motor Transit Co. began to rethink the company's market position. Established in 1932, the Newbury, Ohio-based company had a reputation as a reliable dedicated contract and common carrier for bulk liquid commodities. But today, customers view on-time, damage-free service as a given, Manfredi says. Quality transportation service simply is no longer a competitive edge.

As a result of this self-examination, Manfredi Motor Transit management determined that an opportunity existed not in delivering freight but in delivering information on a timely basis. One of the reasons many shippers were using third-party logistics companies was their competency in data analysis relative to traditional asset-based carriers.

"If you don't deliver metrics along with an on-time load, it is not considered a good load," says Craig Cullinan, vice president of sales and marketing.

So Manfredi Motor Transit built information management as a core competency, and to crystallize the transformation, the company in 2004 was renamed Distribution Technologies, Inc. — later shortened to DistTech. The name reflected the merging of reliable transportation service with real-time information technology, Cullinan says.

The name DistTech, Cullinan says, is a "great contraction of the fact that we are in the distribution business, but we have the underlying enabling technology that customers don't have access to."

Cullinan says that many customers came up short in technology for reporting and managing key metrics for transportation, despite investing millions in sophisticated planning systems such as SAP and PeopleSoft.

"They were sold on the promise of 'supply chain tools,' but the reality is they didn't get anything."

As part of the transition to the DistTech name and philosophy, John Hazenfield became the company's chief information officer, having previously been chief operations officer. In his new role, Hazenfield worked closely with DistTech's chosen technology vendors to develop new capabilities to meet its customers' information requirements.

"The great thing about John is he understands the technology, but more importantly, he understands what it means to customers," Cullinan says.

One service DistTech provides is visibility to its own internal customer account managers and its customers of key performance metrics. DistTech tailors these metrics to help customers reduce the total cost of transportation in their supply chain, Cullinan says. These metrics are designed to monitor what DistTech said it would do, how it actually performed, and how it will improve. DistTech offers a menu of typical metrics but can develop new reports and metrics to match the needs of customers and prospects.

As a liquid bulk carrier, one key metric is the delivery cost per gallon. Using this metric, customers can judge DistTech against other actual or would-be providers. "It forms a pretty good foundation for partnership," Cullinan says. "We are now having many more fact-based discussions."

Another useful report is an "outbound frequency distribution report" that shows a customer how orders were distributed during a week. For example, DistTech may have hauled 50 loads for the customer in one week, but the loads may have been scheduled unevenly, such as 15 on Monday, 15 on Tuesday, and 20 Wednesday, with none on Thursday and Friday. If the customer changed to 10 loads a day in a five-day workweek, it could improve efficiency and decrease costs.

One of DistTech's tools for offering customers visibility to its metrics is a secure online portal, called eStat, from TMW Systems. Using the portal, customers can tender loads and access real-time information such as shipment tracking and reporting of key metrics. "We open up our database," Cullinan says.

In addition to the website, Hazenfield says DistTech shares custom reports and other data back and forth with customers using file transfer protocol (FTP) and electronic data interchange (EDI). Overall, the company exchanges information electronically with about 95 percent of its customers, he says.

Another strategy for DistTech is tailoring its technology to help its customers' customers. For example, one shipper uses DistTech's website to manage all of its own orders from customers (consignees) from order entry through billing, Cullinan says. The shipper's customers use DistTech's website to place orders for a specific product and number of gallons. The online order template features drop-down menus and pre-populated information. In effect, DistTech's website frees the shipper from having to re-enter customer orders or arrange its own transportation.

Since launching a new market strategy in 2004, DistTech has not looked back: Revenues are up by 20 percent and its dedicated contract carriage business has nearly doubled.

"For example, we know that this customer signed on and ordered this product for the Albuquerque plant, where it was sourced from, and the actual product they want," Cullinan says. "We do all the transportation around it, send the information off to our customer, and create the billing for it."

Another value-added service DistTech can provide is vendor managed inventory (VMI). With a VMI arrangement, a convenience store, for example, would no longer issue a purchase order each time it orders gasoline. Its supplier would automatically track inventory usage at the retailer electronically with floating tank sensors (also known as telemetry).

By tracking actual demand data in this fashion, a supplier — a DistTech customer — could arrange for the data to go directly to DistTech, which would arrange transportation for the specified product reorder points and quantities. DistTech also captures and reports all necessary billing information for the supplier for the actual number of gallons delivered each month, for example.

"[Shippers'] CFOs love that," Cullinan says. "I've spent more time collaborating with CFOs than in the past."

One of DistTech's largest customers is Degussa Admixtures Inc., part of Degussa AG, which is a multinational provider of specialty chemistry products. DistTech manages about 100 pieces of equipment for Degussa and staffs employees on site who handle all of the company's information needs, says Mike Maloney, program manager for the Degussa account.

DistTech has reduced Degussa's billing cycle time from one week to less than two days, Maloney says, by working with its vendors to develop the wireless technology necessary for drivers to input delivery information — customer order number, product code and quantity delivered — at each delivery point in multi-stop loads. DistTech uploads all delivery information to Degussa for billing within 24 hours of delivery, Maloney says.

As another example of real-time information, DistTech is implementing Coriolis mass flow meters in its tank trailers, which eventually will automate the reporting of gallons delivered to Degussa's customers. The actual gallons dispensed from its trailers will be sent automatically and wirelessly to the back office, Maloney says, to improve billing accuracy.

