

WhitePaper

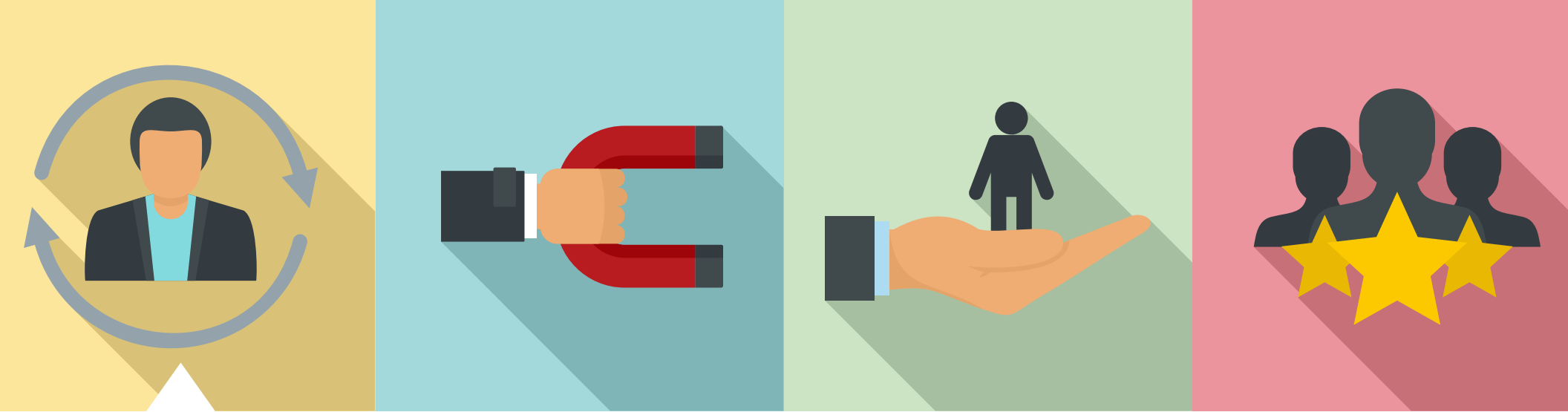


How to Retain Drivers with Safety Programs



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"An ageing workforce and preconceptions about the transport industry are helping create a nationwide truck driver shortage that has serious implications for Australia's economy."

Matt Neal, ABC South West Victoria. ¹

Challenges of attracting and retaining drivers

Attracting and retaining quality fleet drivers has never been tougher, which is why, in addition to traditional options, such as better pay and vehicles, fleets should leverage their safety programs, including technology, to retain the safest drivers.

An often repeated saying in Australia is that the country has grown wealthy "riding on the sheep's back." ² It refers to the fact that for many years our economy was dependent on the wool industry. Perhaps a more appropriate idiom for modern Australia is that we've arrived at the prosperous position we find ourselves in by riding on the truck's back, given that more than 75 per cent of our non-bulk domestic freight is transported by road. ³

The Transport Workers Union proudly boasts that, "Transport workers keep our country moving. They're the ones that make sure milk and veggies are on the shelves around Australia." ⁴ The same sentiment is echoed in the popular 'Without Truck Drivers Australia Stops' campaign, a rallying cry often seen affixed to trucks around the country.

Given this, it's easy to understand how a 2016 whitepaper published by Volvo Group Australia and Clemenger BBDO found that the shortage of quality drivers in Australia presents real issues for our economy. The same whitepaper presented concerning statistics that truck driving is seen by the younger generation as an undesirable profession. ⁵

The survey found that 46 per cent of respondents from the local trucking Industry were experiencing driver shortages, 82 per cent were having issues attracting quality drivers, while 52 per cent had issues attracting the quantities of drivers needed. All this while demand for domestic freight carriers is expected to double by the year 2030. ⁶



Driver Shortages in Australia

46%
Are currently experiencing a shortage of available drivers.

