



WHITEPAPER

FAST, ACCURATE ONBOARDING OF OWNER OPERATORS YIELDS COMPETITIVE ADVANTAGE IN FAST GROWING MARKET

Seven best practices Dart Transit Company employed to smooth the contract process while deterring misclassification

In 2015, the General Counsel for Dart Transit Company, Doug Grawe, had grown tired of the headlines. Grawe knew misclassification cases had led to \$6.9 million in penalties for Pacific 9 and a \$228 million settlement for FedEx. Would Dart be the next to make headlines?





“My number one job at Dart is risk management. We looked at the way we were doing things, and we didn’t like what we saw,” Grawe says. “After that, we said, ‘We can’t do this. We’ve got to find a better way.’”

-Doug Grawe, General Counsel, Dart Transit Company



Fortunately, the answer was ‘no’ because Dart had decided to take the leap to a new way of contracting with its owner operators. No penalties would be levied. No articles written. But the risk of continuing to use a hard copy paper contract system to manage the company’s 1,400 owner operator contracts was inescapable. “My number one job at Dart is risk management. We looked at the way we were doing things, and we didn’t like what we saw,” Grawe says. “After that, we said, ‘We can’t do this. We’ve got to find a better way.’”

For Grawe and Dart Transit Company, that better way was Openforce, a cloud-based online onboarding technology solution that streamlines owner operator contracts, provides an online database and helps ensure compliance.

“In today’s day and age of misclassifications you’ve got to make sure you’re crossing your t’s and dotting your i’s,” Grawe says.

But many companies aren’t taking those precautions. In fact, 44 percent of all companies haven’t automated their onboarding process, according to a Careerbuilder.com survey. But as the government encourages states to crack down on owner operator violations, many trucking companies who are still doing paper contracts may be putting themselves in jeopardy.

> ABOUT DART

Family-owned and operated since 1934, Dart is one of America’s leading nationwide transportation service providers. Over 80 years in business, Dart has logged a lot of miles—and built a lot of strong relationships. Those relationships have allowed Dart to develop an unrivaled national infrastructure of truckers, warehouse facilities and logistics partners. It’s this depth of service that enables Dart to provide Fortune 500 companies and growing businesses alike with the solutions they need for complete supply chain assurance. It’s also the reason Dart has been able to see changes in our industry coming—and create innovations necessary to embrace them. Driving business forward. Thinking miles ahead. That’s the Dart Advantage.

Founded: 1934

Headquarters: Eagan, MN

Ranked: 64th in the Top 100 U.S. Truckload Carriers

Website: www.dart.net



Understanding Misclassification

“The Economic Realities Test has been out there for a couple of decades, but states now are picking it up,” says Todd Wulffson, the managing partner of the Orange County Office of Carothers, DiSante & Freudenberger in Los Angeles, a California-wide labor and employment law firm representing employers in an article published by FleetOwner.

Wulffson adds that states such as California have upped penalties for misclassification and companies found to have misclassified employees must post it on their websites, which opens them to further liability. “You’re basically inviting every plaintiff’s lawyer out there to sue you. That’s a pretty big threat,” he says in the article.

And companies that continue using old school hard copy contracts may be more at risk. That’s because those outdated methods are mired in inefficiencies and inaccuracies. In fact, hard copy, hand filled-out contracts can be as little as 10 percent accurate. “They really just don’t realize they’re missing pages, such as an arbitration agreement, or that the contractor missed signing a page of the agreement, possibly nullifying the contract” says Elizabeth Stultz, Openforce’s professional services manager and project manager for Dart.

That kind of haphazard owner operator contract management hardly puts trucking companies in a position to capitalize on the phenomenal growth the industry is expected to experience over the next five years.

In fact, freight volume is expected to grow 3.4 percent annually through 2023, according to the American Trucking Association’s 2017 Freight Transportation Forecast. That same forecast said revenue for hauling goods is expected to skyrocket 89.1 percent by 2028.

Companies such as Dart that can ensure fast, accurate onboarding of owner operators are sure to have a competitive advantage in this fast growing market.

“The driver shortage is an ongoing issue,” Stultz says. “To be able to get qualified candidates on a large scale and get them onboarded and on the road is just a huge need. That’s what our technology platform enables our customers to get done.”

