

June 1, 2012

How to Build a Workforce, One Person at a Time

By Bruce H. Moss

Three years ago, then 24-year-old Duncan Smith graduated from State University of New York at Fredonia with a bachelor's degree in legal studies. Unable to land a job in his field, he worked part time with the U.S. Census Bureau and then in a steel mill.

One day, he read a story about Con-way Freight's driving school. He applied and was accepted. "As I learned about the business—and especially how to drive a truck, which is really fun—I realized it was more than just a job. It could be a great career," he reflects.

Smith is one of 14,000 drivers employed by Con-way Freight. He and his colleagues are more than just drivers; their official title is "driver sales representative." They perform multiple functions for customers and are our front line in the competitive freight trucking market.

We aspire to recruit, develop and hire hundreds of employees like Duncan Smith and have established a long-range workforce planning process that guides us. What drives this need? Truck driving is a tough profession with a shortage of drivers. The job can be physically and mentally taxing. Not everyone is cut out to pilot an 80,000-pound vehicle on poor roads and deal with traffic congestion, severe weather and inattentive drivers. But it's a profession that some people have a passion for. And the pay isn't bad—some senior drivers make more than \$90,000 a year, plus benefits and bonuses.

Con-way Freight is a *Fortune* 500, less-than-truckload transportation company with more than 19,000 employees across the United States and Canada. We move commercial freight for thousands of businesses of all sizes and industries. More than 85 percent of our workforce consists of hourly employees.

On an average day, we dispatch some 9,600 trucks from 365 service centers to pick up some 60,000 shipments. We pick up, consolidate and move shipments in our network, then take the loads apart and deliver to other customers. Thirty-six percent are delivered the next day and another 43 percent within two days.

In the long-haul side of the industry, drivers can be away from their families for weeks. Some companies in this segment turn over all their drivers every year. Con-way drivers are home every night. Yet finding the right people remains a human resource challenge with many layers.

Our drivers are held to high standards and charged with safely operating trucks that back into dozens of customers' docks. They are required to maintain excellent safety and security records

in order to keep their commercial driver's licenses with hazardous materials and combination-vehicle endorsements. More than 1,000 drivers serve as "mentors" or subject matter experts for training programs such as new technology rollouts and safety initiatives.

Stringent schedules must be met, but safety remains our No. 1 priority. Every location manager has safety measurements reported on daily, weekly, monthly and annual performance scorecards.

Maintaining credentialed, well-qualified drivers and sales representatives is enough of a challenge, but our company also must continue to grow despite a national shortage of qualified commercial drivers. FTR Research estimates that by the end of the first quarter of 2012, the U.S. trucking industry faced a worsening shortage of about 135,000 drivers. The reasons include the following:

- Stricter driver safety regulations, such as tighter hours-of-service controls.
- An aging driver population.
- Rising operating costs for fuel, insurance and licensing and for independent operators.
- A deteriorating highway infrastructure system that increases highway congestion and erodes driver efficiency.

Rebuild After Recession

How should an HR leader respond to the challenge of building an effective, skilled workforce in this environment? I have had the good fortune of working in the trucking industry for 33 years in multiple roles, with the last three years as the HR leader at Con-way Freight. The company was formerly divided into three regional subsidiaries. In 2006, we started the process of bringing these together. Before we could focus fully on talent development, we needed to finish integrating operations and HR policies. Then, the recession of 2008-09 hit, and we had to manage the effects of the downturn, too.

Con-way Freight experienced a precipitous reduction in business volume, resulting in the layoff of roughly 2,300 employees. Wages and benefits were temporarily reduced. We chose to pursue a strategy of increasing market share, fueled by price reductions. The outcome was significant volume increases that required immediate, unplanned hiring. Service quality deteriorated, employee engagement declined, hiring and training costs spiked, and profits suffered. Employees saw little connection to existing business goals.

Then came a change in leadership. Our parent company's chief executive officer grabbed the reins, setting clear goals; focusing on re-engaging employees; and emphasizing safety, customer satisfaction, pricing, and sales and operating efficiency. This vision was supported by our core values of safety, integrity, commitment and excellence. In the first two months under our new president, the leadership team hit the road, visiting every facility to listen to employees, understand their concerns and reassure them that the company had a plan for recovery. An ongoing communication cascade process reinforced our vision. The result has been improved morale, engagement and revenue.