"In today's world, the only guaranteed capacity is dedication," says John Casto, distribution manager for Degussa Admixtures. "That is extremely important to us in the service building industry, which is very famous for last-minute requests and deadlines. Because of our relationship with DistTech, we have the mechanism and infrastructure in place with all the communications to get real-time information to make real-time decisions."

Since changing its name, DistTech has shifted the majority of its business to dedicated contract carriage (DCC) work, as in the Degussa example. In 2004, about 65 percent of its revenue was from common carrier work with 35 percent from DCC, Cullinan says. Today, these numbers have reversed to 65 percent DCC and 35 percent common carrier work. Total revenue during the same period has grown by more than 20 percent, he says.

"This change was the result of deeper integration requests from customers," Cullinan says. "Basically our customers wanted us to assume more functions besides just basic transportation." ■

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Trucks Inc.
Jackson, Ga.

Approaches employee health with the same risk management and asset preservation mindset that it brings to safety and equipment management.

A healthy balance

Georgia carrier Trucks Inc. incorporates employee health into risk management.

By Avery Vise

When Frankie Willis joined Trucks Inc. in 1990 as co-owner and president, she knew little about trucking; her career had been in banking. But the company, which had been in business since 1983 as a leased fleet, obtained its own operating authority in 1992. And with co-owner Bill Myles focused on sales, Willis basically became safety director overnight.

Willis' lack of trucking experience may have been a blessing. Without the preconceptions that might hamper veterans, she adopted a philosophy that drivers aren't just workers but rather assets to be protected and cared for. And in Suzanne Jarman, who joined the company in 1994 from a similar financial background, Willis found a colleague who saw things the same way.

"Suzanne had the same philosophy that I had to focus on the driver," Willis says. "If we can keep them stable, issues like turnover take care of themselves."

Turnover was less than 20 percent in the early days and remains below 30 percent. That's particularly impressive considering Trucks Inc.'s growth: The regional truckload carrier had about 40 trucks when it got its authority and grew about 40 percent a year for the first four years. Today, it operates about 320 trucks, but it still doesn't have a recruiting department; virtually all hires are through word of mouth.

Willis is proud of Trucks Inc.'s safety record – the company has received annual safety awards from the Georgia Motor Trucking Association for the past 11 years – but she questions why some trucking companies that focus intensively on highway safety treat driver health as none of their business. Liability insurance providers insist that motor carriers implement programs to manage safety and control loss, but except for workers' compensation mandates, trucking companies don't seem to do much about healthcare costs.

Photos courtesy of Trucks Inc.

With co-owner Bill Myles (left) focused on sales, Trucks Inc. President Frankie Willis (right) brought a non-trucking perspective to safety and risk management, including the notion that companies should consider employee health just as much a part of loss control as highway safety and equipment management.

Driver wellness is as much about risk management and loss control as driver skills training or truck maintenance, Willis says. "We spend all of this money to manage this unit that costs $80,000. We saw an opportunity to do this with each employee."

Throughout the 1990s, Trucks Inc. had paid dearly for a fully insured health plan with annual increases of 20 to 40 percent. About five years ago, however, the company went to a self-funded health benefits program backed up with an umbrella policy. "If we were going to spend our own money on health, we wanted to opportunity to participate in savings," Willis says.

Willis sees the risk in terms that go beyond dollars, however. "You can replace a tractor easily. Replacing a good, honest, safe, healthy driver is pretty difficult."

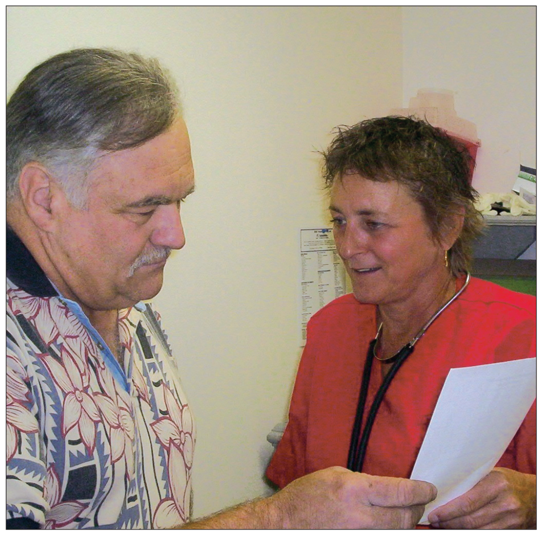
Detection and education

Recognizing that early detection and treatment is critical, Willis hired a consultant to train Jarman – who is vice president of safety, operations and human resources – along with herself and other office personnel who interact regularly with drivers on how to recognize warning signs of stress, diabetes, high blood pressure and other health risk conditions. Also, Trucks Inc. several years ago shifted to an annual Department of Transportation physical rather than the two years DOT requires. Annual exams catch problems faster, and the additional expense turned out to be fairly small. "We had a large number of people who had high blood pressure and diabetes and were having to get annual cards anyway," Jarman says.

Since the company switched to the annual physical exam, Jarman estimates that the savings in healthcare costs alone – not to mention lives saved – are more than $250,000. Successes in early detection include two cancer cases, five pre-heart attack conditions and a number of pre-diabetes conditions, she says.

Success stories are encouraged to spread the word, although Willis and Jarman usually don't need to ask. "We joke that word travels faster by CB than by telephone," Jarman says. Still, each driver safety meeting involves a discussion of health issues, including a driver testimonial if possible.

