Driver Scorecarding and Development

July 19, 2018

Housekeeping Items

• Audio streamed through computer speakers
• Widgets are resizable and moveable
  • Minimize/maximize
  • Expand/shrink
• Enter questions using the
• Check out the resources area to download today's slides
• Chat via the Q&A if you need tech help, or click on

Driver Scorecarding and Development
This webcast will cover ...
• A regulatory overview
• Best practices in compliance
• A case study in implementation
• Question & Answer

Attention Attendees:
• Thank you for attending!
• You will be muted during the event.
• Please use the Q&A feature to send in questions to us. We'll try to answer them during the Q&A period if they are not covered in the presentation.
• The slides and recording will be posted within 7 days at: www.jjkeller.com/nptcinfo

Meet Your Presenters

The Annual Review
The only required “scorecard”
Annual Review Process

- Driver submits “certificate of violations”
- Carrier runs MVR for all states the driver was licensed in over the previous year
  - Use of an employer notification system (ENS) eliminates need to run MVR
    - If carrier uses push-type ENS, verify driver is enrolled with carrier listed as employer
    - If carrier uses a pull-type ENS, a simple pull is adequate
- Supervisor creates note verifying review of MVR

- When reviewing, the “carrier” must:
  - Verify driver is operating safely
  - Verify the driver is not disqualified
  - Consider any evidence that the driver has violated any applicable regulations
  - Consider the driver’s accident history and any other evidence (such as violations and citations), and put “great weight” to anything that indicates the driver has “exhibited a disregard for the safety of the public”
  - No instructions on what criteria to use or actions to take

- Must be done within 12 months of last review
  - Can do more, but not less
  - Some carriers do 2 or 4 per year
- Records of review must be kept for three years
- No “re-road test” requirement in the regulations, only the annual review process in §391.25 and .27

Tom Bray
Industry Consultant – Transportation
J. J. Keller & Associates, Inc.
Safety Management Cycle

- While not a regulation, FMCSA's SMC recommends:
  - Monitoring and tracking
    - Carriers need to monitor and track employee performance to be aware of their employees' safety performance and compliance with its policies and procedures
    - Drivers are critical employees at a carrier!
  - This is part of having sound Safety Management Controls (see §385.5)

Best Practices in Driver Scorecarding and Compliance

Measure, Monitor and Improve

- Key Performance Indicators – those metrics that drive your business
- Dashboards display various performance metrics that provide information on the current state of the business or individual performance.
  - Don’t tell you whether the results are positive or negative
  - Measure and monitoring
  - Measures performance
  - Updated in real time
- Scorecards are performance management tools that compares goals with results -- measures results against expectations
  - Performance management
  - Links directly to business objectives
  - Measures progress
  - Updated periodically
Why Measure Performance?

- You cannot get better at something unless it can be measured
- KPIs are quantifiable measurements used to evaluate progress towards achieving business goals
- They should be tied to the overall organizational strategy

Key Performance Indicators (KPIs)

- Metrics that tell an individual or an organization at a glance how it is operating
  - Against historical averages
  - Against competition
  - Against expectations
- There should be enough to judge the performance, but not so many as to be overwhelming.

Elements of Identifying KPIs

- Having clear goals/performance requirements
  - Specific
  - Measurable
  - Achievable
  - Result-oriented
  - Time-based
- Having a quantitative/qualitative measurement of the results and comparison with set goals
- Involve the drivers
Why use KPI’s?

- Permit focus & scrutiny
- Detect change
- Score performance
- Detect problems
- Drive improvement
- Data vs. information
- KPI’s should change behavior
- Must tie to the overall goal
- Typically tied to continuous improvement initiatives

Scorecards

- Scorecards are a simple way to share results with associates
- Visual representation of performance
- Focuses on shorter list of business elements driving results

Typical Metrics

- Company goals
- On-time delivery
- Driver retention
- Fuel economy
- Safety
  - Accidents
  - Injuries
  - CSA scores
- Stops, cases
- Loss and damage claims
Lagging vs. Leading indicators

- Lagging indicators are typically “output” oriented, easy to measure but hard to improve or influence.
- Leading indicators are typically input oriented, hard to measure and easy to influence.
- Example: For many of us a personal goal is weight loss.
  - A clear lagging indicator that is easy to measure. You step on a scale and you have your answer.
- But how do you actually reach your goal?
  - For weight loss there are 2 “leading” indicators: 1. Calories taken in and 2. Calories burned.
  - These 2 indicators are easy to influence but very hard to measure.

In business terms, measuring performance daily and making adjustments close to the work helps make sure lagging indicators are not turned into missed goals!

Driving Improvements

- Establish the goals
- Establish the scoring
- Communicate the goal and the scoring
- Shouldn’t be just an individual report card
- Use it to recognize trends
- Re-set the program if spikes in certain areas of scoring
- Communicate the results
- Make it positive
- Train your personnel
- Don’t let it pile up

The Fleet Perspective:
Core-Mark International
Agenda

- Who is Core-Mark?
- Definition of a Scorecard
- KPI vs. Scorecard vs. Dashboard
- Balanced Scorecard
- Core-Mark and Scorecards
- Scorecard Basics

Core-Mark International Inc.

