



# Improving workforce attraction and retention rates for Australian transport and logistics companies

**Paul Kahlert**

**An International Specialised Skills Fellowship**

Sponsored by Transport and Logistics Industry Skills Council





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# i. EXECUTIVE SUMMARY

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## ***Without Drivers trucks stop... Without trucks Australia stops***

As the senior executive for All Purpose Transport (APT), a medium sized transport business located in Queensland, Paul Kahlert has experienced first-hand that the transport industry has a significant challenge with worker attraction and retention.

According to the Transport and Logistics Industry Skills Council's (TLISC) E-Scan 2014 publication,<sup>1</sup> the Australian Road Freight function will contribute around A\$18 billion to our economy, which at the end of the day requires significant human resources to schedule, load, drive and monitor the task. With the forecasted growth in freight movements it will require a significant inflow of skilled new workers to cover the expansion as well as the inevitable departures due to the ageing workforce.

It is well documented that Australia has an ageing population so every industry is looking for fresh innovative ways to attract and retain their workforce. Evidence from the Australian Bureau of Statistics<sup>2</sup> indicates that from 2011 to 2020 the number of people aged 50 years and over will increase by a significant 22 per cent. Competition is fierce for skilled workers and unfortunately road transport is often a second-career choice option with workers entering the industry later than other traditional blue-collar segments. Indeed, the average age of the 200+ driving workforce at APT is over 47 years of age.

To address the emergent driver shortage there are three major issues that the Fellow has identified that the transport industry as a whole should seek to address. Through the Fellowship program Kahlert's expectation was to identify and implement strategies with APT and to demonstrate these to the greater industry through:

- The generation of career paths for drivers that encourages them to want to stay within the industry: Investigate and implement viable retention packages
- Reducing the high driver turnover rate: ensure that there are strong induction and training programs to attract and retain new people to the industry; and identify emerging technologies that assist with productivity and performance management
- Sourcing a continuous pipeline for new workers: generate interest for working in industry during the future workers' informative years - e.g. High School; create a conduit of new workers from non-traditional sources (e.g. Migrants / Military).

APT has identified that the top of the list of factors likely to shape the future of the company is having a well-trained and consistent inward flow of drivers to support their growth. The freight task is no longer just picking-up and delivering; there are significant regulatory requirements along with meeting higher customer expectations on a tight bottom-line margin. This requires businesses to have a non-transient workforce that can be highly skilled to create a competitive advantage.

Unless there is an industry-wide focus and development program initiated on the attraction and retention of workers to the transport and logistics industry there will simply not be enough people to perform the ever increasing freight task.

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<sup>1</sup> Transport & Logistics Industry Skills Council (TLISC), *Environmental Scan (2014)*

<sup>2</sup> Australian Bureau of Statistics (ABS), 2009, *Future Population Growth & Ageing 4102.0 (2009)*



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## ii. ACRONYMS, ABBREVIATIONS & DEFINITIONS

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### Abbreviations / Acronyms

<b>APT</b>	All Purpose Transport
<b>ATA</b>	American Trucking Association
<b>CTT</b>	Courier & Taxi Truck Businesses
<b>COR</b>	Chain of Responsibility
<b>IMS</b>	Intermodal Management Systems
<b>ISS</b>	International Skills Institute
<b>LLN</b>	Language Literacy Numeracy Skills
<b>RTO</b>	Registered Training Organisation
<b>RPL</b>	Recognised Prior Learning
<b>SME</b>	Small to Medium Enterprises
<b>TAFE</b>	Technical and Further Education
<b>T&amp;L</b>	Transport and Logistics
<b>TLISC</b>	Transport & Logistics Industry Skills Council
<b>VET</b>	Vocational Education and Training

### Definitions

#### **Autonomous vehicle**

Vehicle capable of driving without the need for human interaction: vehicle uses combination of GPS, cameras and telematic software to follow route in standard traffic conditions.

#### **Route Optimisation**

Software capable of electronically receiving consignment data and without any interaction producing delivery routes for vehicles. Once completed optimised routes can be sent to vehicle GPS units or driver's smartphones for operation.



# 1. ABOUT THE FELLOW

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Paul Kahlert is the General Manager of a business that employs around 300 workers, has a turnover of around \$40 million and is one of the largest specialised transport companies in Queensland. All Purpose Transport (APT) is a family owned business and the Fellow reports to a single Director who retired from the business in 2002. The Fellow has been the General Manager of APT since 2002.

Established in 1975, APT has grown to include nine transport divisions with over 200 vehicles ranging from refrigerated transport, couriers through to semi-trailers. Additionally APT has in excess of 15,000m<sup>2</sup> of warehousing providing contract-warehousing services to large companies such as IKEA, Rheem Australia, BP / Castrol and Fantastic Furniture. APT employs around 100 staff in administrative and operational roles to run the business.

The Fellow commenced his transport career in 1987 whilst working for a freight forwarding company LEP International that were responsible for coordinating all freight movements onto the Expo 88 site in Brisbane. Over the next 28 years he has held a number of management positions in both finance and operational roles. In 2002 he was promoted to the General Manager position that he has held to date.

Kahlert is responsible for guiding and directing senior management to achieve the goals and strategies of APT whilst ensuring that all processes and operations within the business are working in an appropriate manner. A key focus that he has is to confirm that these processes are measured and reviewed to guarantee high standards of customer service are maintained. Finally he makes sure that the company is maximising its return on investment for the company's assets.