82%
Have issues in attracting the quality of drivers expected

52%
Have issues in attracting the quantity of drivers needed

[Volvo Group Australia and Clemenger BBDO](#)



 x ^{Up to} **5,000**
Driver Shortage
in Victoria Alone

In June 2019 the ABC reported that it was estimated up to 5000 additional drivers were needed to help meet truck driver shortfalls in the state of Victoria alone. ⁷ Australian Trucking Association board member Julie Russel told the ABC the ageing workforce, age-related licencing restrictions on young workers, and negative stereotypes about the industry were all contributing to the driver shortage.⁸

And it's not just Australia where this trend is evident, with the American Trucking Associations (ATA) saying it expected a shortage of at least 50,000 drivers by the end of 2017 and reporting an actual shortage of more than 60,000 drivers at the end of 2018. This global trend appears set to continue unless fleets can come up with better ways to attract and retain skilled drivers.

Truck driving is by its nature a stressful occupation, with drivers facing among other challenges: increased regulation; pressure to meet tight delivery deadlines; the inherent dangers of needing to be on the road to earn a living; and the physical and psychological burden of being away from family and friends, sometimes for extended periods. All of which means that retaining drivers, has become much harder than it once was for many firms.

Indeed, companies with fleets of vehicles often find that driver turnover is a significant impediment to their overall productivity. Turnover isn't just an inconvenience, it can also be a significant cost, affecting every aspect of the operation, and causing a cascading effect elsewhere in the business.

While traditional strategies such as better pay, attractive benefits, and vehicle selectors can play a key role in retaining employees who drive as part of their job, these may no longer be enough to attract and retain the best talent in a highly competitive employment landscape.

However, there is an additional resource that fleet owners and operators can leverage, and which has been shown to be a strong incentive for keeping drivers at the company and behind the wheel — namely, an enhanced fleet safety program.

Speaking to 9News in November 2017, then TWU National Secretary Tony Sheldon said Transport Workers were 15 times more likely to die on the job than in any other job, and that in 2016 alone 60 Transport workers were killed on the job.

With statistics like this it's not hard to see how an enhanced safety program can have wide-ranging benefits across an organisation, particularly in improving working conditions for drivers by: focusing on the types of safety equipment in vehicles; above-board compliance with regulations (if the fleet is regulated); and more broadly on the driver's health and well-being. But to be successful it is vital that safety programs are more than just a policy, or an occasional meeting and a cut-and-paste email to drivers and other employees. A safety program must be a living, evolving part of the company's overall culture.

Because safety programs offer important practical and psychological motivations to keep drivers on the job, by combining training and technology to keep drivers safe, this in turn helps attract and retain safety-conscious drivers.^{9,10,11} An additional benefit of a more safety-oriented approach is it creates a stronger connection between drivers and the company, because drivers will (justifiably) believe that their employer cares about their welfare and safety, meaning drivers will, in turn, want to stay with the company.

The benefits of retaining drivers with low risk profiles is significant

- Low-risk drivers suffer less from loss of productive time and increased insurance premiums.
- Engaging more low-risk drivers may in turn create a more positive perception of the company with customers and the general public.
- Reducing the number of crashes will improve uptime and reduce maintenance costs, which in turn improves overall profitability.

Rewarding low-risk drivers with recognition and bonuses for their good driving record is another retention strategy that fleets can use. These low-risk drivers can also be asked to mentor younger and potentially higher-risk drivers, giving them additional recognition and leadership opportunities within the organisation and encouraging career growth.



"Transport workers keep our country moving. They're the ones that make sure milk and veggies are on the shelves around Australia."

The Transport Workers Union

The High Cost of Turnover

Employee turnover should be seen as a potential cost center and just as with crash rates and fuel costs, bottom-line focused fleet and company leaders should implement steps to minimise turnover as a top priority.

