

FMCSA Updates

Welcome to 2014!

As you'll read in Billy Dover's article we are growing and changing in the middle of winter. As the economy continued its lukewarm recovery through 2013 Leavitt's experienced increased demand for both poles and Truss Joist shipping.

Stella Jones (SJ), which purchased McFarland Cascade in late 2012, continues their expansion with the recent purchase of Pacific Wood Preserving (PWP). Acquiring three additional treating plants in Sheridan, OR, Silver Springs, NV & Eloy, AZ, SJ's is emerging as the dominant supplier of wood poles in the U.S. Leavitt's is privileged to be one of the core carriers for SJ's and will continue to provide them with the absolute best transportation service available.

Weyerhaeuser, owner of the Truss Joist plants, enjoyed a steady growth in demand for their product this past year. Leavitt's remains focused and committed to also providing Weyerhaeuser with premium transportation service.

You may have noticed the new trucks that are currently being delivered and setup in our shop. New CARB (California Air Research Board) regulations that go in effect 1/1/14 in California require us to put our new trucks in service Jan 1 that we would normally have taken between Feb and June 2014. We are taking 14

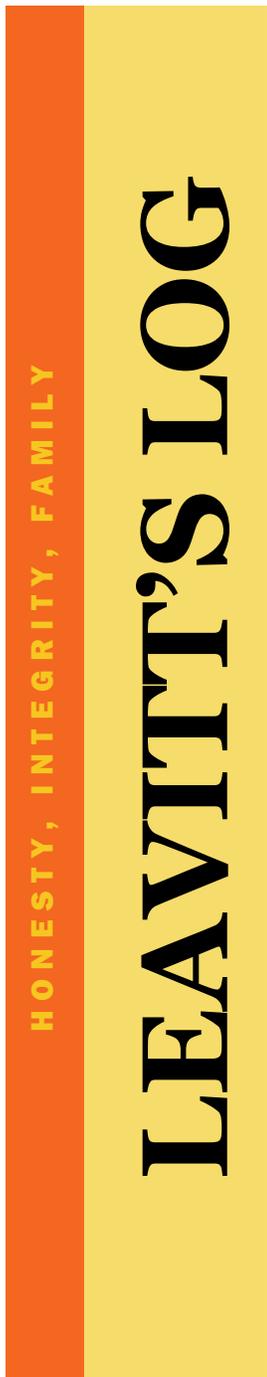
older trucks out of service and purchasing 20 new ones. This includes adding three additional new boom trucks and six additional heavy haul tractors and trailers.

In the midst of our growth and development, we will continue to increase our focus on safety in all areas of our operation. Although our safety experience improved in 2013 we still suffered through an excessive number of injured employees and damaged trucks. To eliminate these injuries and accidents each of you must manage the risks you face in your job. Our responsibility includes providing you with the training, tools and accountability to support your skills and expertise so you can work safely every single day. Your responsibility includes using every bit of your skill and expertise to minimize your risk exposure and avoid getting injured or involved in a crash.

So it's full steam ahead! Thanks to each of you for choosing to be a valued part of the Leavitt's Team. Be especially careful and safe during the winter weather.

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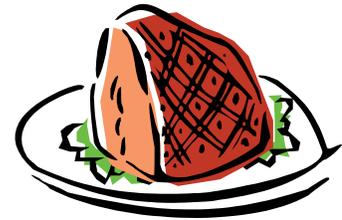


Happenings

Holiday Potluck December 20th

Don't forget to pick up your Christmas Ham from Don Prater and your Christmas Card from Gene Hulette! Merry Christmas and Happy New Year!

The office and shop will be closed Christmas Day and New Year's Day in observance of the Holidays.



Recruiting Update By Russ Smith

As you can see, we are getting more new trucks in the Yard. This means we are actively recruiting for new high quality drivers. Our experience has shown new drivers referred by you are a more certain asset to Leavitts (and ultimately you, the driver who trades loads/tarps, etc and works alongside them). Please note, we have initiated a new Owner Operator Program which is being coordinated by Billy Dover.

To assist in this recruiting effort, I have printed an informational trifold brochure to help you introduce Leavitts to other quality drivers. There is a line on it to write your name. This helps ensure your name is credited with acquiring the new hire and you get the referral bonus. Again, the bonus is \$250 for the first new hire, \$500 for second and \$1000 for the third within a Quarter.

Your assistance is sincerely appreciated.

Accounting for It

With Christmas being a payroll week, we kindly remind you to get your load sheets turned in on Monday the 23rd. It will be a difficult task to get it all done in time, but with your help in timely turning in your sheets it can be done. Thank you for your assistance!