In March 2012 APT embarked on a revolutionary project to skill its entire workforce in a Certificate III or higher nationally recognised qualification. This project was successfully completed in March 2013 and APT is now the most qualified transport company in Australia.

APT identified that a key outcome of this project was to create a highly skilled and available workforce to address their current and future labour pipeline along with being an industry 'poster-boy' for workforce development.

An indirect outcome of the project was APT winning a number of major industry awards for innovation and workforce development. These awards recognised APT's core value - Best People = Best Business.

Kahlert holds a degree in information technology as well as an advanced diploma in management. He is a fellow of AIM (Australian Institute of Management), CILTA (Chartered Institute of Transport and Logistics), SCLAA (Supply Chain Logistics Association of Australia) and TEC (The Executive Connection).

Kahlert also holds a board position with the QTA (Qld Trucking Association).

## **Achievements:**

- Qualified the entire 300+ workforce in nationally recognised qualification of Cert III or higher – Industry first
- Target Australia - Supplier of the Year 2011 – National Award in Supply Chain
- BP Australia - HSSE Carrier Excellence Award 2012
- Queensland Trucking Association (QTA) - People Leadership Award 2012
- Supply Chain & Logistics Association of Australia (SCLAA) - Qld Training, Education & Dev. Award 2012
- Chartered Institute of Transport and Logistics Australia (CILTA) - Excellence in Innovation 2012

## 1. ABOUT THE FELLOW

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- Transport & Logistics Industry Skills Council (TLISC) - Innovation & Excellence in Workforce Development 2013.
- Supply Chain & Logistics Association of Australia (SCLAA) - Qld Training, Education & Dev. Award 2016
- Australian Trucking Associations (ATA) – National Training Excellence 2016

### **Individual Awards:**

- Australian Institute of Management (AIM) - Brisbane Professional Manager of the Year 2013
- Supply Chain & Logistics Association of Australia (SCLAA) - Australian Industry Excellence Award 2013
- Chartered Institute of Transport & Logistics Australia (CILTA) - Industry Professional of the Year 2013.

## 2. AIM OF THE FELLOWSHIP PROGRAM

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### Aim of Program

The transport and logistics (T&L) industry in Australia's workforce is in urgent need of a sweeping transformation if it is to stay competitive and attract skilled people.

The aim of the Fellowship was to undertake a study tour of small to medium-sized transport (logistic) companies based in the United States for the purpose of identifying and reporting back on new processes, technology and ideas that will address the fast approaching shortfall of T&L workers. Interview meetings, which formed a significant component of the study tour, allowed the Fellow to learn about many key aspects of each business. Fortunately during the Fellowship timeline there was a significant industry conference held in Philadelphia that the Fellow attended. During this five-day event the Fellow gained a further insight into the American economy and their T&L workforce challenges whilst also networking with a number of key industry delegates.

There is substantial evidence that job seekers still don't see transport and logistics as a desirable industry. To stand out in the employment market, transport and logistics companies must proactively manage their company brand.

The interview process undertaken by the Fellow encompassed all aspects of the interviewee's business from IT services through to fleet management and general management. Specific focus was made on trying to identify if any mid-tier businesses are engaging workforce development programs and how these concepts could be taken back to Australia.

Areas investigated during the Fellowship included:

- The use of technology to improve working conditions / productivity performance
- How companies organise and implement workforce development strategies
- Approaches to attracting, recruiting and retaining skilled talent
- Regulatory compliance impacts – is there a better way to engage the workforce on compliance.



## 3. THE AUSTRALIAN CONTEXT

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The Australian T&L business models range from the typical small entity run by a husband/wife team through to the large corporate national companies. The T&L sector is heavily dominated by the owner-driver model, where the vehicle owner is also the operator. Most T&L businesses therefore operate in highly competitive markets typically with low margins and high volume transactions. The continuing skills shortage along with increasing vehicle running costs continues to plague T&L businesses' profitability.

The increase in demand for the road freight task has meant that the industry now has a high-reliance on single vehicle operators with the TLISC's 2015 E-Scan<sup>1</sup> indicating that 66.6 per cent of the workers are self-employed (owner-drivers).

Investment in training and development of workers on areas outside of operations is often perceived as a 'luxury' by many T&L businesses. Their focus tends to be on delivering freight and meeting legislative compliance obligations as they occur. Unfortunately workforce development training within the T&L sector is often done in a fragmented and disorderly manner with the key objective of getting the driver and their vehicle on the road working as quickly as possible.

The 'traditional' worker in the T&L sector has often started their working life in another industry. Many workers have been tradespeople, labourers and in some cases office workers and even professionals before changing roles into the T&L arena. Unfortunately for school leavers the commercial cost to become an owner-driver tends to be prohibitive when a vehicle purchase along with business insurances is required.

Regrettably the incorrectly 'perceived' negative image of the T&L sector is that it requires long hours away from home and pressure to drive for long shifts. This is not correct with most businesses operating on a local basis with most workers going home every night as well as working predominately Monday to Fridays.