Consider that, particularly for trucking fleets, the driver shortage is a significant existential concern—with some estimates putting the number of drivers needed over the next five years as high as 120,000¹², and others forecasting that number to increase year over year as freight demands increase and older and more experienced drivers leave the industry.¹³

While companies with sales or service fleets may not be facing the same level of shortages— the difficulties in retaining experienced drivers and attracting new drivers should certainly be cause for concern. Remember, truck driving is a fundamentally stressful employee activity and could be a root cause for employees leaving the company, even if they are productive and successful.

According to a February 2018 Australian Bureau of Statistics survey, some 575,700 Transport and Warehousing sector employees changed employers, or the business they ran, in the preceding 12-months, representing 8.5 per cent of the sector workforce. This was slightly higher than the All Industries average of 8.1 per cent, ranking the sector ninth out of 20 surveyed for labor turnover.¹⁴

The bottom line is that turnover is an expensive and time-consuming proposition. Depending on the size of your business the total cost of replacing an employee can vary from 30-150% of their salary.¹⁵



Current Driver Shortage

120K

Number of additional truck drivers needed in Australia over the next five years.^{12b}

Up to 150%

Estimated increase in recruitment needed to offset retirement and meet demand^{13b}

82%

Number of local trucking companies surveyed who are having trouble attracting quality drivers¹⁴

Using the Australian Bureau of Statistics full-time average adult weekly earnings figure of approximately \$1617pw,¹⁶ and adding 30 per cent to this wage for the costs of employee benefits and on-costs¹⁷, means that the replacement cost to the business could be as high as \$25,000, even when using a conservative yardstick. And that number goes up as the position's skill level, salary and leadership potential rise. Time is another expense that should be considered when replacing drivers, —on average it takes 94 days¹⁸ to replace a highly skilled employee who has left the company. In many cases, even when an employee is hired and he or she has the necessary skill set or qualifications, it will take several months and more direct expense to get that new employee fully trained and invested in the company's mission.

This is another danger point for companies: because it's easy to find a new job, the driver may leave well before the costs related to hiring them are recouped, and the company may end up investing those same recruitment dollars over and over during a single fiscal year, with little to no return on investment.

Another employee turnover danger point is 'spreading the work' to the employees who are left behind. If the hiring process is particularly lengthy, there could be additional turnover due to employees being burnt-out by doing the departed employee's job, in addition to their own for an extended period, causing these employees to depart for a lesser workload or more pay. This will begin to compound the issue by needing to replace several positions at the same time — again eating into efficiency, productivity, and profitability.



On average **it takes 94 days to replace a highly skilled employee** who has left the company¹⁸