- Industry Leader in Convenience Store Delivery
- 30 Distribution Centers
- 1,873 Drivers
- 1,217 Tractors
- 150 Straight Trucks
- 1,545 Multi-Temp Trailers
- 2018 Projected Miles – 72,948,292
- 2018 Projected Deliveries – 2,827,229
- 2018 Projected Cubes Delivered – 240,314,465

Core-Mark Values

Brian Johnston, CTP
Sr. Director of Transportation
Core-Mark International
Scorecard - Definition

• Scorecard vs. Dashboard
  • Scorecards must exhibit progress against a goal
  • Dashboards simply display individual pieces of data, without any particular context

• Key Performance Indicators – KPI’s
  • Individual measurements and controls that make up a scorecard
  • Used to measure against benchmark and progress trends

• Business Intelligence* Defines Scorecard:
  • Data visualization tool that helps organizations, individuals, or groups of individuals reach goals by displaying PROGRESS TOWARD OBJECTIVES . . . .
  • Scorecards provide an “AT A GLANCE” measure of progress.
Balanced Scorecard

• Definition –
  • Focus on the strategic agenda of the organization
  • Selection of small number of data items to monitor
  • A mix of financial and non-financial data items

• Balanced Scorecard Requirements -
  • A choice of data to measure
  • Setting of a reference value for data
  • Ability to make a corrective intervention

Balanced Scorecard

• Leading vs. Lagging Indicators - MPG
  • Lagging – Measuring what has already happened
    • Idle Time
    • Speeding
    • MPG
    • Safety
  • Leading – Measuring what will/can happen
    • Mechanical Spec
    • Aerodynamics

1960 PGA Masters Tournament
Final Round Leaderboard

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<th>CNG Miles</th>
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<th>Total Stops</th>
<th>Diesel Cubes</th>
<th>CNG Cubes</th>
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### Core-Mark – MPG Improvement

- Bottom Three Divisions Commonalities
  - Lowest MPG
  - Highest Accident Ratio
  - Highest Long Idle
  - No Governed Speed
  - No Scorecarding
  - No FUN

---
Core-Mark – MPG Improvement

| Number | Vehicle | Odo. Start | Odo. End | Miles | Fuel (gal) | MPG | Moving MPG | OverSpeed % | ExcessSpeed % | Over RPM % | Long Idle % | Short Idle % | Long Idle Fuel (gal) | Short Idle Fuel (gal) |
|--------|---------|------------|----------|-------|------------|-----|------------|-------------|--------------|-------------|------------|-------------|-------------|----------------------|----------------------|
| 102    | VM200   | 67074      | 68271    | 1197  | 228        | 5.26| 6.05       | 1.50%       | 0.12%        | 1.44%       | 8.8%        | 30%         | 15%         | 3.34%                | 28.47%                |
| 103    | VM200   | 62703      | 64427    | 1724  | 346        | 4.98| 5.66       | 14.55%      | 3.39%        | 7.90%       | 4.18%       | 27.72%      | 4.19%       | 37.5%                | 37.5%                |
| 105    | VM200   | 60625      | 61367    | 741   | 121        | 6.15| 7.01       | 3.73%       | 0.29%        | 2.38%       | 8.21%       | 22.31%      | 4.7%        | 10.1%                | 10.1%                |

MPG Cost Calculator

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<tr>
<td>New MPG</td>
<td>6.1</td>
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<td>Annual Total Savings</td>
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Scorecards at Core-Mark
Scorecarding – The Basics

- Goals – What, Why, How
- Improvement Focus
  - Safety/Regulatory
  - Attrition
  - Financial
- Benchmark (Start Point)
- Specific KPI’s
- Audience
- Frequency: time to make adjustments
- Data Source
- Measuring Improvement Trends to Goals
- Dashboard or SCORECARD

Reportable Injury Ratio (RIR)

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<th>DOT #</th>
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<th># RSIs</th>
<th># Crashes</th>
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CSA Score May 2018

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<th>ST Compliance</th>
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<th>Total Drivers</th>
<th>Drivers Yet to be Audited</th>
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### Question & Answer Session

Gary Petty  
President & CEO  
National Private Truck Council

Tom Bray  
Industry Consultant-Transportation  
J. J. Keller & Associates

Tom Moore, CTP  
Senior Vice President  
National Private Truck Council

Brian Johnston, CTP  
Sr. Director of Transportation  
Core-Mark International

### More Questions?

Tom Bray  
Industry Consultant-Transportation  
J. J. Keller & Associates  
tbray@jjkeller.com

Tom Moore, CTP  
Senior Vice President  
NPTC  
tmoore@nptc.org
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