Self-awareness is another important tool. Several years ago, Jarman asked all employees to complete a personal health risk factor assessment – an extensive questionnaire on lifestyle factors that calculates age in terms of health rather than years since they were born. "It was amazing to see the number of people who were 10 to 20 years older in health age than their chronological age," Willis says.



As part of Trucks Inc.'s proactive approach to health management, driver Sam McAllister receives a health evaluation from Karen Hearn, who works for healthcare provider Occupational Health & Support.

The company uses safety meetings and other opportunities to promote healthy lifestyle choices that might detect potential problems before they begin to escalate. "Smoking is the leading cause of some of the big problems our drivers face," says Jarman. So the company pays for the first round of a smoking cessation program and offers discounted access to further treatment, such as patches or even hypnotism.

Willis and Jarman like to keep health education simple. They might bring in cans of Crisco and bottles of olive oil to make a point about saturated fats, for example. Realizing that drivers' lives are in truck stops, they bring in menus from truck stop restaurants and circle the items that are lower in fat.

"We accept that fact that it is tough," Willis says. "They don't have a chef with them all the time like Oprah does."

Individual attention

The outreach is important, but Willis and Jarman believe their approach to employee wellness truly works because it's managed at the employee level. Health management and claims prevention are part of the job description for Trucks Inc.'s four safety professionals, Willis says. "The safety department maintains a lengthy profile on each driver that includes health issues. Anybody who has a significant problem, it's a managed case."

This kind of individualized management might fail at some trucking companies due to drivers' objections over the intrusion. But Willis and Jarman think it works because of Trucks Inc.'s culture of respect for the driver from upper management to dispatchers to maintenance.

"We have a very personal environment here," Jarman says. "We get very little resistance. When it does occur, it's more about being afraid of doctors than about us interfering with their lives. We have not had anybody who hasn't come around."

Still, Trucks Inc. isn't reckless or naïve about the legal landmines. "We have gotten counsel on the forms we use and questions we ask," Jarman notes. "We are cognizant of Americans with Disabilities Act limitations," Willis adds.

Willis believes Trucks Inc.'s proactive approach works because drivers accept the company's fundamental reason for doing it. "We tell them: The No. 1 reason we don't want an accident is that we need you. And the No. 1 reason we don't want health problems is that we need you. If we can get their understanding that we care about them, they actually want to do it."

Through it all, management tries to keep things fun. "There is so much stress out there that we try to make this place pleasant," Willis says. "I think that laughter is a cure for insanity." ■

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Gordon Trucking Inc.
Pacific, Wash.

Develops human resources by hiring for management potential rather than for skills and experience needed for a particular position.

People power

Washington carrier builds management team by focusing on talent, not just proficiency.

By Avery Vise

Two decades ago, Gordon Trucking Inc. made a name for itself as a leader in customer-friendly equipment spec'ing. In 1986, the Pacific, Wash.-based truckload carrier worked with its trailer supplier to offer Western shippers 114-inch high cubes. Others followed, and the spec today is pretty much standard. Four years later, the company again led the way by introducing a 53-foot tri-axle trailer that could accommodate 46,500 to 53,000 pounds of freight.

Today, the 1,200-truck company continues to pursue innovation. But perhaps reflecting its maturation and growth, Gordon Trucking today focuses considerable attention on systems and people, says Steve Gordon, chief operating officer.

The core of Gordon Trucking's human resource strategy today is a focus on personal qualities that allow for professional growth rather than on just the skills and experience needed for a specific job opening, Gordon says. "We believe in moving people around."

Gordon Trucking traditionally had filled its positions in operations by hiring people with experience from other companies or by moving drivers or maintenance associates into operations. "However, we found that after some amount of time in a job, we had folks who – while proficient at their prescribed role – could not be promoted to management or moved to other roles outside their given silos," Gordon says.

In a static operation, that situation might be acceptable. But with annual revenue growth averaging about 10 percent and the company looking to open more terminals and expand beyond its West Coast base, management saw a real problem. "We needed to develop personnel for terminal management roles, operations management, on-site customer management and outside sales positions, and we found few folks ready for those challenging positions."

So about five years ago, Gordon Trucking began rethinking its staffing philosophy for operations and management with the goal of promoting more flexibility and upward mobility. "We instituted a much more robust interview and evaluation program than we had previously," Gordon says.

During the hiring process, four Gordon Trucking managers from different departments conduct a structured interview that probes for a fit in various dimensions, such as leadership, communication, delegation, management control, creativity, critical thinking and so on. "We believe that if we can find people with a strong aptitude in these various dimensions, we'll have well-grounded leaders for the future and can teach them the mechanics of our business."

Hiring for professional character rather than minimal job skills sounds good in theory, but what happens when a department desperately wants to fill an opening? Under Gordon Trucking's process, all four interviewers must approve of the candidate before there's a job offer.

"We've found that having four evaluators helps balance any individual department's viewpoint and need for personnel, and we get away from the 'panic' hire to fill an open slot," Gordon says.

Gordon Trucking's first hire under this program five years ago recently had graduated from college. He started working in operations on the support shift during initial training. Soon he took over management of dedicated drivers for the company's largest customer. From there he moved into planning the Puget Sound region – a complex in which Gordon Trucking operates a variety of local, dedicated, over-the-road and specialized equipment.

"We saw exactly what we found in the interview process – professionalism, critical thinking ability, comfort with technology, good communication skills and great follow-up skills," Gordon says. "When we had an opening in operations management last fall, he became the natural choice to move into the role overseeing our largest market in Southern California, and he is continuing to do an outstanding job."

