



TRANSPORTATION WHITEPAPER

Developing a Data-Driven Incentive Program

How to Promote Goodwill and Tackle Turnover

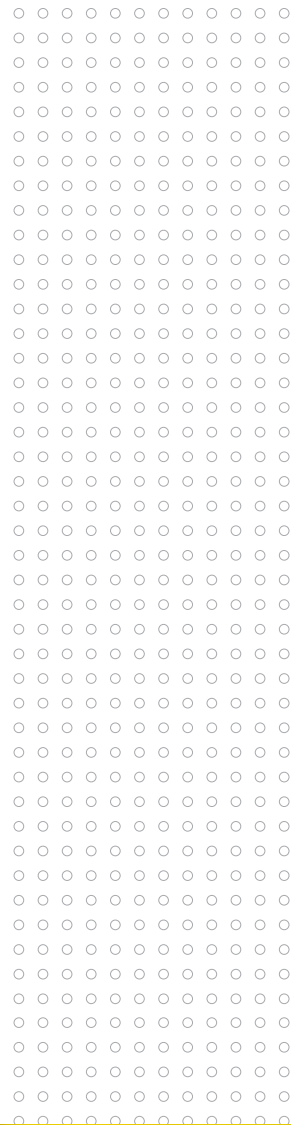
Employers can get a lot of mileage out of a little positive reinforcement, especially in the transportation industry. One of the best ways to promote safe and productive driving behaviors is through rewards and recognition.

A well-designed driver incentive program reinforces a strong culture of safety and creates a positive work environment where employees feel their efforts to improve are appreciated. It also boosts company morale and loyalty, which helps recruit and retain top talent.

Effective driver incentive programs are built on Federal Motor Carrier Safety Administration (FMCSA) Compliance, Safety, Accountability (CSA) and Safety Measurement System (SMS) scores, as well as data collected on driver behaviors through telematics systems and vehicle sensors. Using a variety of metrics not only ensures your incentive program remains unbiased, but it's also an effective way to monitor and analyze driver performance. It provides more opportunities to review safety records and violations that may otherwise go undetected.

Your rewards program should be set up as a fair and consistent meritocratic system based on effort and accomplishment — not on title or position within the fleet.

In addition to improved motivation and morale, incentive program benefits include safer roads and fewer accidents, lower insurance premiums, reduced operating costs and increased productivity.

A photograph of a male driver sitting in the driver's seat of a truck, smiling and waving his right hand. The image is overlaid with a semi-transparent blue filter.

**“A well-designed driver incentive program
boosts company morale and loyalty, which
helps recruit and retain top talent.”**

What to Consider Before Shifting Your Plan into Gear



Before setting up a program, research examples of incentive plans that will best fit your fleet. When developing your driver incentive program, be sure to include specific goals, communication plans for conveying expectations, opportunities for driver engagement and feedback, and a system for awarding rewards and sharing successes.

Rewards for your incentive program could include lottery tickets, gift cards, cash bonuses, merchandise and customized items (pins, plaques and jackets with company name and logo), or a longer-term incentive such as a point-accrual system to earn big-ticket items or special privileges (paid time off, flexible work hours, etc.). Rewards should be tailored to match your company's culture: Asking drivers for their input can help you identify the best motivators for the program.

Although some reward suggestions may appear pricey, take into consideration that each avoided accident can save thousands of company dollars and — more importantly — lives. Also, a solid safety record helps keep you in compliance and saves you money on insurance rates.

Be sure to set a timeline for rewards (e.g., monthly, quarterly, semi-annually or annually) and stick to it. It's important to keep the momentum going so drivers continue to be engaged and motivated in the program. While the timeline you choose is also dependent upon your company culture, programs that reward successful drivers quarterly tend to be the most successful. A quarterly approach allows drivers several opportunities each year to qualify for a reward and easily identifies drivers whose scores or telematics continue to be subpar.



