Avoiding “Hire and Retire” Syndrome: Early Driver Turnover Causes and Solutions

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Stifel Capital Markets
Conference Call
September 9, 2016

Session Description

High turnover rates are an ongoing industry challenged. The speakers will describe and explore “hire and retire syndrome”.

The speakers will describe the importance of the socialization process and key factors that influence moving from “newcomer” to “old timer.”

This presentation will examine cutting-edge research of “early leaver” and “longer staying” drivers.

The speakers will emphasize practical aspects of their research, including take-home suggestions.
Outline

- Welcome & Introductions
- Stay Metrics – Research Focused
- What is Early Turnover?
- Socialization: From Newcomer to Old Timer
- Data: Early v. Later Turnover in Trucking
- Possible Solutions
- Conclusions

Stay Metrics

- Founded in 2012 by Tim Hindes, CEO & Kurt LaDow, COO.
  - Goal: Elevate the focus on drivers as key to carrier success: to increase retention/decrease turnover, slow driver churn, increase safety, grow carrier revenue.
    - Lack of data on driver satisfaction, no comparable data between carriers, much “conjecture” but little research on driver retention.
    - Growing use of retail rewards programs to influence buyer behavior; gamification.
Centered on Driver Experience

- Our Business: Driver Engagement Platform
  - Loyalty, Recognition & Rewards Program
  - Safety Training, Wellness Training & Resource Hub
  - Survey Suite, Analytics, Predictive Modeling & Research

Evidence-Based Rewards Program

- Recognition matters
- Rewards are a form of recognition
  - Not a substitute for pay
- Merchandise > cash
  - Not an entitlement
    - Earned from performance
    - Want vs Need
- Gamification
- Engagement
Research-Based Approach

- Identifying causes of turnover:
  - Ask the drivers before they leave
  - Lifecycle (orientation, onboarding, then ongoing/annual)
  - Ask the drivers when they leave
- We too often think we know why our drivers are leaving, but we have often found surprises
  - One size does not fit all!
- Ongoing research studies: dispatcher communication study; driver match study

Stages of Becoming an Organizational Member

- Pre-arrival
- Encounter
- Metamorphosis
- Outcomes
  - Productivity
  - Commitment
  - Turnover
Surprise and Sensemaking

- Interviews with recent graduates entering their first jobs
  - Most describe a harsh “reality shock”
  - A gap between expectations and actual jobs

- Major dimensions of adjustment
  - Surprise: the shock when one realizes work organizations are different than expected
  - Sensemaking: trying to figure out the way that things are going to really be after this shock

- Important principles
  - Turnover rates are highest among recent hires
  - New employees are going to be developing attitudes that will likely last for years

Driver Feedback: Lifecycle Strategy

<table>
<thead>
<tr>
<th>Driver PHASE</th>
<th>Orientation</th>
<th>Engagement</th>
<th>Withdrawal</th>
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<tbody>
<tr>
<td>Driver starts but at highest risk</td>
<td>Driver is working but need pre-emptive strategies to prevent withdrawal</td>
<td>Drivers “quit” before they exit</td>
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<table>
<thead>
<tr>
<th>Driver EVENT</th>
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<td>Hired</td>
<td>Orientation 7-Day</td>
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<td>Save the hire at period of greatest risk</td>
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<td>Driving</td>
<td>Onboarding 45-Day</td>
<td>Annual/Ongoing Attitude Survey</td>
<td>Develop strategies to lower carrier-wide turnover</td>
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<td>If Separated</td>
<td>Annual/Ongoing</td>
<td>Exit Interview After Quit</td>
<td>Determine “real” reasons for turnover</td>
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Driver Feedback: Sample Annual Survey Results

Carrier ABC

Annual Driver Survey Summary

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<thead>
<tr>
<th>SATISFACTION</th>
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<td>Pay &amp; Pay Aspirations</td>
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<td>Parent Time</td>
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<td>Income Support</td>
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<tr>
<td>Integrity</td>
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Research-Based: Predictive Index

- Individualized for each client carrier
- Methodology:
  1. Identify the Annual Driver Survey questions for which negative responses predict Carrier ABC’s turnover.
  2. Rank those questions in order from most to least predictive (Predictive Index).
  3. Divide the Predictive Index into areas Carrier ABC underperforms and outperforms relative to your Stay Metrics comparative community.
  4. Carrier ABC can use the index to identify areas in need of improvement (and/or maintenance) that are
     - Based upon their driver feedback
     - Specific to their operations (not generalized from the industry)
"Hire & Retire" Syndrome

**Definition**
- Early Turnover <90 days
- Early Turnover <180 days

**Costs of this "churn"**
- Hard costs
- Hidden costs

Based upon Stay Metrics database & research:
of 100 driver starting today,
33 will leave within 90 days and 22 more will leave within 180 days.
Source: Stay Metrics Driver Database 22,000+ drivers from 70+ carriers.

Smaller carriers generally have a lower turnover rate than larger companies,
but the results show early driver turnover is a significant area of concern.

**Reducing Early Driver Turnover**
CCJ - June 24, 2016
- To reduce early driver turnover, fleets are primarily focused on managing job expectations and helping drivers adapt to a new culture.
- Forty percent of fleet managers say mismatched job expectations is the main reason drivers quit; followed by 27 percent who say early turnover is primarily a result of new drivers not fitting into their culture.
- More than 45 percent of respondents say they made significant changes to their onboarding process within the last year to reduce early turnover.