Other key influencers / skill gaps in the road freight industry, and in particular the T&L sector, include:

- Time and cost effects of compliance with increasing regulatory requirements - chain of Responsibility (COR) – Fatigue / Load Restraint / Mass Management
- The continued growth in online sales coupled with a proliferation of new technology requires a road transport workforce with more advanced skills to enable more efficient and accurate freight movement for higher volumes
- Greater casualisation of the workforce as customers require delivery of product outside of normal business hours. Management often has to find solutions such as double-shifting a vehicle to cover delivery requirements utilising casual drivers
- Sourcing or developing Transport Managers with strong business management skills who can support the workforce to adapt to increasingly automated supply chains
- IT Digital skills combined with good language, literacy and numeracy (LLN) skills.

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<sup>1</sup> Transport & Logistics Industry Skills Council (TLISC), *E-Scan (2015)*





## 4. IDENTIFYING THE SKILLS AND KNOWLEDGE ENHANCEMENTS REQUIRED

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There are examples of areas in Australian industries where there are weaknesses in innovation, skills, knowledge, experience, policies and/or formal organisational structures to support the ongoing successful development and recognition of individuals and the particular sector.

The focus of all ISS Institute Fellowships is on applied research and investigation overseas by Australians. The main objective is to enable enhancement and improvement in skills and practice not currently available or implemented in Australia and the subsequent dissemination and sharing of those skills and recommendations throughout the relevant Australian industry, education, government bodies and the community.

The Fellow has seen first-hand in his business the need for well-trained workers to fill the current skill shortages that the transport and logistics industry is experiencing. The rapid emergence of technology combined with a rapidly ageing workforce has created a number of skill gaps that need to be addressed in the current workforce as well as training being provided to the incoming workers.

In addition to this there is a strong requirement for well-trained and talented managers / supervisors to support the growing workforce that will come from within and outside the T&L industry. There is currently a significant shortfall in this area as the traditional path to management for many workers was to rise through the ranks. As a consequence, training and development tended to be delivered mostly on-the-job and formal qualifications of the skills was not actively sought.

TLISC's E-Scan 2015 publication has identified the following emerging skill requirements for the transport and logistics industry based on a significant study of large and small to medium sized businesses. Transport and logistics covers five pillars – Logistics, Road Transport, Aviation, Rail and Maritime & Ports. For the purposes of this Fellowship the area of focus for skill enhancement will be on Road Transport & Logistics.

### Road Transport

- Fleet and Supply Chain Management
- Compliance and Systems
- New Vehicle Technology

### Logistics

- Business Management and Leadership
- Systems, Analytical and Technical

As stated above, the key outcome for an ISS Fellowship is to improve and enhance programs that are currently not in Australia, based on specific applied research. This Fellow's recent experience in qualifying the entire workforce identified that there were skill gaps within the training providers in relation to the transport industry. The Fellow aims to return to Australia to work collaboratively with their training provider (TAFE Queensland) to build a robust and commercially sound program to develop new workers and consequently create a larger pipeline of potential workers.

## 4. IDENTIFYING THE SKILLS AND KNOWLEDGE ENHANCEMENTS REQUIRED

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There are three stages that the Fellow has identified in the assessment process.

### **Stage One: (Employer Initiatives)**

- Arrange interviews with senior management of small to medium sized T&L companies located in three different geographical areas of the United States of America (Los Angeles / Corona / Philadelphia / Washington DC).
- Document the key workforce development outcomes that are identified listing the similarities and differences to what occurs in Australia.
- Identify and document any technology that is being used to support the development of the workers.

**Aim:** *To return to Australia with two to three clear activities that could be undertaken within the Fellow's business and share these outcomes with the industry. In addition, a further aim is to consult and assist in the development of training courses for public delivery through the TAFE Queensland network.*

### **Stage Two: (High-Level Strategies)**

- Attend a Transport Industry Conference to hear from keynote speakers on high-level strategies for workforce development.
- Arrange interviews with presenters and delegates and document any key take-outs from the process.
- Investigate latest technology innovations on display and determine their suitability for the Australian workplace.

**Aim:** *To return to Australia with two to three clear activities that could be undertaken within the Fellow's business and share these outcomes with the industry. In addition, a further aim is to consult and assist in the development of training courses for public delivery through the TAFE Queensland network.*

### **Stage Three: (Industry Bodies)**

- Arrange an interview with a senior executive of a transport-industry association.
- Assess what initiatives are being taken to lobby the government to assist the transport industry with their workforce development programs.

**Aim:** *To improve the ability to generate interest within the Australian Government on workforce development opportunities within the T&L Industry. The Fellow currently sits on a number of committees for industry associations and intends to pass the findings of the Fellowship into these organisations.*

## 5. THE INTERNATIONAL EXPERIENCE

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Prior to the formal international visits, Kahlert spent time travelling around the Los Angeles area looking at trucking companies and distribution centres to get a 'lay of the land'. The first thing that struck the Fellow was the large number of trucks with signs on the back of the vehicle trying to recruit drivers. When the Fellow travelled to the East Coast he found that there was an identical issue with a large number of trucks also displaying recruitment signage.

When researched, the Fellow found that in 2014 there were 38,000 driver positions short with the potential for this shortage to balloon to 175,000 drivers by 2024.<sup>1</sup> Based on this discovery the Fellow added some interview questions around how this shortage was perceived.