Another success story was a young woman who also was hired right out of school. After following a similar training track, she was managing a fleet of owner-operators. "You can imagine how that went over at first with a group of crusty old veteran drivers, working with this freshly graduated college girl," Gordon says.

"It didn't take long for her to win them over, because she was extremely capable, and very empathetic to their needs for miles and home time." Eventually, this manager approached senior management in search of greater challenges. After some additional assignments, she moved into human resources and now helps recruit new associates, many with the same background as hers.

Requiring a unanimous decision of four evaluators helps ensure that Gordon Trucking hires "well-grounded leaders" and not just people to fill slots in a hurry, says Steve Gordon, chief operating officer.

Gordon Trucking also tries to provide some career options for its drivers. Turnover runs about 55 percent, which isn't too bad for a carrier its size. It helps that almost two-thirds of the company's freight is drop-and-hook and most of the rest is done by lumpers on a direct-bill basis. So about 99 percent of freight is no-touch. "The other thing that appeals to our drivers is the safety focus," Gordon says. The company employs 93 drivers who have accumulated a million safe miles.

"We generally don't lose drivers to other truckload guys," Gordon says. But more local and regular operations do compete well for Gordon Trucking's drivers, who often cite home time as a reason for leaving. That's one of the reasons the company is trying to increase the share of dedicated business within the company.

But just having local and dedicated options isn't enough. Drivers may leave without even realizing that there may be alternatives. So operations personnel look for signs in telephone conversations and text messages that drivers may want or need a temporary or permanent change. That kind of awareness at least gives the company a chance to intervene and attempt a solution, Gordon says. "We don't ever want to be surprised by a termination."

The proactive approach has yielded some notable retention stories, including a driver who had been the 2005 Washington State Truck Driving Champion. He was frustrated about spending a week away from home at a time, and Gordon Trucking was able to move him to a high-frequency shuttle operation between Pacific and a customer in northern Oregon. The driver recently told Gordon that he plans to work the shuttle until he retires in 15 years.

While Gordon Trucking has focused much attention in recent years on human resource development, the company remains fully engaged in solving problems through equipment management. Fuel economy is important, of course, and Gordon Trucking is making the same moves as others to address fuel costs. But it also recognizes that one of the most important factors is the truck driver. So in June, the company held a fuel efficiency driving contest at its Medford, Ore., terminal to focus attention on the issue. Drivers competed on a five-mile course, with the winner taking home a television.

But today's biggest equipment management challenges may lie in responding to environmental regulations, including state and local anti-idling laws and, especially, the next round of engine changes because of the Environmental Protection Agency's emissions rules.

"Engine technology is almost rivaling drivers as the No. 1 challenge," Gordon says. For years, the trend had been for equipment to become more cost-efficient, and customers got used to those efficiency gains, he says. Now, fleets are grappling with pressures in the other direction.

Like many fleets, Gordon Trucking is taking advantage of the window of opportunity before 2007 by buying about 300 trucks this year. But the company also is taking a cue from the environmental movement: It's recycling. Gordon Trucking will rebuild engines and otherwise upgrade about 200 pre-2002 trucks rather than replace them. Other fleets are doing this as well, but Gordon Trucking probably can do it more easily on a large scale than fleets of a comparable size because the company's owners also own a truck dealership.

Each day, Gordon Trucking Inc. tries to live up to the headline of its mission statement: "Growth Through Innovation" – a play on GTI, the company's acronym. ■

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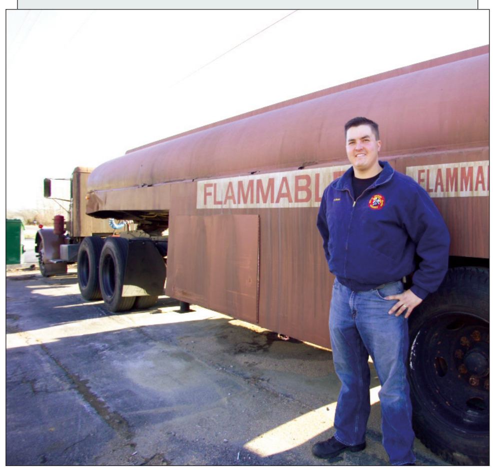
Bruno's Services LLC
St. Louis

Uses significant financial incentives to encourage drivers to treat equipment as if it were their own.

Piece of the action

St. Louis trucking company strives to change drivers' attitudes about equipment.

By Avery Vise



Photos by Randy Grider

Dan Bruno, who purchased this original rig from the classic Steven Spielberg film "Duel," believes drivers will take better care of company trucks if a substantial reward is involved.

For Dan Bruno, the final straw came last year. A driver who was dissatisfied with being assigned one of the older trucks operated by St. Louis-based Bruno's Services really trashed it. Although the truck was 15 years old, it was in great shape – save some chipping of the finish's clear coat. More to the point, the company had just installed a brand new clutch and flywheel.

"In three weeks, he had burnt out the clutch," says Bruno, co-owner with his wife Lauren of the small trucking company, which hauls construction materials and equipment in the St. Louis region. The carrier operates seven of its own power units and leases another 15 from other truck fleets and owner-operators.

Not surprisingly, that particular driver no longer works for Bruno's Services. But while his abusive driving and careless attitude might be extreme, the company had experienced problems with other drivers acting in ways that inflicted unnecessary damage. Some drivers would go through clutches in 20,000 to 30,000 miles, Bruno says. Others would pop tire sidewalls on scales. "A number of drivers had a complete attitude of indifference." Their view would be that there was no real incentive to care.