Safety to the Rescue

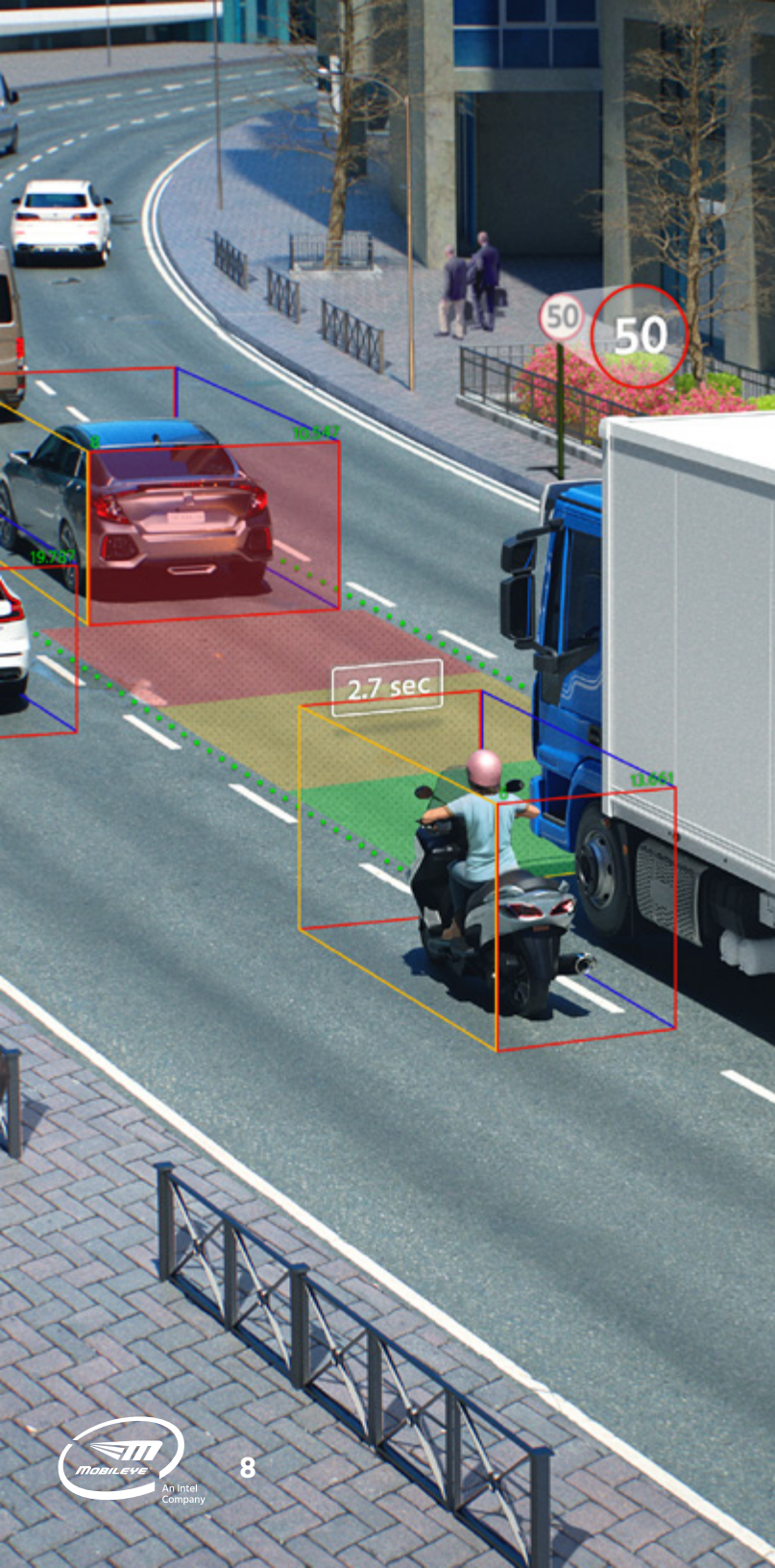
Fleets with strong safety programs can use this to help minimize turnover, which is set to soar according to the Sydney Morning Herald. The publication quoted Department of Employment, Skills, Small and Family Business data which indicated more than half the driver workforce is approaching retirement and aged over 45.¹⁹

For employees who are expected to drive either as their primary job or as a job function — emphasising the fleet's good safety record in job listings and during the interview process will highlight safe driving as a key cultural value of the organisation. Safety-conscious applicants will see this as an attractive aspect of working for the company. Training, both as part of the onboarding process and as an ongoing activity, will solidify this point during the early phases of the employee's tenure with the company.

Perhaps even more important is the vehicle itself. Certainly, with new light-duty vehicles, safety technology, such as backup cameras, is becoming more common and even required. Even larger vehicles are being equipped with anti-collision technology at a growing rate.

There is several optional safety technologies available that are designed to lower driver risk. This includes telematics and video event recording (VER), which can help prove fault in case of a collision, but can do little to prevent collisions from occurring in the first place. These video systems can include in-cabin recording, which records the drivers and alerts fleet managers about risky driver behavior. This provides opportunities to improve and coach drivers after the fact but raises serious privacy concerns – which could potentially aggravate problems of driver retention^{20,21}— even for the safest drivers.