Vehicle Recruitment Signs

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<sup>1</sup> Costello, B. and Suarez, R., 2015, *American Trucking Associations (ATA) Truck Driver Shortage Analysis*

## 5. THE INTERNATIONAL EXPERIENCE

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### 5.1 Visit One: Crestcom, Tustin, Orange County, California (USA)



*Tustin – Orange County - Crestcom*



The Fellow was invited to attend a management training program with around 25 middle to senior management attendees held in Tustin, Orange County. In this meeting there were two delegates who worked for a large distribution company based in Los Angeles. During the interview the Fellow was surprised to hear that the signs on the back of trucks chasing drivers 'had always been there'. The interviewees both described the long hours of work, absence from home and manual labour as key reasons for the high turnover of drivers. It was suggested that the community perception that drivers did not require any secondary (college) education led to the attraction of less educated and unskilled workers.

Another interesting point identified during the interviews was that the regulation and governance in the state of California were not business or worker friendly. For example, a regulation change made in California significantly reduced the number of trips that drivers could make to the shipping port. These drivers were paid based on their productivity so when they performed fewer trips their income suffered accordingly. This situation was made worse when an industrial dispute at the key Californian shipping ports almost shutdown the entire supply chain.

As a result of this perceived over-regulation / governance, companies such as Toyota are relocating their operations to states such as Ohio who offer cheaper company tax and lower state income tax for the workers. Interestingly both interviewees said that they would relocate to another state if their company wanted to move due to the increase in their payment from the tax reductions.

The interviewees' company had an internal management training and development program that encouraged the workers to access local colleges. This program was supported with Federal Government funding assistance with workers paid to attend training programs outside of normal work hours.

Both interviewees indicated that they were not aware of a 'national' skills training program for the transport and logistics industry. They said that the training offered was state-based and in some cases specific to individual colleges. To the best of their knowledge there were no nationally recognised qualifications, however this was not important as employers were not looking for this type of training.

When asked about the use of IT in the business it was reported that the traditional 'ruggedized' scanning equipment traditionally used in warehouses was being phased out with the introduction of small 'iPod' like devices that were 20 per cent the cost of the traditional unit.

## 5. THE INTERNATIONAL EXPERIENCE

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*iPod scanner replacing traditional warehouse scanners*

Employment retention initiatives within the company included peer-nominations where workers selected a co-worker for offering something above and beyond with customer service. Workers collect points for nominations and can use the points on rewards such as weekends away.

### 5.2 Visit Two: Corodata, Corona, Riverside County, California (USA)

The Fellow was invited to spend the morning with the President of Corodata, a family owned business based in Corona, Riverside County. This is a larger logistics business that undertakes corporate relocation services along with document management and storage services.

This business was able to demonstrate its strong family values by creating a 'career journey' for its workers. On commencement of their employment a program of fast-tracking employees is undertaken by the line management. When a warehouse worker demonstrates some initiative and drive then they are asked to take the next step in their career by becoming a relief driver working two to three days driving trucks. The 'badge of honour' occurs for the worker when they are recognised and become a full-time driver. Conversely when the driver reaches an age where they are physically challenged, the company directs them back to a less demanding role thus ensuring that the knowledge remains within the business until the worker retires.

During the interview the Fellow was able to identify that the company undertakes a mix of internal and external training for its workers accessing local colleges and federal grants. Productivity in the workplace is managed in teams with all members required to succeed as a group in order to access bonus payments. This team approach to productivity payments is referred to internally as a 'football game' where a daily leader board is displayed in the warehouse with all participants able to see where they stand. Workers not meeting the challenge and displaying teamwork rarely stay with the business.

The Fellow was fortunate to spend time with the President of the company who also showed him all areas of the business including their sales and administration areas. The time with the President allowed the Fellow to understand the core values of the business and how they have been aligned to create a successful long-term business.



*Corodata California*

During the interview the challenges of over-compliance and regulation in Californian businesses was raised along with the concerns about a recent port dispute that resulted in lost productivity. During the industrial action the company was unable to get any product to/from the port and this had a significant impact on their business, as the East Coast ports are the main trading sites for the United States.

## 5. THE INTERNATIONAL EXPERIENCE

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### 5.3 Visit Three: Work Wave, Neptune City, Monmouth County, New Jersey (USA)

The Fellow travelled across the United States from the West to the East Coast arriving in Philadelphia, Pennsylvania where he travelled North to Neptune City, New Jersey. Work Wave is a software company that provides fleet management and productivity solutions for logistics businesses. A presentation for the Fellow was made by the Chief Operating Officer, Vice-President of Sales and Customer Service Manager demonstrating the capabilities of the new software platform.

The delivery task is rapidly evolving with the end-user (receiver) demanding greater visibility on the progress of the service. The Work Wave product allows deliveries to be loaded into the transport company's server then dynamically routed to maximise the vehicle's capacity, minimise distance travelled (saving fuel and running costs) and providing the driver with 'turn by turn' directions on how to get to the delivery point. From the customer's perspective they can see when the vehicle was loaded and the ETA (expected time of arrival) for the delivery service.

Work Wave demonstrated to the Fellow small incremental changes that could be made utilising the power of the software to improve the performance of the delivery driver which will ultimately improve the bottom-line performance of transport businesses.

Following the presentation, the Fellow undertook a tour of the building meeting and informally interviewing some of the staff. Work Wave recently won a number of awards including the Inc. 5000 – America's Fastest Growing Company and 2014 – Best Places to Work in New Jersey. In the offices all of the rooms are named after famous surf breaks and the staff can use skateboards to travel around the office. The staff also indicated that the flexibility of work hours and location away from the large city made it an attractive workplace.