Projected Organizational Changes By Billy Dover

“Get them rolling, Get them paid, & Get them home”, a common theme promoted by Trucking Industry Consultant “Dan Baker”. In line with Mr. Baker’s theme, Leavitt’s Freight Service recognizes the fact that the key to success rests with our drivers. Our efforts are designed to improve driver safety, training, productivity, & retention.

Leavitt’s has been in business 55-years and has grown from 1 truck to 135 units projected in service by Jan 2014. This kind of longevity in the trucking industry is rare and can be attributed to our leaderships willingness to adjust how we do business to accommodate industry realities and challenges. Along with delivering loads on-time, safe, and damage free; critical influencing factors to success include:

- Truck staffing levels
- Driver Retention rates
- Driver availability
- Driver productivity
- Fuel Solution compliance
- Workers Compensation (Work Comp) injuries
- Truck accidents/collisions

“We have had a solid year, but we cannot be complacent, we continue to face challenges related to improving productivity, and reducing bodily injuries/truck accidents.”

We’ve had a solid year in 2013 but we cannot be complacent. We continue to face challenges related to improving productivity (miles/revenue), and reducing bodily injuries/truck accidents. We are convinced, the best strategic approach is to continue to focusing on our drivers in 2014 through the reorganization of our Dispatch and Risk Management staffs to address the influencing factors listed above. Some forthcoming changes that will directly impact how we conduct business follow:

1. Hiring a full time / dedicated recruiter to improve truck staffing levels. Through the first 11 months of 2013, Leavitt’s truck staffing levels have averaged 93% with retention rates coming in at 60% (40% turnover rate). Both solid when compared to industry trends, however, our goal is 100% staffing and a retention rate of 80% (20% turnover rate). Both are challenging goals but as a team we’ll reach them. We anticipate filling the recruiter position by early Jan 2014.

2. Enhanced training staff. Once the recruiter position is filled, Rick Johnson and Russ Smith will dedicated to:

- *Expanded face-to-face time with driving workforce*
- *Annual evaluations to include in-truck ride-a-longs that will address initial and refresher Safety-In-Motion and Smith System Defensive Driving technics*
- *Expanded Steer Logger and Float Training*
- *Customer site visits*
- *Development of on-line training tools/presentations*
- *Improved / standardized Orientation & In-Truck Training practices*
- *Quality Control evaluations related to equipment inspections, securement procedures, & driving practices*

Projected Organizational Changes By Billy Dover

3. Expanding the Driver Services function to include two (2) Driver Manager Positions designed to complement the existing Dispatch/Sales staff. These positions will report to the SR Risk Manager and with the exception of Boom trucks, they will be the designated supervisor of assigned drivers. Boom trucks will continue to be run by Joe Key, Raleigh Foster, and Cory Smith who will be responsible for completing Driver Manager related duties for this specific fleet. The remaining Dispatch/Sales staff will continue to book freight and coordinate preplans with Driver Managers. All other drivers will be divided up between these Driver Managers and they will act as the liaison between drivers and the dispatch/sales staff. Their responsibilities will include:

