



# DIVERSIFIED TRANSFER & STORAGE, INC.

## Skin in the Game

At our Green Bay meeting in October, DTS unveiled its new driver performance pay system as our best idea. The program started in November. Our implementation was not without problems. What we discovered after running the program for 8 months was:

1. It was complicated.
2. Drivers did not feel they had any control.
3. Animosity created between drivers and dispatch.
4. Complacency in scoring the driver. Nobody was double checking the accuracy of driver deductions.

Our new driver incentive program puts skin in the game for them. The program is made up of three items.

1. Productivity
2. Safety
3. Fuel

### Productivity

The driver must run a minimum number of miles each month. A single driver must run 10,000 miles to be eligible and a team must run 18,000 miles. Adjustments have been made for route trucks that are unable to meet the miles requirement.

### Safety

A driver can earn up to \$.0X per mile. A driver will be penalized for any of the following:

**Safety / CSA 2010 Violations** – For every violation \$50.00 will be deducted from the safety bonus. (Overweights and "7 Basics" violations. The company receives points, driver pays for adversely affecting our safety rating).

**Chargeable Claim Reporting** – For every chargeable OS&D claim, there will be a \$100 processing fee plus the cost of the claim up to the maximum cost of our \$2500 deductible. (\$250 is charged against performance pay each month until paid).



**OS&D Reporting** – Failure to immediately (within 2 hours) report any OS&D Claim will result in the loss of \$100 per occurrence.

**Accidents** – For every AT FAULT accident, regardless of damage, there will be a \$250 deduction from the safety bonus. If there are damage or injury claims associated with an at fault accident, there will be the \$250 deduction for the accident plus a deduction of \$250 per month up to the maximum cost of the insurance deductible or \$2500.

## **Fuel**

A driver can earn up to \$0.0X per mile for achieving seven miles per gallon. Deductions will occur for excessive idle time (greater than 15%) and for fueling outside the fueling network as follows:

Fuel Economy -	7.0 mpg or greater	\$0.0&
	6.5 – 6.99	\$0.0%
	6.0 - 6.4 mpg	\$0.0\$
	5.5 – 5.9 mpg	\$0.0#
	5.4 mpg or below	\$0.00

Idle Time – 15% or more Idle time will result in a \$150 deduction

Fuel Network – Fueling outside of our network without authorization will result in a \$100 deduction per occurrence

## **Benefits / Goals**

1. The driver now has Skin in the Game. If the driver makes the mistake, then he/she pays for it through reduced incentive pay.
2. Drivers are now experimenting driving at different speeds and monitoring their own fuel economy on a per fill up basis.
3. CSA 2010 violations should be minimized
4. Easier mitigation of claims and OS&D's because of immediate reporting.
5. For the driver to be successful, he/she still needs to follow many of the same criteria from the previous scorecard. This new incentive makes the scoring much easier.
6. Driver is in control; no mistakes or errors and the driver achieves maximum bonus. Over 40% of the driver's pay is now incentive paid.
7. The best drivers earn the most money.

**Driver's Monthly Bonus Evaluation -- LTL**

Driver's Name                      Professional Driver

June-10

To qualify for bonus, Solo Driver must exceed 10,000 miles per month; Teams must exceed 18,000 miles per month

Total Miles Driven     

**Safety- Total Possible = X cents per mile**

Scale Violations      1      \$50 per violation

Bonus Reduction     

OSD Late Reporting      1      \$100 per incident

Bonus Reduction     

Chargeable OSD Claim

Claim Number

Total Claim Amount     

Amount Left After this Payment     

Claim Payment     

Accident

Date of Loss      7-Jul-10

Total Loss Amount     

Amount Left After this Payment     

Accident Payment     

**Total Safety Bonus**     

**Fuel Performance - Total Possible X cents per mile**

Fuel Economy      6.23

7 MPG or greater	& CPM
6.5 - 6.99 MPG	% CPM
6.0 - 6.49 MPG	\$ CPM
5.5 - 5.9 MPG	# CPM
Less than 5.5 MPG	0 CPM

Idle Time greater than 15% = \$150 deduction     

Bonus Reduction     

Failing to fuel in Network= -\$100 per incident     

Bonus Reduction     

**Fuel Performance Bonus**     

**Total Monthly Bonus Award**     

**Disclaimer (this one is for you Eddie)**

The pay numbers do not reflect the actual amount that can be earned by a driver. The numbers are plugged for illustrative purposes only.