Did You Know?

A program that creates healthy competition among drivers can foster camaraderie.

Criteria to Rev Up Your Incentive Plan



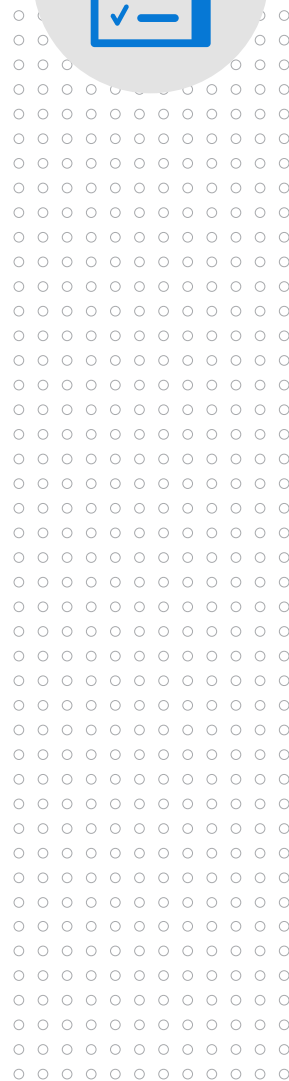
Because there are no “official” rule books for incentive programs, companies can design their own plans based on principles they deem important. Reward programs may differ from company to company, but there are certain elements that can help create a strong and solid plan, such as eligibility and disqualifiers.

Using CSA and SMS scores should be a key component of any incentive program. Those scores not only inform the company about drivers’ behaviors but are key to maintaining your fleet’s reputation and profitability. A good incentive plan should include a review of those scores and provide considerable weight to the results of each driver’s roadside inspection score.

Other criteria — such as cargo damage, crashes, delivery deadlines and correct and timely paperwork — can also be considered. Some incentive programs may use an arbitrary point value for each violation that could be added onto the scores or be factors toward disqualification, depending on their importance to the company.

Telematics is another common component of driver incentive programs. Telematics provides real-time fleet operations data regarding driver behavior and vehicle usage information, and can contribute to reduced insurance costs, better safety records, improved maintenance scheduling, enhanced fleet efficiencies, and boost recruitment and retention.

From real-time feedback that motivates newer drivers to self-improve, to driver competitions offering recognition and monetary rewards for exemplary driving, the “gamification” of telematics can be a real incentive.



Did You Know?

Incentives act as driver retention bonuses, ensuring that participants remain engaged, motivated and loyal. When selecting behaviors to reward, be sure to use Federal Motor Carrier Safety Administration (FMCSA) CSA scores and telematics to measure and track them over time.



Include Inspection Results, Crash Reports and Traffic Violations in Plan Criteria

An incentive program can be based on many different criteria, but focusing on CSA and SMS scores can not only be a good indicator of performance, the scores also provide the company with earlier notice of drivers who may be accumulating too many violations — which can negatively impact your reputation and profitability.

To use CSA/SMS as the main criteria for your incentive plan, ensure that qualifying drivers have fewer than 20 points under the “severity weight rating” — which includes texting, dangerous driving, handheld phone calls, reckless driving, speeding and other infractions.

To calculate points, check drivers’ CSA/SMS scores monthly, and ensure all driving violation scores are multiplied based on the event occurrence. For example:

- **Multiply points by 3** for violations occurring within six months.
- **Multiply points by 2** if the violation occurred in the past seven to 12 months.
- **Multiply points by 1** if the violation occurred more than a year ago.

Violations rated at a severity score of 7, 8, 9 or 10 would immediately eliminate a driver from qualifying for an incentive within six months of the incident. Any violations with a severity weight higher than 3 should draw concern.