How Openforce Works

As Dart Transit discovered, Openforce’s innovative technologies help speed, manage the owner operator contract management lifecycle, and remove inefficiencies from the process. Finding and securing quality owner operators takes a host of complicated management practices and process protocols to ensure owner operators have freedom, choice, and time:

- Sourcing
- Clearance
- Proper contracting
- Compliance with state and federal regulations
- Certifications of skills
- Accurate, timely payment for services performed

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-Elizabeth Stultz, Professional Services Manager, Openforce

In addition, owner operators present unique challenges in risk, logistics, quality and compliance. The nature of owner operator relationships further complicates matters. For example, owner operators decide their own elections including:

- Occupational accident insurance
- Base plates and permits
- Heavy highway vehicle use tax
- Fuel services
- GPS service
- Maintenance reserve accounts

“For each contractor there are dozens and dozens of different iterations of how the contract looks based on their individual situation,” Grawe says. “There’s no standard one-size-fits-all contract packet that everyone signs. And every time an owner operator makes a business decision, that can lead to a new document in the contract.”

Traditional methods mean owner operators must print out applications, sign, scan or fax documents. This creates friction, slow momentum and increases the risk of drop off.

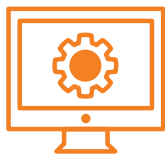
The administration portion of owner operator contracting is not scalable if you cannot smooth the transition of owner operators from the qualifying phase to onboarding.

“The larger trucking companies do a lot of things in house,” Stultz says. “But this is something they don’t do well. They need to focus on the logistics of owner operators, not the administration.”

Without a robust technology solution, companies find themselves dealing with unnecessary steps that add inefficiencies, time, and cost to their process. And they often have multiple procedures and protocols that create inconsistencies.

“Dart had several different systems they used,” Stultz says. “One for paying contractors, one for compliance, one for onboarding. But there was no single source of truth.” The right technology platform gives you the power to share exactly what needs to be done so contractors aren’t left guessing or frustrated.

OPENFORCE’S TECHNOLOGIES AND SERVICES PROVIDE THESE KEY COMPETITIVE ADVANTAGES:



Administrative Benefits



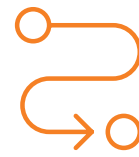
Most businesses suffer administrative bloat and overhead due to archaic paperwork processing. Paperwork is a big source of sticky spots.



Repeatability & Automation



A well-thought-out onboarding program acts as a template you can reuse for future hires. This template helps scale operations by eliminating or automating steps to make the process more digestible and faster.



Less Confusion & Owner Operator Drop Off



You don’t have the luxury of face-to-face conversations, so it’s very important to be clear on the information you share with owner operators, how you share it and the expectations.

Seven Best Practices that Optimize Dart's Owner Operator Management

So just what are the best practices of automating onboarding? Here's a closer look at seven best practices Openforce offered to optimize Dart Transit's owner operator management:

1. Streamlined Enrollment

Enables owner operators to register online with an activation code that is uniquely specific to a location and enrollment package while incorporating Dart's best practices. Openforce's automation eliminates human error and the arduous task of ensuring that all contractual information has been properly captured. The system verifies the owner operator's information in near real-time by accessing public records from the IRS, USPS, DMV vehicles, and LexisNexis. After receiving information back, specific to each owner operator, Dart has the option of conducting further integrated background screening or simply being notified of completion.

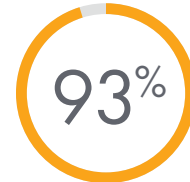
"It's easier for the staff to track, audit and monitor. And it's easier for the drivers who are out on the road and doing everything on their cell phone or computer," says Cathy Johnson, Lead Fleet Service Coordinator for Dart Transit. "So it's a little easier on both sides."

2. Electronic Signature

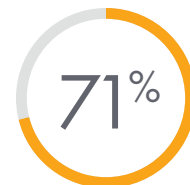
Every document that owner operators must sign will appear filled out in PDF format, ready for its unique electronic signature. To maintain security and authenticity, Openforce generates a 32-digit unique character code that is permanently associated with each owner operator. This unique ID verification appears on all signed documents as part of the owner operator's signature, making e-sign more robust than DocuSign alone. The end result provides a paperless solution for Dart and facilitates an automated workflow.

"It's literally a push of a button and they receive an email to e-sign. It's so much nicer this way, and I can actually read the driver's name now," Johnson says. "And since everything is e-signed, I can pull it up and see when they've signed. It's made it a lot easier for everyone in the office. And it gives me peace of mind."