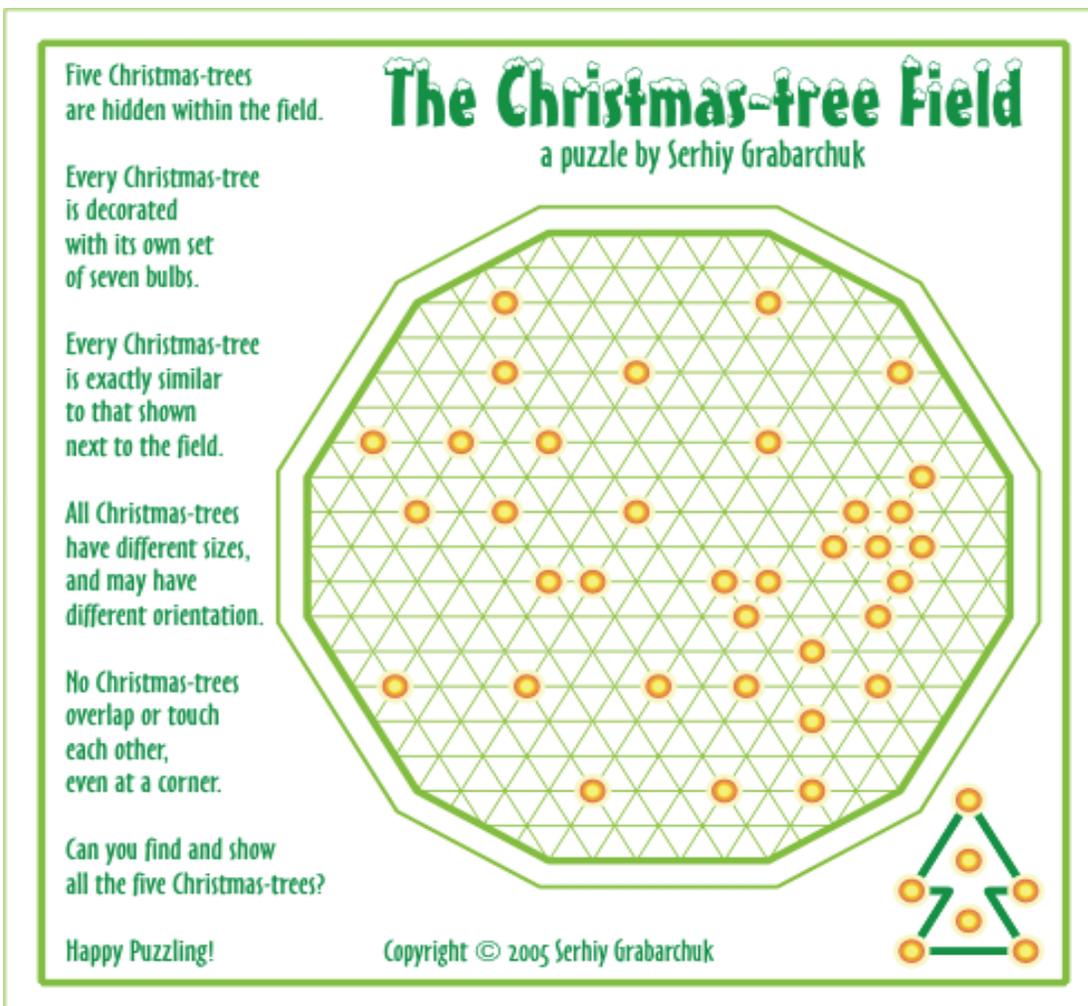
- *Overseeing all operational tasks associated with truck and driver management to include maintenance and dispatch processes with the primary focus on maximizing profitability through improved efficiency, driver availability, and truck utilization*
- *Proactively communicating with sales staff regarding preplans, HOS, in-transit delivery expectations and limiting factors that will impact efforts to book freight*
- *Collecting, recording, and reporting Key Performance Indicator (KPI) data for use in verifying truck/driver performance is meeting company expectations/goals*
- *Overseeing and maximizing On-time delivery*
- *Ensuring compliance with DOT/FMCSA/Leavitt's Safety and Compliance policies*
- *Monitoring and influencing driver productivity*
- *Balancing Driver / Company needs while meeting both productivity & driver retention objectives*
- *Managing driver time off and home time scheduling*
- *Addressing pay issues including driver layover & detention entitlements*
- *Coordinating & assigning Pre-plans*
- *Maintaining accurate Estimated Time of Arrival (ETA) and Projected Time of Availability (PTA) status*
- *Working with shop to resolve maintenance issues, & creatively assigning temporary trucks when down time impacts productivity*
- *Monitoring Hours of service (logs) and ensuring compliance with E-log procedures*
- *Trip planning / routing*
- *Fuel conservation/Fuel Solution Compliance*
- *Using TMW, PC-Miler, & People-Net Systems to manage and monitor fleet activity*
- *Coordinating customer pre-calls and assisting drivers with obtaining directions.*
- *Evaluating and providing feedback to sales staff regarding accuracy of freight orders i.e., product description, pickup date/time, delivery date/time, addresses, etc.*
- *Identifying, investigating, and documenting contributing factors for "Service Failures" and providing feedback with recommendations to preclude reoccurrence*
- *Coordinating and resolving driver issues with other departments*
- *Investigating and recommending action on additional pay issues*
- *Assisting in the investigation of Accident/Cargo Claim/Bodily Injury events*
- *Collaborating with safety and training staffs to ensure compliance with regulatory guidelines and the scheduling/completion of hands-on and on-line training assignments*
- *Acting as the primary Point-Of-Contact (POC) 24/7 for all driver related issues*