An incentive program may also include regular reviews of drivers’ motor vehicle records (MVR) and U.S. DOT “serious traffic violations.” The list of offenses that could disqualify a driver from your incentive program should include:

- Two or more serious traffic violations within a three-year period (e.g., excessive speeding, reckless driving, improper or erratic lane changes, following vehicles too closely and traffic offenses in connection with fatal vehicle accidents).
- One or more violations of an out-of-service order within a 10-year period.
- Driving under the influence of a controlled substance or alcohol.
- Leaving the scene of an accident.
- Using a commercial motor vehicle (CMV) to commit a felony.

When drivers are convicted of any of the infractions listed, they not only risk losing their commercial driver’s licenses, but are demonstrating unsafe driving habits that expose your company to potential lawsuits. Provide clear language in your incentive plan on how long these violations would disqualify a driver from rewards program participation.



Make Sure Your Rewards Haul is Meaningful and Timely

Deciding how to reward drivers through an incentive program requires an evaluation of the budget and your company culture. Cash remains the most-appreciated incentive reward.

The easiest way to establish a cash reward incentive is to consider a monthly amount, not necessarily a percentage of a driver's pay. For example, a \$100 per month reward would cost a maximum of \$1,200 annually.

However, if your budget is tight, here are some alternatives:

- Scratch-off lottery tickets or gift cards can be a low risk/high reward option. For the cost of \$10 or \$20 tickets, the employee has the potential to win several thousand dollars, while bulk purchasing of gift cards to popular stores will provide employees with a choice at a reduced price to the company.
- Merchandise, particularly lifestyle merchandise — such as from fishing or hunting stores — could be a good choice. Company trademarked merchandise can also be used but may have limited benefit outside of the workplace.
- A point system allows qualifying drivers to collect a certain number of points that can be cashed in for gift cards, bigger-ticket items or merchandise. The point system can also be expanded to include other expected behaviors and may provide an opportunity for non-driving employees to participate.
- Pins, plaques and certificates to accompany the reward are a personalized touch that gives drivers tangible recognition — and can be a reminder for others to keep striving for rewards.

Hit the Road with These Best Practices

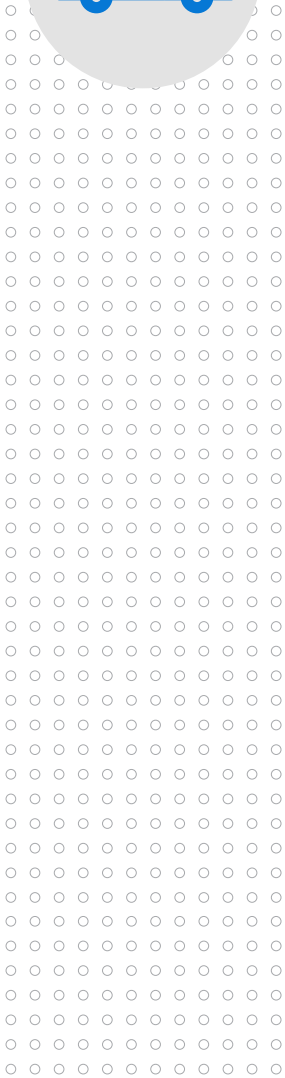


Once you’ve set your tolerance level for qualification points, you will need to follow through with the rewarding portion of the plan. The more excitement you generate for the program, the better your drivers will feel — and the stronger your program will be. Effective programs include personal recognition of the driver from company executives to show appreciation for their efforts, with the company handing over the reward directly.

If that option is unavailable, company appreciation for the driver’s hard work should be expressed in an email or phone call, and the reward should be mailed to the driver’s home address and highlight the driver’s success. This method spreads goodwill about your company to the family — and may even help with retention efforts.

Merely adding a monetary bonus to the driver’s regular direct deposit could diminish the impact of the incentive. Also, encourage drivers who do not qualify for an incentive by expressing empathy and providing tips or pointers to help them obtain an award the following quarter.

Contact HUB International’s [transportation insurance specialists](#) to learn more about how to develop a driver incentive program and improve fleet safety.



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