**Expectations Management**

**Reducing Early Driver Turnover**
CCJ - June 24, 2016

Strategies to reduce early driver turnover

Driver Turnover: A Millennial Problem?

Grouping the Results

68.8% of Millennial drivers (21-35) became inactive

54.6% of Gen X (36 – 50) drivers became inactive

42.5% of Baby Boomers/Older (51-61+) drivers became inactive

Managing Expectations

- What the industry will be like (newbie)
- What this carrier/company will be like
Looking at the Early v Late leavers

- Summarize where the research came from
  - Analysis of ongoing driver surveys
  - Combined with driver termination data
- Examined how the questions were answered at 3 months and 1 year.
- Examined several areas:
  - Driver Tenure
  - Recruiting
  - Dispatch
  - Pay
  - Home Time

Early Turnover and Driver Tenure

Explanation: Drivers with less total industry experience quit more often – especially early on (first 3 months).

Surprised?
Driver Satisfaction with Recruiting and Turnover

**Explanation:** While dissatisfaction with the recruiter predicts early turnover (first 3 months), it is even more important to later turnover (after a year).

Surprised?

Driver Satisfaction with Home Time

**Explanation:** Satisfaction with home time is a huge predictor of turnover, especially early turnover.

Surprised?
Driver Experience of Work-Family Conflict and Turnover

Explanation: Drivers who think their work interferes with their Family life are more likely to leave. This does not vary much by stage of turnover (early turnover vs. later turnover).

Driver Satisfaction with Pay

Explanation: Drivers satisfied with their pay are somewhat more likely to quit early though the effect isn’t significant. Drivers satisfied with their pay are less likely to quit later (turnover after a year or more).

Surprised?
Commitment Over Time: Socialization

**Compliance commitment**
- Rewards are critical
- Low emotional investment
- Key issue is ensuring promises are met

**Identification commitment**
- Motivated by sense of obligation
- Feeling of participation
- Key issue is facilitating desires to be involved

**Internalization commitment**
- Fully accept goals of the organization
- Self merges with organization
- Key issue is ensuring loyalty is recognized

Successful socialization helps move employees from left to right; unsuccessful socialization into new roles can make even established employees move from right to left!

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Key Factors in Socialization

- **Organization**
  - Orientation sessions
  - Training procedures
  - Formal matching programs

- **Supervisors and co-workers**
  - Support
  - Undermining

- **Newcomer**
  - Information seeking
  - Relationship building
Newcomer Proactivity

Newcomer personality and social support → Proactive socialization behavior → Newcomer adjustment

- Relationship building
- Information seeking

Newcomers who are more supported engage in all forms of proactivity
Newcomers who are more extroverted build more relationships
Newcomers who are open to experience engage in all forms of proactivity

Question: What if you knew your <180 day turnover was twice as high as your peers?
Solutions & Interventions

- During the recruiting process
  - Align messages to reality
  - Caveat about sign-on bonuses

- During orientation
  - Check-in Early and Regularly
  - Bad first Impressions, Hard to overcome

- During onboarding/initial socialization
  - Relationship plan between dispatchers and drivers
  - Continue to live up to “truth in advertising”

- Ongoing throughout the driver’s tenure
  - Communication & Feedback

Driver Satisfaction with Dispatcher

![Graph showing driver satisfaction and turnover rates over time.](image)
Our research based approaches

- Lifecycle Surveys: Orientation, Onboarding, Ongoing & Exit Surveys provide ongoing feedback
- Driver Engagement Platform
  - Rewarding Loyalty
  - Rewarding Driving Performance (and more)
  - Engaging Drivers

Results from Engagement Platform

**Engagement effect on Turnover**

<table>
<thead>
<tr>
<th>Not Engaged</th>
<th>Engaged</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td></td>
<td>61.2%</td>
</tr>
<tr>
<td></td>
<td>34.7%</td>
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</table>

Source: 12/11/2015. Analysis of Stay Metrics client database of driver turnover; n= 22,531
Engaged/Non-engaged drivers determined by levels of participation in the Stay Metrics loyalty rewards program.

DRIVER REWARD PROGRAMS ARE ONE PROVEN RETENTION STRATEGY...

OUR LATEST RESEARCH: Drivers who are more engaged in Stay Metrics Driver Rewards Program are nearly TWICE as likely to remained employed by their carrier.

It is not enough to have a rewards program; strategy must include engaging drivers in it.
Initial Client Results

- Carriers who used our driver engagement platform and ACTED on the driver survey feedback experienced an improvement of nearly 10 percentage points in their turnover rate during the first year a 14% improvement.

![Data is only the first step...]

"You can't fatten a calf by weighing it."

Final Words

- Research continues:
  - Ongoing driver match project
  - Next Phase of Loyalty Rewards program & impact
- Not just about retention – “right retention”
- Cultural Shift:
  - From we love our machines and use our people; to we use our machines and love our people.
  - "Business and HR executives must understand that highly engaged companies attract the best talent, have the lowest voluntary turnover rates, and are more profitable over the long run."

Questions and Answers

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