On the other hand, there are proactive collision avoidance systems, such as Mobileye 8 Connect™, that alert drivers to potential hazards in real time — cutting risk while improving retention. In fact, a National Highway Traffic Safety Administration study in the US found that driver acceptance of collision avoidance systems was 95 percent²².



This type of system doesn't visually record drivers, alleviating privacy concerns, but does provide an immediate feedback loop, alerting drivers in real-time. This leads to the driver improving his or her behavior and assists drivers even in situations where alerts have less to do with the driver's behavior than with the activities of others, e.g., a pedestrian that darts between two cars and into traffic, or a reckless cyclist or motorist.

Rewarding good behavior, either through driver scoring or the use of regular motor vehicle record (MVR) checks, is a morale booster that also reinforces the value placed on good driving behavior. Rewards can be a monetary bonus, a gift card, a certificate, trophy, or other motivating prize.

Whatever their form, rewards should be made publicly and information about award winners should be widely disseminated throughout the entire company. To sustain the program, reward periods should reset regularly so drivers are motivated to get back in the game; motivated to either stay on top or improve their current standing.

Underlying these individual elements is a safety policy designed to create a culture committed to low-risk driving.

The policymaking process should involve drivers and stakeholders at every level. The resulting policy needs to be transparent, with clear requirements and consequences for violating it. The policy should be considered a living document; revisited on a regular basis and updated to reflect the realities of the fleet, current traffic laws, and potential areas of emerging risk, e.g., the use of mobile phones or infotainment systems while driving.

Taken together, a strong safety policy — augmented by technology, training, and rewards — will show drivers that the company cares about their wellbeing on a day-to-day basis. Seeing this level of commitment by the company will increase employee engagement, leading to better retention.








"Using the fleet's safety program as a means to keep drivers engaged and on the payroll is perhaps one of the **most powerful tools in the retention toolbox...**"



Keeping Score

In order to implement an effective rewards program, managers need to have reliable data on hand. Mobileye 8 Connect not only helps keep drivers safe in real time, but, when paired with certain fleet platforms, can track vehicle safety records. For instance, the Mobileye Connect Platform can report the number of headway monitoring warnings a given driver vehicle triggers, indicating a tendency to tailgate. The system even provides scoring based on these alerts. This enables managers to identify good drivers, and those who need further training.

The visual-based collision avoidance system gives drivers in-cabin alerts if:

-  They're following the vehicle ahead too closely
-  They're in danger of colliding with the vehicle ahead
-  They're in danger of colliding with a pedestrian or cyclist ahead
-  They're making an un-signalized lane deviation
-  They're speeding

This data can be used as the basis of incentives and other retention tools to keep the best and the safest driver employees motivated.

Driver retention can be a complicated, individualized challenge — tied as much to working conditions as to external factors beyond a manager's control. Using the fleet's safety program to keep drivers engaged and on the payroll is perhaps one of the most powerful tools in the retention toolbox, and one that should be used more often.

About Mobileye

Mobileye's advanced driver assistance systems (ADAS) technology is deployed in more than 50 million vehicles today and is integrated into hundreds of new car models from the world's major automakers including Audi, BMW, FCA, Ford, General Motors, Honda, Hyundai / Kia, Nissan, Volkswagen, and more.

Mobileye began with the vision of reducing vehicle collisions and resulting injuries and fatalities. Today, Mobileye makes one of the most advanced collision avoidance systems on the market, while working toward autonomous driving and the coming autonomous mobility-as-a-service (MaaS) revolution in road safety.

Since 2004, Mobileye has offered a retrofit version of its technology to fleets across the globe, increasing fleet safety, efficiency, and cost savings. This technology can be installed in almost any vehicle and offers numerous lifesaving alerts in one system, helping the driver to avoid or mitigate collisions.



100+ distributors
around the world



50+ million vehicles use
Mobileye technology

Learn More

For more information about how Mobileye can help you with your safety program and retain your employees, go to www.mobileye.com/au/fleets.

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