Refine Workforce Planning

Historically, workforce planning involved managers realizing in early spring that demand had increased and they needed more drivers. By that time, we were already two months behind the

hiring curve, and overtime and on-time service would suffer. During the past two years, our operations and finance teams designed a forecasting model tied to our annual business plan. Data for each location is compiled and includes forecasts of monthly tonnage expectations—customer demand—productivity goals, and scheduled and unscheduled absences. These metrics enable us to project hiring needs one to three months in advance.

Recruiters then build hiring plans for drivers and dockworkers to meet the city forecasts and the average times to select and onboard candidates. For drivers, this cycle can be one to three months.

They schedule a flow of qualified candidates for hiring managers' review. While not perfect, this system has proven to deliver qualified candidates closer to needed start dates.

"We are better able to support hiring managers in advance of 'crunch' periods," says Lisa Aftanas, SPHR, manager of recruiting. Terry Riordan, SPHR, director of talent management and recruiting, says, "Technology is advancing rapidly, and we know we can improve." Paul Lorensen, central area vice president of operations, adds that while the operations team "currently owns the modeling process, we envision a day when enhancements create such accuracy that we can turn the entire process over to recruiting."

The expense to onboard each new employee, through the first two weeks of training, is \$2,500. No company can afford to throw darts against the wall and speculate incorrectly as to when to add staff. If you don't stay ahead of the cycle, you are already behind.

Grow Your Own Talent

With the national driver shortage, we can no longer rely on traditional methods of "post and pray" to provide employees. Two years ago, we started our own driving schools at 84 facilities, using Con-way equipment and 180 veteran drivers as instructors.

The driving schools pull students from our ranks of dockworkers. Dockworker applicants must provide a clean drug screen and pass a background check, with former work as a dockworker a plus. Drawing from this pool for the driving schools has two benefits. First, employees already have a sense of the business, the pace of work and the culture. Second, managers have a chance to evaluate employees' attitude, work ethic, compatibility with the culture and ability to work on a fast-paced team.

We build our drivers from the ground up, with the skills and experiences we want. This means we don't have to deal with practices that drivers with previous experience sometimes bring and that can often be incompatible with our practices.

Students complete a 12-week curriculum that includes 80 hours of classroom study and 160 hours behind the wheel supervised by a trainer.

They pilot trucks first around training courses and later over hills, on freeways and in urban traffic. They study federal and state highway laws, regulatory policy, safety compliance, proper commercial vehicle safety inspection, freight loading, blocking and bracing techniques, defensive driving skills, and company policies and procedures.

They work as part-time dockworkers while attending class, enabling them to earn a living while learning. "We are both making an investment—the students in the time and energy they commit to the program, and the company in creating and administering the curriculum and training. We each have skin in the game," says Bob Petrancosta, vice president of safety.

Once students graduate and pass their state license exams, they are promoted to full time and given a driving assignment. Students pay nothing for the training, whereas commercial for-profit truck driver training schools charge \$4,000 to \$6,000 for tuition.

In the first year, graduates can expect to earn on average \$45,000 to \$55,000, depending on work assignment, in addition to benefits and profit sharing.

Our schools have graduated nearly 600 professional truck drivers with commercial driver's licenses. So far, they have outperformed seasoned drivers on fleet accident and injury rates, while retention has been 90 percent. The net investment for our schools is roughly \$6 million per year, but, as Petrancosta states, "The opportunity to cultivate and shape the right driving behaviors from the outset is clearly delivering a higher level of safe performance. In addition, these students are grateful for the opportunity afforded them to learn a profession and improve their earning power."

Our Fridley, Minn., facility traditionally has been a sore spot for attracting qualified drivers. Excessive overtime was a constant complaint. Local manager Ron Mowry is elated with early results from his school. "Driver Trainers Dominic Dahlheimer and Kevin Graphenteen are graduating 32 driver and sales reps from our program between January and May. Our employees will be able to experience an improved work/life balance, which improves safety and engagement," he explains.

Building a workforce of empowered, effective, engaged employees requires continual innovation and assessment. Yet being exceptionally good at recruiting, training, hiring, coaching and retaining the next generation of employees like Duncan Smith ultimately serves as our goal. How our company performs financially, and our ability to differentiate and provide our customers with superior service, rests in the hands of these front-line employees. Once we get the right people on board, our challenge as HR professionals becomes one of keeping them safe, engaged, motivated and productive.

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