*Work Wave New Jersey*

A key take-out from the visit was that businesses such as Work Wave had business plans for the rapid introduction of technology into the transport and logistics industry. Whilst Work Wave's head office is located in New Jersey they are a global company with offices across the world. This business has been highly successful by purchasing smaller logistics software companies and incorporating them into one streamlined product. From the Fellow's perspective this highlighted that the current workforce education and training profile may struggle to adapt to this new technology without some upskilling and development of IT skills.

### **5.4 Visit Four: Intermodal Management Systems (IMS), Eatontown, Monmouth County, New Jersey (USA)**

Intermodal Management Systems is a technology based logistics company located in New Jersey. The Fellow met with the Senior Vice President of Operations along with the Business Development Manager in the company's boardroom.

The Senior VP was able to describe how the immigrant model worked in the US with workers coming to the country, establishing a base and then bringing their families into the country. He explained that this was the traditional recruitment model for truck drivers and created the next generation of workers into the industry.

The introduction of regulations such as reduced working hours and technology has had an impact on the hardworking migrant and in his opinion has resulted in a reduction of migrant workers entering the industry.

He agreed that there were significant issues with the attraction and retention of workers even though the economic downturn had improved the amount of people available and created more choice from an employer's perspective. The recruitment process at IMS focused on finding entry-level staff looking for energy and enthusiasm. Using a company corporate trainer and training room the selection process for workers involves bringing around 12 people into the induction process with the intent to bring the top three to five workers into the business.

The worker's performance is tracked and they are invited to attend monthly sessions held outside of working hours where external speakers discuss industry topics relevant to the IMS business. From these sessions future managers are identified and elevated when they show genuine interest in being part of the business.

The other human resources strategy that the business employed was ensuring that there was an expectation that once a worker had achieved three years in the same role that they were 'repositioned' into a new role to ensure that there was constant cross training throughout the business.

The Fellow's takeout from this visit was that change is constant in the current business environment. Businesses that are fast and clean survive while businesses that try to cling to their status quo will get trampled. The other takeout from IMS is that their brand is very valuable. The senior Vice President was quoted saying, "Companies with great brands get a disproportionate amount of work".

### **5.5 Visit Five: ATA Annual Convention, Philadelphia, Pennsylvania (USA)**

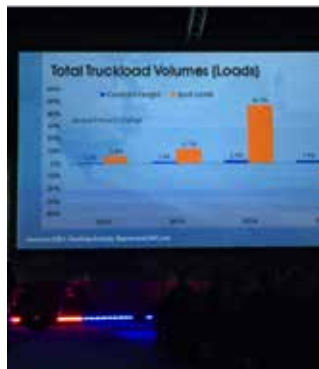
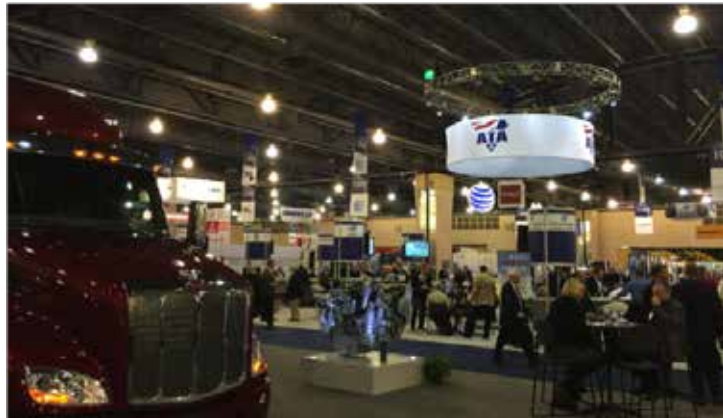
The ATA (American Trucking Association) is the United States' leading advocate for their trucking industry. Each year the ATA holds a conference to demonstrate new technology, equipment and also to highlight any legislative or economic trends that may impact trucking businesses.

This event had over 2500 delegates with representation from Congressmen, CEOs of large transportation corporations right through to small family businesses. The official program had keynote speakers at breakfast, lunch and dinner sessions along with breakout meetings to discuss topical issues.

## 5. THE INTERNATIONAL EXPERIENCE

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ATA Convention, Philadelphia





## 5. THE INTERNATIONAL EXPERIENCE

The first session that the Fellow attended was the Independent Contractor Task Force Meeting where he was able to sit as an observer. During this meeting it became apparent to the Fellow that the challenges in both Australia and the United States in relation to the management and compliance of Independent Contractors was very similar.

The strong shift from large inventory holdings to 'just in time' deliveries has created new challenges for the market with disruptive technology companies such as UBER able to quickly enter the market with no fleet assets and compliance models.

In addition to the fast implementation of technology concerns, increased regulation by government resulting in an anti-business approach to trucking companies was also raised as a concern. Following the formal discussions the Fellow had a number of conversations during which businesses indicated that they had, or were considering leaving the state of California due to its regulations. For example the environmental regulations around vehicle ages / emissions right through to tyres create crazy situations where transport hubs have been created on the Nevada / California borders as it is not commercially viable for a transport operator to enter California.

The second session that the Fellow attended was the 'State of the Industry' keynote speech by the CEO and President of the ATA Bill Graves. Graves provided the top 10 industry issues with driver shortage / retention and health forming a significant part of the list. He also indicated that there were significant headwinds from political influences including regulation and uncertainty around the recent government (shutdown) strikes. With elections occurring in 2016 he was concerned that the regulation of the trucking industry was creating dependency rather than new opportunities.