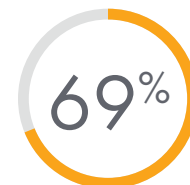
LIKE DART, COMPANIES THAT HAVE AUTOMATED THEIR ONBOARDING PROCESS HAVE SEEN SIGNIFICANT BENEFITS. THE CAREERBUILDER.COM SURVEY FOUND:



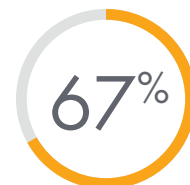
Report they saved time and increased efficiency



Noticed improved candidate experience



Saw reduced errors



Said they saved money

3. Instant Pay Addendums

Frequently, owner operators need to execute new pay addendums—the term Dart uses for the document that spells out the owner operator’s pay. Prior to using Openforce technology for enrollment and onboarding, Dart would fax the pay addendum to a truck stop. The driver would have to go to the truck stop, pay for the fax, sign the new pay addendum, and fax back the signed document. In addition to being a huge hassle, this manual back-and-forth process resulted in valuable time off the road, out-of-pocket costs for faxing, and could delay a pay increase. Now with Openforce, Dart can instantly and electronically push the pay addendum to the independent driver. From the convenience of their cab, the driver can execute the new Pay Addendum.

“Sometimes we’d have to send eight pages of documents and they’d have to pay \$2 per page to send and receive them. It got to be expensive,” Johnson says. “Now if they’re out on the road, they can just call me up and say, ‘I need to change this one thing in my contract,’ and I can do it right there. They think that’s pretty cool.”

4. Document Management

Openforce’s Document Manager is a powerful tool used to load, digitally capture, and securely store documents, using a 32-digit unique character code that is associated with each owner operator. Documents are distributed to owner operators based on client-specific business rules and key parameters such as location, variable conditions, and client-specific packages. What’s more, these documents can adhere to a lifecycle and be set for a pre-determined expiration date, at which time all parties are automatically alerted.

“Now that everything is electronic, it’s easier for them to look at paperwork—everything is right there in the database at their fingertips,” Johnson says.

5. Document Push

The Document Push solution fast-tracks updates to the contracting process by sending on-demand documents, alerts and requests for e-signatures to owner operators, which are tracked for execution and compliance. Once you push a document, the owner operator will receive a notification through the technology platform’s Alert System. The owner operator can then simply review and e-sign the document. This streamlined process allows you to update owner operators with new information quickly and efficiently.

“This has streamlined it on our end more and I don’t have to worry about keeping tabs on all the paperwork,” Johnson says. “We just have a few buttons to push and send it out. It’s freed up a lot of time for us.”

6. Conditional Logic Workflows

With a myriad of documents, elective options, and requirements that are specific to each individual IC, enrollment is personal. What applies to one contractor, may not be relevant to the next individual. Openforce’s integration of conditional logic workflows enable an incredible amount of flexibility without losing the benefits of automation. Conditional logic allows the Professional Services Group to configure workflows to show or hide documents, present enrollment pages, or require supplemental compliance items based on the contractor’s selections to deliver a tailored enrollment specifically to their needs. This personalized solution helps to ensure that all critical documents relevant to the owner operator relationships will be properly presented, tracked and auditable for future reference.

“Openforce created special documents and separate forms for paperwork. So all we have to do is a few clicks and they’re getting the proper information on their end,” Johnson says.

7. Client Dashboard

Client Dashboard gives Dart's company administrator the ability to monitor enrollment, access owner operator documents, set alerts for time sensitive documents, and view helpful reports. Furthermore, to analyze the data in greater detail, Dart may perform a bulk download or export to PDF and/or CSV file.

"It's all electronic. I can track everything, and I don't have to get up and go to a file anymore. At the click of a button, I can pull up anyone's paperwork for anything," Johnson says. "That saves a lot of time."

Other Benefits of Dart Using Onboarding Technology

But the benefits of using a single technology solution to manage owner operator contracts go beyond those best practices. Putting together the system also helped Dart consolidate onboarding procedures across its four different locations.

"We wanted to improve our own compliance with our own procedures and policies," Grawe says. "But with hard copy contracts and multiple office and multiple people going through the contracts and 100 different rules that apply if this, then that, we finally came to see that we needed something that ensures consistent and accurate agreements in our files."

In fact, turnover in the office was one of the reasons Dart failed its internal review. Grawe says that with key people leaving over the years in our contracting departments, the intellectual knowledge was lost and the procedures along with it.

"This was a great opportunity for us to collect all the habits and practices people have gotten into and refresh and say, 'Why are we doing it that way?'" Grawe says. "It was good for all the locations to compare notes and for us to figure out what really are our best practices?"

That's not just an efficiency win, it's also key to winning in court if misclassifications are alleged, Grawe says. That's because one of the pieces of evidence the courts consider is whether the firm gave the owner operator choices and an opportunity to run their business as they deem fit. That starts at the very beginning of the contracting process, making sure the owner operator has an opportunity to review their contract options, and make their own business choices. "Now, I can confidently answer that this is how it works," Grawe says. "You want to be able to say, 'This is the way we do it and we always do it this way. And here, I can prove it.'"