Bruno sees punishment as an ineffective and counterproductive response. In rare cases – such as the clutch-burning driver – Bruno has resorted to termination, but it's tough to start over with a new driver who might not be any better. Nor does Bruno believe in deducting equipment damage from a driver's regular compensation. "Docking pay has a lot of negative consequences," he says. Drivers get upset and may even look to get even.

Still, after Bruno had to replace a clutch and flywheel that were only a few weeks old, he vowed to do something more significant to manage the problem of equipment abuse and negligence.

Keeping equipment in good shape had figured into drivers' yearend bonuses in previous years, but it simply wasn't enough to get drivers' attention. So Bruno devised a new plan, which he disclosed to his seven company drivers last year.

Starting in January of this year, Bruno's Services set aside in its accounts a sum of money for each driver. The amount varies based on years of service but caps at several thousand dollars. Throughout the year, the company has been counting against that amount damage to the truck that isn't routine maintenance, normal wear and tear or design or manufacturing flaws – in other words, foolish things the driver should have avoided. At the end of the year, Bruno will sit down with each driver, discuss the deductions and give him a check.

For several reasons, Bruno isn't telling drivers the amount of the incentive upfront. First, he doesn't want to run the risk that drivers will see the amount as too low. But more important, he wants them to think of the incentive as a reward and not part of normal compensation. "It's our money to start with; it's not their money," Bruno says. If the driver knows the precise amount, he may mentally add that to his annual pay and feel entitled to it, thereby missing the whole point.

What Bruno has told drivers is that if they do their best to minimize unscheduled maintenance, they stand to receive a financial reward that is significantly higher than in past years. In addition, since Bruno is expecting more from his drivers in the care of equipment, he's worked to give them better equipment to care for; Bruno's Services spent much of the winter reconditioning and updating its equipment.

Has the incentive worked? Bruno, who also works full time as a highway incident management engineer for the Missouri Department of Transportation, hasn't had the opportunity to conduct a detailed analysis of the first eight months of the program. Regardless, he knows it's working. Bruno's Services' spare truck has been needed only once this year, and drivers are giving the carrier's technician considerably more feedback and early warning on maintenance problems. If there has been a problem, it may be too much feedback, Bruno says. "The drivers have done their part. There has been a major change in attitude."

Bruno believes that docking drivers' pay for equipment abuse is ineffective and counterproductive.

Perhaps the most definitive measure of the program's success is that the company technician has had some spare time this year to tinker with Bruno's two pride trucks – a replica of a truck from the trucking movie "Convoy" and an original rig from the classic Steven Spielberg film "Duel." Bruno, who still drives on rare occasion, bought his first truck when he was 18 and restored it.

"There has been a major change in attitude."

– **Dan Bruno**, co-owner, Bruno's Services

While drivers may not know the scope of the incentive now, after this year they surely will have some expectations. Bruno may throw them a curve, however. For next year, he's considering increasing the starting incentive but then charging drivers for downtime and the lost opportunity to cover overhead due to foolish errors and misdeeds.

A good example of what Bruno has in mind occurred when a Bruno's Services driver stopped on an overpass in the middle of Interstate 44. With the service call and other delays, the incident resulted in more than four hours of downtime. What had happened? The truck ran out of fuel. The driver claimed that he just thought the fuel gauge was broken. It wasn't; it showed the tank as empty. In the future, the opportunity cost of such an inexcusable event might come out of the driver's incentive bonus.

By continuing to develop the incentive program to reflect the true impact of drivers' decisions, Bruno hopes to instill an ownership mentality in his company drivers and prepare them for advancement. "I would like to see full-time drivers understand the dynamics of the trucking industry so they might one day become owner-operators and lease on with us."

And Bruno is pursuing some creative incentives for his current leased operators. For example, some Bruno's Services customers guarantee payment in one week – provided they receive the necessary paperwork. So Bruno is looking at giving back some of the commission it charges leased operators, provided that all paperwork is submitted promptly and the operator meets other standards of service.

Equipment abuse among Bruno's Services' leased operators technically isn't Bruno's worry, of course, although Bruno's Services maintains through its contract as much control as it legally can over the service and equipment provided on its behalf. Within St. Louis' commercial zone, the kind of hard lease Bruno's Services uses for its independent contractors is the exception, as many fleets can hire local operators who have no authority at all. But given the kind of legal and public relations problems a customer might face if an unregulated truck operator were involved in a catastrophic accident, Bruno is promising superior service.

"We're trying to overhaul the trucking industry one truck at a time." ■

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A million-dollar offer

Swift Transportation thanks its best drivers like never before.

By Aaron Huff

Swift Transportation
Phoenix

Developed a driver appreciation program around the award of $1 million to one driver who was among the carrier's safest, most productive and most compliant with federal regulations.

Robert Goar, left, was the grand-prize winner of Swift Transportation's Thanks A Million driver appreciation program. Goar and his wife, Mary, received a check for $1 million from Swift Chief Executive Officer Robert Cunningham.

At Swift Transportation's corporate office in Phoenix on Sept. 12, several "fantasy" banners and signs were on display around the premises. Judging by the appearance, driving for Swift might have given you the chance to end up far from the highway.

"Trade the open road for the open seas," and "Goodbye fuel islands, hello Hawaiian Islands" were two of several fantasies drivers encountered on their way in and out.