Projected Organizational Changes By Billy Dover

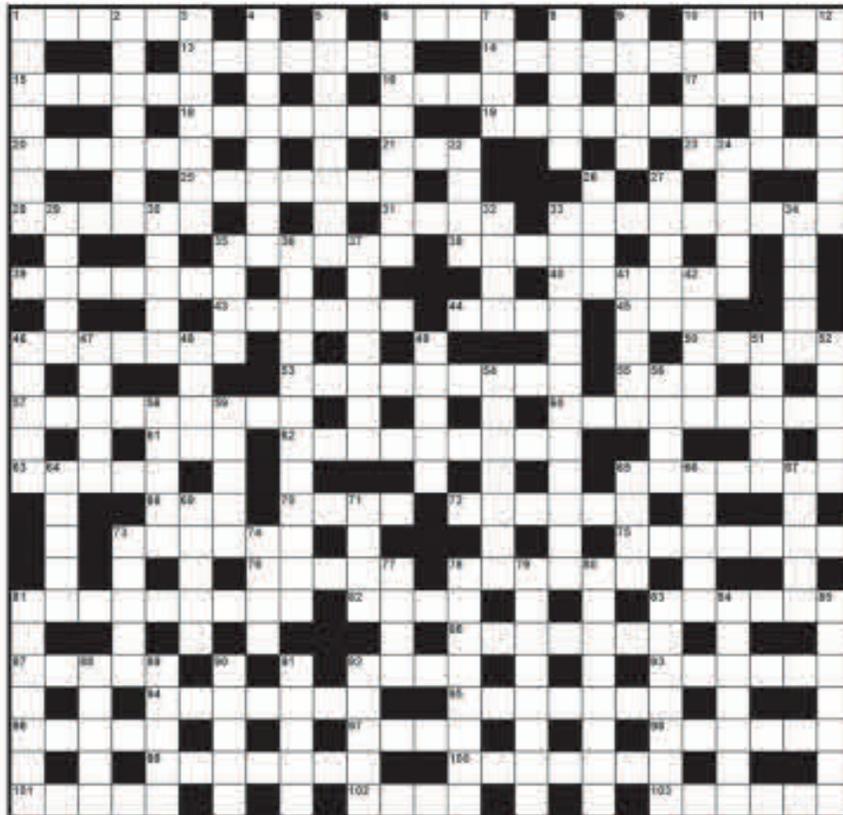
4. Re-designating the current Driver Services Manager (Gene Hulette) as Safety & Training Manager responsible for:

- *Safety and Training Programs (oversight & management)*
- *Regulatory compliance (DOT/FMCSA/OSHA)*
- *Administration of SAIF (Work Comp) and Great West (Accident/Collision) claims*
- *Accident, Incident, Cargo Claim, & Bodily Injury investigations, reviews, and development of corrective actions*
- *Enforcement of Leavitt's Freight Service Safety, Training, Compliance policies and procedures*

While all of these actions are significant, the most dramatic changes impacting drivers will be the assignment of Driver Managers. We anticipate having Driver Managers in place not later than mid-Jan 2014. Once the transition period is completed (30 – 45 days), driver interface with the dispatch (sales) staff will be minimal with the goal of the assigned Driver Managers partnering with drivers to satisfy and balance both company and individual objectives. The January 2014 Infiniti assignment will address these changes and we'll keep everyone updated on our progress.



Christmas crossword 25x25 by Reg Walker



ACROSS

- 1 Bah ... , an exclamation of Ebenezer Scrooge (6)
- 6 Lyrical poems (4)
- 10 Santa ..., Father Christmas (5)
- 13 Connected by kinship (7)
- 14 Do away with (7)
- 15 Young lady (6)
- 16 Christmas dinner extra (4)
- 17 Venomous snake (5)
- 18 Antennas (7)
- 19 Previously (7)
- 20 Win a victory over (6)
- 21 A gratuity (3)
- 23 Earthenware beer mug (5)
- 25 Flat wide noodles (7)
- 28 Annual (6)
- 31 An image, or representation (4)
- 33 Yuletide (9)
- 35 Make less severe (6)
- 38 Crude person (5)
- 39 A French castle (7)
- 40 Stockings (tm) (6)

DOWN

- 1 A free day from work (7)
- 2 Tarnish (7)
- 3 Exceedingly (7)
- 4 Outdoors (8)
- 5 Free from curves, etc (8)
- 6 Strange blemish (3,5)
- 7 Japanese alcoholic drink (4)
- 8 Teems (5)
- 9 Call on (5)
- 10 Scorches (5)
- 11 Confuse (5)
- 12 Hallowed places (7)
- 22 A stratagem (4)
- 24 A New Testament epistle attributed to St Paul (5)
- 26 A nautical term used to attract attention (4)
- 27 Kilograms (abb) (5)
- 29 An anaesthetic (5)
- 30 Glances slyly (5)
- 32 All of a nation's warships (4)
- 33 Fairly large in extent (12)
- 34 Worship (5)
- 35 Eats the evening meal (4)
- 36 Aromatic gum resin (12)