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What’s more, Openforce’s technology platform is able to accommodate locations with multiple departments and smaller operations, such as Dart. For example, the company’s corporate headquarters has more than seven departments, but their satellite locations may have only one or two departments.

Equally important, was creating an enrollment workflow that worked for the owner operators. “We knew no contractor likes sitting around a table and going through 30 pages of contracts,” Grawe says. “It wasn’t a pleasant experience for the contractor and we wanted to make it a better experience.”

For example, along with multiple elections to choose from, owner operators can sign up for 10-plus different pay packages. In the old paper contract days, all of those decisions were compressed into a short amount of time, which increased the likelihood of owner operators being confused and human error in contracts being produced properly.

But because the process is now online and automated, Dart is able to give contractors more time to consider their options—and ensure accurate contracts. Conditional logic customizes the enrollment document that can be customized down to the owner operator level.

“What this allowed us to do is spread out the contracting process,” Grawe says. “We can start putting the contract in front of them earlier. We can start doing more to prepare for the contract ahead of time so they’re not rushed to do it in such a short time frame.”

If, and when, contractors want to change their contracts, the electronic system makes it just as easy and foolproof, which is relief for all parties. “The feedback we do get from contractors is, ‘The beginning of the process is a little heavy, but, oh man, once we’re signed up, we love it!’”

Working With the Right Company

Of course, Dart could have chosen a number of different onboarding technology solutions from a number of different companies. So how did Dart decide on Openforce? Grawe says it came down to four key questions:

1. Can the company meet our needs?

Grawe says this first question eliminated the bulk of the competition. That's because the trucking owner operator contract is a complex animal "with a lot of moving parts," Grawe says. Those include multiple regulations, lease purchase programs, and service elections, to name a few.

"There was a good chunk of vendors who simply did not have the functionality we needed," he said.

2. Will the company work with us?

This question went beyond functionality. With all the complexities in the trucking owner operator contract, Grawe knew the provider probably wouldn't be able to have all functionality built in. But he at least wanted to make sure the provider was willing to work with Dart to create solutions.

"One company had a nice tool but they simply were not willing to modify their tool," Grawe says. "Openforce was willing to work with us and find a solution that works for us without completely rebuilding their platform."

3. How much will it cost?

Grawe knew a technology solution would come with some cost, but he was willing to pay for one that worked. He wasn't necessarily looking to save money. But he needed the company to demonstrate its value. Openforce was the one company that could do that to Dart's satisfaction.

"They were competitive and their pricing structure was logical and fair, and it made sense," he says. "We have freed up employees to be able to work on other projects. We have improved the experience for owner operators doing business with Dart. And we have tremendously improved the accuracy and completeness of our contract files at an expense that we feel is fair and logical."

4. What is the company's team like?

Grawe knew that making the leap to electronic onboarding would take a commitment from the company to make it work. He says he couldn't have hoped for a better team than Openforce.

"Every member of that team was fantastic to work with throughout the whole process," he says. "We're not the easiest customer in the world, but the Openforce team was always flexible, always in good spirits and kept us organized and on task. We could not have done it without them."

Holding Up Your End of the Bargain

Ultimately, Grawe says the most important outcome of choosing Openforce may be how it has helped Dart better serve owner operators.

In improving Dart's management of onboarding process and ensuring compliance, Grawe says Openforce is not only protecting Dart, but also owner operators' right to "choose the career path they want."

"It's not just about misclassification lawsuits," he says. "Openforce's service enhances the independence of the relationship between Dart and owner operators. We just want to make sure we're holding up our end of the bargain."

> We realize the unique challenges that companies face when utilizing independent contractors. It's at the core of our business, and we help solve for it with our leading technologies and industry experts.

Why Openforce

Openforce technology-enabled services brings the automation, visibility, and quality control needed to drive optimal performance.



One Platform

Purpose-built to simplify the entire independent contracting lifecycle, Openforce delivers proactive management capabilities for end-to-end visibility from onboarding to risk mitigation.



Driver Retention

Analyze your turnover to onboard and contract the right ICs. Openforce customers experience a 30 percent decrease in driver turnover when compared with the industry average.



Expert Services

Our experts in Professional Services show clients how IC management is not just a cost to be mitigated, but an opportunity to streamline operations that can ultimately increase their strategic spend.

MEET OUR CONTRIBUTOR



Doug Grawe
Dart Transit Company

Doug Grawe, General Counsel for the Dart Network, started his career at Dart in 2006. Mr. Grawe holds a Bachelor's degree in Transportation and Logistics, and Business Management from Iowa State University and graduated from the Hamline University School of Law in 2006. Doug's role is focused in the areas of transportation and logistics-related law, corporate transactional work, labor and employment law, compliance, and corporate governance matters.



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