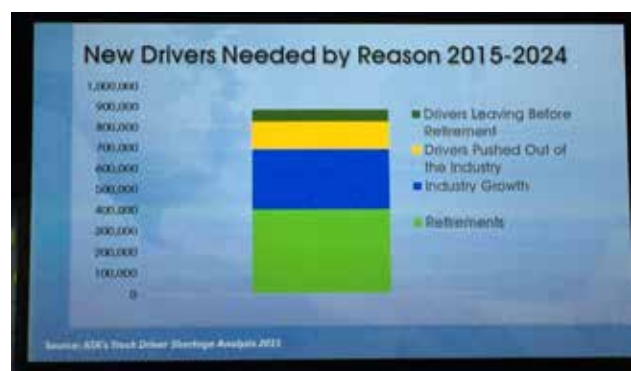
The Fellow was fortunate enough to arrange a one-on-one meeting with the Vice-President and Chief Economist of the ATA – Bob Costello. During this meeting the Fellow was able to openly discuss the challenges with the significant driver shortage that the United States was having.

Costello was able to provide statistical data showing that the freight task in 2015 was 48,000 drivers short. If this situation was not addressed this would soon break the 100,000+ driver mark. The American trucking industry needs 89,000 new drivers each year just to keep pace with retirement and projected growth.

He explained that one of the major factors in the driver shortage was that 49 years is the average age for a truck driver. This rapidly ageing workforce, in combination of only 5.8 per cent of women working as truck drivers, has resulted in trucking companies struggling to recruit new trucking workers. Due to the age of the drivers the number one reason for leaving the industry is retirement.

He explained that the nomadic lifestyle, irregular flows of work and income were all significant influences on the shortage. When surveyed, 88 per cent of carriers said that most applicants are not qualified and therefore unsuitable for the task.

This need to create a pipeline of new workers created 'knee-jerk' reactions from trucking companies such as the payment of bonuses in excess of \$US 5,000 for experienced drivers to join. By paying a 'bounty' to truck drivers this created retention issues where drivers jump around carriers chasing money.



Truck Driver Shortage

## 5. THE INTERNATIONAL EXPERIENCE

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Costello's information echoed what the Fellow had been told during his interviews and observations whilst driving in California, New Jersey and Pennsylvania.

Another challenge creating driver shortages was the large number of alternative jobs available. These alternative options did not always have the rules, compliance and regulations making the role easier for the worker.

When asked by the Fellow what innovative initiatives trucking companies generate, Costello provided the following feedback:

- Employment Benefits – Health Care / Superannuation, paid time off and Life Insurance.
- 'Pony Express Services' – Fleets are operated so that the driver is able to return to their home every night, instead of the driver taking the vehicle to the end destination, and the driving task is shared by a number of drivers. The Fellow met a CEO of a trucking company, that carries fuel, during a networking function. This CEO echoed the importance of getting his drivers home every night, and said that the accident / incident rate for his business had markedly improved once the policy was introduced.
- Attracting YGEN – Lower the driving age and make the trucks more attractive to operate. The introduction of automatic transmissions / satellite TVs / WIFI to create better working environments.
- Military – The licencing legislation is currently being amended so that ex-military personnel who have driven trucks are automatically provided a civilian licence:
  - » United States had effectively been at war since 911 so using the military as a recruitment pipeline for trucking activities makes sense.
  - » This is currently attracts around 100,000 veterans to the trucking industry in two years.
  - » Introduction of a 'Hiring our Heroes' campaign with the sole purpose of highlighting that truck driving is a honourable career choice by removing the myths about the 'truckers lifestyle'.
- Education of customers that truck drivers are an important part of their supply chain:
  - » Creating better working conditions including toilets and rest rooms at large distribution centres so that Drivers are not required to wait in their trucks for extended periods.
  - » Introduction of legislation where customers are 'fined' for not providing safe workplaces that mistreat drivers.
- Improve the gender balance:
  - » Encourage more female workers to enter the trucking industry. This can be achieved by creating a work environment with strategies such as reducing the time away from home.



*Military Recruitment Advertisement*

## 5. THE INTERNATIONAL EXPERIENCE

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- Autonomous Trucks:
  - » The convention had two vehicles on display that were capable of driverless activity on line-haul routes and these vehicles have been successfully trialled on Federal Roads.

The Fellow enquired about training and development opportunities for the trucking industry and was advised by Costello that a noteworthy effect on the employment market was the large amount of debt that many new employees had from education loans. This student debt is having a significant effect on Millennials entering the workplace putting wages pressure on to service these loans. Costello indicated that many new workers elected to undertake training for themselves with colleges then brokering jobs at the completion of the qualification.



## 6. KNOWLEDGE TRANSFER: APPLYING THE OUTCOMES

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As a senior executive in a 200+ worker business, the Fellow is in an ideal position to use the business that he works for to pilot some of the knowledge and ideas that he experienced and learned about in the United States. The Fellow intends to keep the business on the leading edge of skilling and development programs so that he can demonstrate to other T&L industries that these programs are sustainable, and make both commercial and a long-term stability cases.

The freight task in Australia will continue to grow so what the Fellow learned about and experienced in the United States regarding skill shortages is the start of an emerging issue in Australia.