That same day, Robert Goar from Whittier, Calif., suddenly became wealthy enough to make those dreams a reality. Goar received a check for $1 million – less payroll taxes, of course – when he became the grand-prize winner in Swift's new driver appreciation program, Thanks A Million. Nine other finalists received $10,000 each, and the runner-up, Cosmas Lowate from Denver, also received the use of a new, custom-spec'd tractor for 12 months.

Swift presented these awards 12 weeks after launching the Thanks A Million program in June. As for why Swift chose a program that cost well over $1 million, Robert Cunningham, chief executive officer, explains that he wanted the award to be "big enough to adequately express our appreciation for the great job they do."

"This was a way for us to really thank drivers for all of their hard work," Cunningham says. In years past, Swift has given away pickup trucks and Harley Davidson motorcycles for other driver appreciation and incentive programs. This time it had to be different. "We really thought it was important to set a new standard above and beyond what was done previously for the men and women who deliver our customers' freight," he says.

Rewarding the best

Aside from thanking drivers for their service, the structure of the Thanks A Million program encourages safe, compliant and productive driving. All of Swift's 20,000 drivers were eligible to participate in the program. Drivers could earn vouchers by meeting a minimum set of safety and regulatory requirements that included no preventable accidents and the completion of all required driver logs. If those requirements were met, drivers could earn one voucher for every 500 miles driven during the 12-week period. And, of course, drivers would have to stay the whole 12 weeks, so the Thanks A Million program obviously worked at least indirectly to promote driver retention.

Drivers could increase their chances by earning more vouchers and could track their progress by logging in to the Thanks A Million program through a link in Swift's website or through the company intranet at kiosks located in company facilities. During the 12-week period, the company collected more than 434,000 vouchers, Cunningham says.

The week prior to the awards ceremony, the 10 finalists, including the grand-prize winner, were selected at random by a public accounting firm. The drivers then were notified and flown with a guest to Phoenix on Sept. 11 and transported by limousines to the Marriott Camelback resort in Scottsdale.

On the morning of Sept. 12, the finalists arrived at Swift's corporate headquarters. They were led onto a stage by a marching band from a local high school amid thunderous applause from drivers, mechanics and administrative staff in the audience.

Michele Calbi, Swift's vice president of procurement and shop operations, led a 20-member team that planned and executed the event. Along the way, everyone involved in the event's planning – as well as managers throughout the company – gained a better realization that "without drivers, we would have no company," Calbi says.

"You can never say 'thank you' too much or too often," says David Berry, vice president of Swift. With signs all through the Swift transportation network serving as a reminder, Berry says "we all expressed our gratitude to drivers in new and different ways."

At the awards ceremony, Cunningham presented each finalist with a $10,000 check, leading up to the top award to Goar.

"It is unbelievable," Goar said later. "I'm still in shock."

One more time

Surprisingly, Goar hadn't even paid much attention to the contest until the week before his big win, when he was notified he was going to Phoenix as one of 10 finalists. "A lot of things have been happening really fast."

Goar is not the only one who admits the Thanks A Million program didn't catch his attention until he was picked as a finalist. At a dinner with the drivers and their guests on the evening of Sept. 11, Cunningham says several finalists amazingly had expressed doubts that the Thanks A Million program actually was for real. For example, Melvin Dawkins from Lancaster, Texas, says the first time he gave serious thought to the program was when his driver manager sent him a message congratulating him on being a finalist.

The company has many driver benefits and retention programs such as driver comfort zones, regional and dedicated hauls, and pay and benefits, Berry says. For this reason, Berry says he understands the insignificance that the program had for some drivers.

"This is the first time for drivers and for the industry," Berry says. As a publicly held company, Swift must be particularly careful about the nature of information it chooses to release and in what manner, so Swift isn't announcing specific numbers or percentages as to what difference the program has made to any performance metrics. "Early results are very encouraging," Berry says.

Berry acknowledges, however, that Swift has seen enough benefits from it to spend more than $1 million to run the program again. The next millionaire and finalists will be announced in January 2007.

This time, Cunningham anticipates that the awareness and excitement will be significantly greater as the news spreads through the company intranet and by the 10 winners themselves.

"The next go-round, people will be paying a lot more attention to what (vouchers) they've got and their chances," he says. "The program will take on a whole different degree of reality."

During their stay in Phoenix, the 10 finalists in Swift's Thanks A Million driver appreciation program were transported in grand style by Hummer limousines.

Continuing the program past January will depend on factors such as driver retention and productivity, as finding and keeping good drivers is the most difficult task Swift faces, Cunningham says. "Retention is key," he stresses. With six months of data in January, Cunningham says the company will have a better understanding of the true impact the program has had on factors such as retention, productivity, safety and customer service.

A veteran driver, Goar has been with Swift for about two years as a driver and driver trainer. Although Goar may have had the same performance with or without the $1 million incentive, the Hawaiian Islands and the open seas will have to wait for now. Reality set in moments after receiving his big check.

"It is a lot of money, but not enough to retire on," Goar says. "But it changes my whole attitude." ■

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Floyd & Beasley Transfer
Sycamore, Ala.

Created a successful performance-based driver pay plan using a driver scorecard.

Barry McGrady, Floyd & Beasley's vice president of IT, says drivers have become more interested in keeping track of and improving their revenue and performance since the company switched to a performance-based compensation plan.

Paying for value

Alabama carrier pays drivers on varying scales based on performance in key areas.

