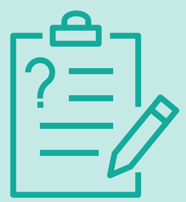
STEP FOUR

COMMUNICATION IS CRITICAL

Management of information flow is a key challenge. Staff and customers are seeking information and reassurance at a time when messages transmitted by the media may be piecemeal, skewed in nature and potentially melodramatic. Restrictions on movement of people may be imposed and messages provided by public authorities may be conflicting. As a result, executive and senior management must play a key part of managing the workforce's anxieties and concerns by maintaining an effective organizational response. Additionally, the potential reputational consequences of not having an effective crisis communication plan in place could be devastating.

STEP FIVE



PLAN FOR RESUMPTION AND RESILIENCY NOW

Organizations need to fully recognize the pandemic threat now and develop a response and recovery plan before it is too late. Business resumption plans must be robust and tested if they are to have the desired results following COVID-19. Without considering the effect on key customers, suppliers, as well as the employees, there is no ensuring the ultimate post-crisis survival of the business.

COVID-19 was not an unknown risk. A worldwide pandemic has been listed on the annual Global Risk Report from the World Economic Forum for almost 15 years. New decision-making will be required as organizations recover from COVID-19. Those decisions should be based on up-to-date information about their risks and opportunities. Companies need to develop their plan of action now. If risk management recommendations are seriously considered, the negative unexpected consequences from future risks like COVID-19 could potentially be reduced or better managed.

Warren Buffet once quipped: "It's only when the tide goes out that you learn who's been swimming naked." In a world where the COVID-19 virus is quickly draining financial and human capital resources, many executives will discover if their risk management or enterprise risk management programs have performed as desired.

Corey Gooch is Senior Director of Enterprise Risk Management at Ankura Consulting Group based in Los Angeles, CA.

How to staff for peak season while minimizing the cost of bad hires

Mark Tinney | JOBehaviors

Hiring new drivers is a year-long migraine for small carrier services, with a 77-percent turnover according to a recent report from the American Trucking Associations. With the spike of holiday shipping approaching, and candidate pools pinched by the realities of COVID-19, hiring managers are hard-pressed to keep their fleets fully staffed. Carriers don't feel they have the option of turning away applicants, even if those applicants aren't in it for the long haul.

As a consequence, carriers accelerate the costs of 'bad hires'—the portion of poor-performing drivers in nearly every fleet. Bad hires require more training, are more likely to show up late or miss days, and have inefficient MPG, preventable accidents, injuries, and worker's comp claims.

Plus, they're significantly more likely to leave. At the very least, carriers are out the cost of hiring and training, $11,500 per driver on average, and still have an open seat to fill.

What Drives Bad Hiring?

The traditional hiring process is a major force behind the problem. It verifies technical skills but does very little in determining the quality and dependability of a driver. While hiring managers perform due diligence—reviewing applications, conducting interviews, and administering background checks—the reality is none of the information available provides certainty of how the applicant will act unsupervised.

Secondly, hiring managers are under enormous pressure to keep up with the demand for drivers. Even if they understand the true cost of a bad hire, what's the alternative?

In an ideal world, carriers could choose their drivers from a pool of qualified drivers and altogether avoid applicants who will have a negative impact on day-to-day operations and the bottom line.

A Proven, Predictive Approach

JOBehaviors, a member of Protective's Vendor Referral Network, helps carriers do exactly that with a predictive assessment. It's based on an extensive analysis of the behaviors that determine success as a specific type of driver (Delivery, Class-A CDL, Motorcoach and School Bus Driver) as well as a Warehouse Manager, Freight Handler, and Diesel Technician. Plus, applicants cannot pass by saying what they think hiring managers want to hear, as the assessment controls for social desirability (all options appear equally positive).

Don't Miss the Best, Avoid the Worst

Each applicant is awarded a rating of one through five stars, making it easy for hiring managers to prioritize candidates based on predictive quality. Just as importantly, it calls out the high-risk applicants, who are very likely to drain carrier service's resources and quit their jobs.

JOBehaviors is not the typical pass-or-fail screening. Hiring managers can eliminate poor-quality drivers and take a nuanced approach to the pool of qualified drivers. This way, they can still meet their quantitative hiring goals, while improving the overall quality of employees.

Immediate Results, Long-Term Transformation

The first thing JOBehaviors provides is bassline data for what clients already know. Employees who earn four- to five-star ratings are their best drivers, while the source of 80 percent of their issues come from the one-star rated drivers (usually the bottom 20 percent).

The true power of JOBehaviors is its predictive ability. A major truckload carrier operating its own driver training academy invested in Class-A CDL certifications for 640 long haul driver candidates. Using a JOBehaviors assessment designed specifically for Class-A CDL drivers, the carrier found that:

- 93% [428 of 462] of JOBehaviors-recommended candidates earned their Class-A CDL
- Just 16% [28 of 178] of candidates scoring one-star completed their Class-A CDL (and of the very few who did, many required a repeat of the training course to pass)

Moving forward, the truckload carrier will use the data to avoid the training cost of bad hires and invest in promising ones. With a conservative cost of training at $10,000, avoiding those candidates in the future will save the carrier $178,000 for every hundred drivers hired.

In the long term, carriers can better meet higher demand with the help of JOBehaviors. Eighteen months after implementing the advanced screening tool, Paper Transport, Inc. (PTI) was able to grow from 750 to 900 drivers, decreasing annualized turnover by 40 percent (from 79 percent to 48 percent).

Maintaining a fleet of 900 drivers at 79 percent turnover requires 711 replacement hires per year. At 48 percent, it's just 432. Having to replace 279 fewer drivers per year means cost savings of more than $3,200,000 on hiring alone.

President of PTI, Jeff Shefchik confirms predictive hiring is integral to the success of their business: "The driver controls all costs for a carrier: pay, fuel, miles, maintenance and insurance. When you hire great drivers, everything in your business gets better. With JOBehaviors, consistently hiring great drivers is our new normal."

Thanks to the predictive insights of JOBehaviors, carriers are ending the cycle of churn, minimizing the cost of bad hires, and putting themselves in a solid position to meet growing demand.

Learn more at jobehaviors.com or contact Protective Insurance for a referral.

SOURCE: ATA News Release