The rapidly evolving driver shortage in the United States is occurring as the average age of drivers fast approaches 50 years old and there are simply not enough new people entering the industry to replace outgoing workers.

Technology is being introduced into all areas of the transport field at a startling pace (particularly for a workforce with numeracy and literacy challenges) so it is critical that there are ways to upskill as well as attract trained workers wanting to make a career in transport.

The Fellow will undertake or encourage the following as part of the dissemination of the Fellowship outcomes.

### Industry

The Australian transport (trucking) industry has the same challenges as the United States with the attraction and retention of workers. The Fellow intends to undertake the following activities to assist with the education and communication on the need to attract, retain and develop the transport and logistics workforce:

- Maintain position of Board Member on the Queensland Trucking Association
- Attend network functions and ATA (Australian Trucking Association) conference in 2016
- Continue in the position of Committee Member with the Supply Chain & Logistics Association of Australia
- Attend network functions and Supply Chain Conference
- Facilitate break-out sessions at the conference based around skilling and workforce development programs
- Attend networking events for Chartered Institute of Transport and Logistics Australia requesting opportunities to present findings on Fellowship to colleagues
- Trial approaching our armed forces as a recruitment option for new workers and see whether a pipeline of workers can be created and then report success to industry associations.

### Government

In 2015 the Fellow joined a delegation of other senior transport executives to present a case to the Federal Government's Minister for Education in relation to the need of an industry-based skills council for the transport industry:

- Without a focus on the T&L industry skilling requirements the risk is that a 'vanilla' solution is delivered making the students less attractive to employers and not work ready.

The Fellow has joined the City of Choice Logan Leadership program to assist with the development of jobs in Logan (Brisbane Southside). An advocacy group has been created to lobby local, state and federal government for funding to support training and development programs. This program will

## 6. KNOWLEDGE TRANSFER: APPLYING THE OUTCOMES

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provide a coordinated approach to workforce planning through a collaborative approach involving employers, government stakeholders, training providers/educators, employment services providers, research bodies and job seekers

The Fellow holds a position on the SCLAA (Supply Chain and Logistics Association) committee that has strong connections into state and federal government departments. Through this contact the Fellow intends to promote the need for the continuation of funding for the skilling of workers in the T&L industry.

### Education and Training

The Fellow, through his current role as General Manager with All Purpose Transport, has approved the second round of the training and development program for the company's workers. This industry-first program requires all workers with more than six month's tenure to gain a Certificate III or higher qualification in their chosen field of work. This program:

- utilises the training services of TAFE Queensland. The Fellow intends to be closely involved in the selection of trainers and the delivery of the program to ensure that a high-quality service is provided.

Introduction of an internal driver trainer with All Purpose Transport. The trainer has ten years' service with All Purpose Transport as an owner-driver. This driver trainer is currently being qualified by TAFE Queensland. On the completion of his training this resource will be used to develop new drivers to assist with the retention rate. Notably:

- The trainer recently won the Queensland Trucking Association – Driver of the Year award
- When he has completed his trainer qualifications his profile will be used to help promote the concept within the transport industry
- The purpose of this program is to demonstrate.

To demonstrate the benefits of on-going training and development of a workforce the Fellow has used his company as a benchmark for other businesses in the T&L industry. This training and development program is fully funded by the business using government support and a full-time resource to co-ordinate the project. Outcomes of this approach are that:

- All workers after their six month qualifying period are required to undertake a nationally recognised qualification of Certificate III or higher
- All middle to senior management working for All Purpose Transport are also required to undertake formal management training through the Crestcom Bullet-Proof Management program.

# 7. RECOMMENDATIONS

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The following specific recommendations have been based on the Fellow's research and personal experience.

## Industry

- Industry associations need to raise the awareness within their members that there are funding methods to support a skilling development program for their member's workforce.
- Industry representation bodies need to engage with their members to provide education on what training and development programs are available. For example, the Queensland Trucking Association (QTA) is working closely with the Queensland State Government to support the Certificate III Guarantee and further education programs to attract and retain workers within the T&L industry.
- Raise the profile of the T&L industry within the Australian Military. Armed forces personnel completing their service need to know that there is a career option in the T&L industry. Furthermore, military personnel are well trained and disciplined making them ideally suited to logistics roles that require detailed planning and assessment.

## Government

- Governments at all levels (local, state and federal) need to recognise that the T&L industry is a critical function for the national economy, and that the industry is dominated by small to medium sized businesses.
- Getting access to training and development resources and working through the paperwork for small enterprises is difficult and therefore often overlooked in the fast-paced / low margin businesses. Many small to medium-sized T&L businesses would not be aware of the funding opportunities to train and develop new workers.
- Education and training is the key to many of these businesses survival so there is a need for forward-thinking governments to make changes to the apprenticeship program so that many of the functions of the T&L industry, including the operation of trucks, become a trade similar to electricians, plumbers and carpenters.
- Young people need to be considering the T&L industry as their first choice rather than just a job that they 'fall' into after another selection has not worked out.