By Aaron Huff

Three years ago, Floyd & Beasley Transfer Co. began to offer a safety bonus to drivers with no accidents or incidents during a six-month period. However, a flaw soon became obvious: If a driver had a minor incident in one month, there was no incentive to be safe for the rest of the period.

"It was an all-or-nothing program," says Barry McGrady, vice president of information technology, payroll and benefits for the 200-truck carrier based in Sycamore, Ala.

To address the problem, management implemented a scoring system to award drivers a percentage payout on the bonus, McGrady says. The percentage was calculated using a driver's score divided by the maximum score possible for having no incidents and violations during the period.

This formula may not be groundbreaking, but it set the stage for Floyd & Beasley's next move. Based on the experience with variable pay, the management team — including President Jeff McGrady, Chief Financial Officer Mark Payne and Barry McGrady — decided to try building a whole new driver compensation program that paid drivers differently based on performance. The goal was a system that:

- Rewarded the highest producers without also rewarding the lowest;
- Attracted strong performers;
- Gave drivers an incentive to improve performance; and
- Paid for itself.

A driver scorecard would be the foundation of such a program.

The first step was settling on a single, standard formula for ranking drivers by their performance and contribution to the company. For the sake of simplicity, management decided on four categories of scoring "buckets": average weekly revenue, fuel compliance percentage, accident and incident ratio, and violations ratio. Floyd & Beasley then identified the source of the data for each bucket and the weight to give each in the overall compensation formula. The final step was to develop a pay scale around the scorecard system. Every six months, drivers would be reevaluated on that scale, giving them a chance to raise – or lower – their pay rate.

Weekly revenue per driver comes directly from a report in the company's enterprise fleet management system. For each six-month measurement period, management sets a goal for what average weekly revenue should be. "We don't set the goal low — we set it high where we want it to be," McGrady says. A driver's score is calculated by multiplying the percent of the goal the driver obtained for the period by 500.

Fuel compliance percentage is obtained from a fuel optimization program the company uses. The program automatically tracks the number of gallons a driver purchases in network, and compares it to the optimal number of gallons calculated by the fuel optimizer to get a compliance percentage. This percentage is multiplied by 250 points to get a score.

Floyd & Beasley uses a homegrown safety application to assess driver safety and compliance. The formula compares miles run free of accidents/incidents and those run free of violations against the number of miles typically run in a period. The resulting ratio for accidents/incidents and for violations is then multiplied by 150 and 100, respectively.

The total possible score for all four buckets is 1,000 points, with pay scale breaks at four different levels. A driver who scores 925 or greater receives Level 1 pay; Level 2 pay is 825 to 924; Level 3 is 650 to 824; and anything below 650 is Level 4.

To manage the scorecard program, McGrady designed an application using Microsoft Excel that captures data from the different sources into four separate tabs, or worksheets. He designed each worksheet to calculate driver scores for each bucket. A fifth worksheet extracts pertinent data from each of the score buckets into one scoreboard.

Driving results

When Floyd & Beasley announced the program to drivers in July 2005, its current pay rate was equal to the pay rate established for Level 3, McGrady says. Each level represents 2 cents a mile, so drivers could receive a raise of 4 cents per mile by scoring at Level 1. On the other hand, drivers who scored at Level 4 faced a cut in pay of 2 cents per mile.

The overall driver reception to the new pay plan was very positive, McGrady says. Many drivers were interested in where they stood and anxious to make the extra effort to qualify for a raise in 2006, he says.

Before announcing the program, Floyd & Beasley already had been using the scorecard to measure performance for one month. "When we first started, we had more [drivers] at the bottom two levels than at the upper levels," McGrady says.

The company launched the compensation plan in October 2005, giving drivers an initial three-month period to earn a score and set their compensation level for the first six months of 2006. After this initial period, performance in one six-month period sets the compensation for the next six months.

Newly hired drivers are assigned a level that managers believe is commensurate with his experience and work record. For drivers to qualify for a raise, drivers have to work for a minimum of two months prior to the start of a period.

After nearly one year of using the new compensation program, McGrady says the results have exceeded all expectations. Driver turnover remains far below the industry average in the 20 percent range. Revenue has increased and in-network fuel compliance has jumped from 55 to 92 percent. "That blew me away," McGrady says. "I knew it would go up, but it has jumped to 92 percent consistently."

Drivers now focus more on the business and their performance.

McGrady also has noticed greater interest from drivers in the business, greater effort to improve their performance, and less bickering about pay. "What we found is that drivers are interested in keeping their performance high. They check with us to see 'How is my revenue looking, and what is my performance?' "

The scorecard also has enabled management to be more proactive during each measurement period. Every two months, McGrady runs an "internal checkup" to look for trends in any category. "If we see a big decline, we'll call that driver," he says. "We manage by exception."

Having a ranked list of drivers in a scoreboard also gives management a good starting point to analyze other areas of performance that are not included in the scoring system.

"We use [the scorecard] to manage the ones that are not scoring where we want them to be — that's where we start digging," McGrady says. "We not only look at the four areas, but we look at other areas such as miles per gallon, idle time, or start looking to see why revenue is so low. We might see they are idling 60 percent of the time, and not delivering loads on time. Or there might be a problem with a shipper delaying them."

Since using the scorecard, more than 50 percent of drivers are now at Level 2 and higher, McGrady says. The system also has enabled the company to raise the pay rate by 4 cents per mile with minimal investment due to paybacks from fuel savings and increased revenue.