## Education and Training

- The Fellow has experienced first-hand how the creation of a partnership with a training provider and T&L business results in great outcomes. By partnering with industry the training providers are able to deliver up-to-date and contemporary programs to students that result in great achievements and outcomes for both the students and employers.
- Strategies need to be put in place to improve the retention and completion rates of T&L skilling programs. Students need to be provided the path that they can take to make a career within the T&L industry.
- The focus on new workers in the T&L industry should not be only based on school leavers. As traditional businesses, such as manufacturing, start to decline an opportunity exists for workers leaving these industries to be retrained into T&L roles.
- The T&L industry is diverse covering land, ocean and seas with an extensive range of different delivery methods. For this reason it is important that the skilling programs are specialised and targeted to the student's career choice.

## 7. RECOMMENDATIONS

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- Sound IT skills are now required technology as hand-held scanning devices start to evolve into 'whole of cycle' units. All levels of the supply-chain interact with computers and this is increasing. Traditional freight delivery tasks as being replaced with complete route optimisation software that require the driver to use a smartphone or PDA application. Without basic IT skills drivers are finding that they can no longer perform their tasks.
- The VET system has already moved into secondary education so the challenge for the T&L industry is to make the employment opportunities and career choices just as attractive as traditional trades
- T&L businesses that undertake training programs for their workers should receive commercial incentives to encourage and offset the cost of developing future workforces.
- Develop on-line training programs to support students who cannot access campuses. For example, with the downturn in the mining industry there are a number of FIFO (Fly In / Fly Out) workers who may want to retrain but their workplace location makes it difficult to attend face-to-face classes.
- On a positive, training organisations such as TAFE have created programs specific to T&L that can be delivered to Australian students. Communication about and promotion of these programs, and the success that they are achieving, is important.



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## 9. ACKNOWLEDGEMENTS

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The Fellow would like to thank the following individuals and organisations who generously gave their time and their expertise to assist, advise and guide them throughout the Fellowship program.

### International Specialised Skills Institute (ISS Institute) – The Awarding body

The ISS Institute exists to foster an aspirational, skilled and smart Australia by cultivating the mastery and knowledge of talented Australians through international research Fellowships.

The International Specialised Skills Institute (ISS Institute) is proud of its heritage. The organisation was founded over 25 years ago by Sir James Gobbo AC CVO QC, former Governor of Victoria, to encourage investment in the development of Australia's specialised skills. Its international Fellowship program supports a large number of Australians and international leaders across a broad cross-section of industries to undertake applied research that will benefit economic development through vocational training, industry innovation and advancement. To date, over 350 Australian and international Fellows have undertaken Fellowships facilitated through ISS Institute. The program encourages mutual and shared learning, leadership and communities of practice.

At the heart of the ISS Institute are our individual Fellows. Under the International Applied Research Fellowship Program the Fellows travel overseas and upon their return, they are required to pass on what they have learnt by:

- Preparing a detailed report for distribution to government departments, industry and educational institutions
- Recommending improvements to accredited educational courses
- Delivering training activities including workshops, conferences and forums.

The organisation plays a pivotal role in creating value and opportunity, encouraging new thinking and early adoption of ideas and practice. By working with others, ISS Institute invests in individuals who wish to create an aspirational, skilled and smart Australia through innovation, mastery and knowledge cultivation.

For further information on ISS Institute Fellows, refer to [www.issinstitute.org.au](http://www.issinstitute.org.au)

### Governance and management - 2016

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<b>Patrons:</b>	Mr Tony Schiavello AO and Mr James MacKenzie
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## 9. ACKNOWLEDGEMENTS

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### **Fellowship Sponsor – Transport & Logistics Industry Skills Council (TLISC)**

TLISC is an independent, not-for-profit, stakeholder focused organisation delivering innovative, high-quality solutions for the Transport and Logistics Industry. TLISC supports the Transport and Logistics Industry to maintain and build a highly skilled and productive workforce through establishing national skills standards and providing strategic workforce development advice.

TLISC is trusted by industry to develop products and services that meet the current and future skills needs of its workforce. The industry encompasses activities in Road Transport, Logistics, Rail, Aviation and Maritime and Ports. They invest in their people, and their focus is on building and developing long-term relationships across all sectors with employers, peak bodies, governments and working in collaboration with the vocational education and training (VET) sector to achieve quality outcomes.

TLISC use a collaborative and inclusive process that opens communication between industry leaders, peak bodies, enterprise owners, their managers and employees. Using this process they gather intelligence on the skills and workforce development needs of the Transport and Logistics Industry.

### **Supporters**

#### **Industry Supporters**

- Mentor: Amanda Thomas, General Manager – Strategy & Policy, Transport & Logistics Industry Skills Council (TLISC)
- Mentor: Trevor White, Director, All Purpose Transport (APT)
- Bob Costello, Chief Economist & Senior Vice President, American Trucking Association
- Lauren Penich, Client Services Manager, NRI Distribution (Los Angeles, California)
- Robert Schmitz, President, Corodata / Corovan (Corona, California)
- Shawn Cantor, Chief Operating Officer, Workwave (Neptune, New Jersey)
- Adam Rubman, Senior Vice President – Operations, Intermodal Management Systems (IMS) (Eatontown, New Jersey)
- Kenneth Sandy, Business Development Director, Arven Moving & Storage (Woodbridge, Virginia)
- Sean Masters, VP Sales, Stay Metrics (South Bend Illinois)

#### **Professional Associations**

- TEC – The Executive Connection (Vistage)
- QTA – Queensland Trucking Association
- SCLAA – Supply Chain & Logistics Association of Australia
- CRESTCOM – Executive Training Provider

#### **Education & Training**

- TAFE Queensland