This significant increase in top pay, which is available to drivers at any level of experience or tenure after as little as two months employment, also is an effective recruiting tool, McGrady says. "For what it cost us to do a 4-cent raise for the people that qualify, we would have only been able to give everyone a 1-cent raise [without the program]." ■

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Decker Truck Line
Fort Dodge, Iowa

Worked with various parties to establish a real-world test of biodiesel in heavy-duty trucking applications.

Homegrown solution

Iowa carrier puts biodiesel to the test in a two-year study.

By Avery Vise

A little more than a year ago, Dale Decker worked as a lobbyist for the Iowa Motor Truck Association, advocating state legislation of interest to Iowa trucking operations. One of the major bills the Iowa Legislature was considering was a renewable fuels infrastructure bill, and IMTA's interest was ensuring that biodiesel production facilities complied with quality assurance standards set by ASTM International (formerly the American Society for Testing and Materials). IMTA didn't want to encourage the sale of biodiesel that would perform badly or even damage trucks. "Our main concern was that bad product not be sold to the trucking industry," Decker says.

As Decker worked the legislation, he learned a great deal about biodiesel and made numerous contacts among groups pursuing biodiesel, such as the National Biodiesel Board and the Iowa Soybean Association. It wasn't surprising that biodiesel was popular in an agricultural state like Iowa, which would benefit financially from the increased demand for products like soybeans. But nationally, interest in biodiesel also was growing, in part because of skyrocketing diesel prices and concern over dependence on foreign oil. Indeed, by October 2005, even the American Trucking Associations had endorsed biodiesel in blends of up to 5 percent. A few states were beginning to mandate the sale of biodiesel to some degree, and others are offering tax breaks and other incentives for its production or use.

Fast forward a few months to the summer of 2006. Decker now is back working with his family-owned trucking company, Decker Truck Line, a Fort Dodge, Iowa-based carrier operating more than 600 power units. The trucking company had been considering biodiesel to a limited degree when Decker was approached by the Iowa Soybean Association about conducting a demonstration project in conjunction with Iowa Central Community College.

Decker – the trucking company's director of industry and government relations – was receptive. In fact, during the lobbying over the renewable energy bill, he and others at IMTA had tossed around the idea of conducting some kind of test program for biodiesel in trucking.

So during the summer of 2006, Decker met with representatives to establish a protocol and logistics of a demonstration project in which Decker Truck Line would operate equipment in a manner that would allow for a valid comparison of biodiesel and normal petroleum-based diesel. Iowa Central – led by Don Heck, who heads the college's biotech and biofuels technology programs – would support the test by performing the necessary lab work and recordkeeping to assess engine wear, fuel consumption, maintenance costs and so on.

Decker Truck Line, Iowa Central and other backers of the program announced the initiative in a news conference Oct. 31. The actual test had begun a few weeks earlier.

For its part, Decker Truck Line eventually plans to operate at least 20 trucks in the test – 10 using biodiesel and 10 using petroleum-based fuel. The two groups of trucks will run on the same routes with the same lanes so that the test can focus on the differences between diesel and biodiesel. "The only variable is the fuel," Decker says.

The trucking company is using a 20 percent biodiesel blend, commonly known as B20. Decker wanted to run the maximum blend allowed under warranty by the carrier's engine supplier, while the company's maintenance department preferred a more conservative approach. "They wanted to stay at 10 percent – I wanted to go to 30 percent. We compromised."

Test limited at first

To ensure quality and consistency, Decker Truck Line is using only a soy-based biodiesel supplied by Renewable Energy Group, and the fleet is blending its own biodiesel at its Fort Dodge facility. Because fueling currently must take place in Fort Dodge, the test is limited to those operations that invariably can be conducted out and back without having to refuel. Initially, the trucking company has six trucks involved in the test – three running each type of fuel – operating principally to Chicago and Minneapolis.

The carrier will try to add more trucks to the test as it takes deliveries in December, and ultimately Decker wants half of the trucks in the test to be equipped with 2007 engines. But the availability of biodiesel that the carrier is comfortable with likely will slow the full rollout. After all, if a truck running on biodiesel has to fuel with regular diesel because that is all that's available, the test is wrecked as far as that truck is concerned. "We need a fuel supply in more areas," Decker says, adding that the company is considering adding biodiesel facilities at its Davenport, Iowa, terminal.

Supporters of the test have dubbed it the "2 Million Mile Haul," as that will be the cumulative mileage logged. At the end of the study, they plan a Haul to the Hill, which will involve taking the results to the Iowa Capitol – along with one or more of the trucks used in the study.

Decker Truck Line isn't the first trucking operation to try biodiesel, but it may be the first – at least in the private sector – to test biodiesel under controlled conditions over a period of time. "The main goal is that we need a standard," Decker says. "We need to increase availability, publicize it and get people to use it." Publicity is key because the supply won't be sufficient "until we start breaking down the doors of the fuel companies saying we want this stuff."

Decker is committed to the protocol for a valid test, but he's personally quite confident the test will show biodiesel to be a sound alternative. While the jury is still out on fuel economy, Decker believes that biodiesel can restore what ultra-low-sulfur fuel took away: natural lubricity. But more important, biodiesel can improve the nation's energy security. "It's made in our country – it doesn't come from the Middle East. It's a very good thing for the trucking industry." ■

"We need to increase availability, publicize it and get people to use it."

– Dale Decker, Decker Truck Line

Hans Madsen, courtesy of The Messenger

Dale Decker, director of industry and government relations for Decker Truck Line, announces a two-year controlled test of soy-based biodiesel at an Oct. 31 news conference.

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