



AAPA 104th Annual Convention Miami, FL

Special Session for Port Directors Strategic Human Capital Issues

Presented by
Tim C. McNamara

Table of Contents

- Challenges facing the U.S. public sector transportation environment
- Some relevant facts – succession planning and compensation
- Trend in “Authority Environment” compensation models
- Changing demographics (slides 6-9)
- The millennial phenomenon
- Leadership 2030
- Interactive discussion and approaches

Key Human Capital Challenges Facing the Public Sector Transportation Environment include:

- **Attracting** quality individuals to the industry
- **Retaining** employees in a talent-scarce, global competitive market environment
- **Delegating** authority to younger staff seeking challenges
- **Creating** a meaningful career and motivation success
- **Providing** continuing training and professional development
- **Compensating** at market rates vis-a-vie the private sector
- **Adjusting** to the power of individualization and value pluralism

Relevant Facts – succession planning and compensation

- 43% of U.S. public companies have no succession plan¹
- 61% of public companies have no emergency CEO succession plan¹
- There is a huge discrepancy between compensation paid in an “Authority” environment vs. a state or municipally owned port or airport
- Tier two executives in most airports and seaports in a non-authority environment are under compensated compared to the GM/CEO

¹ Source: National Association of Corporate Directors (NACD)

Trend in “Authority Environment” compensation models

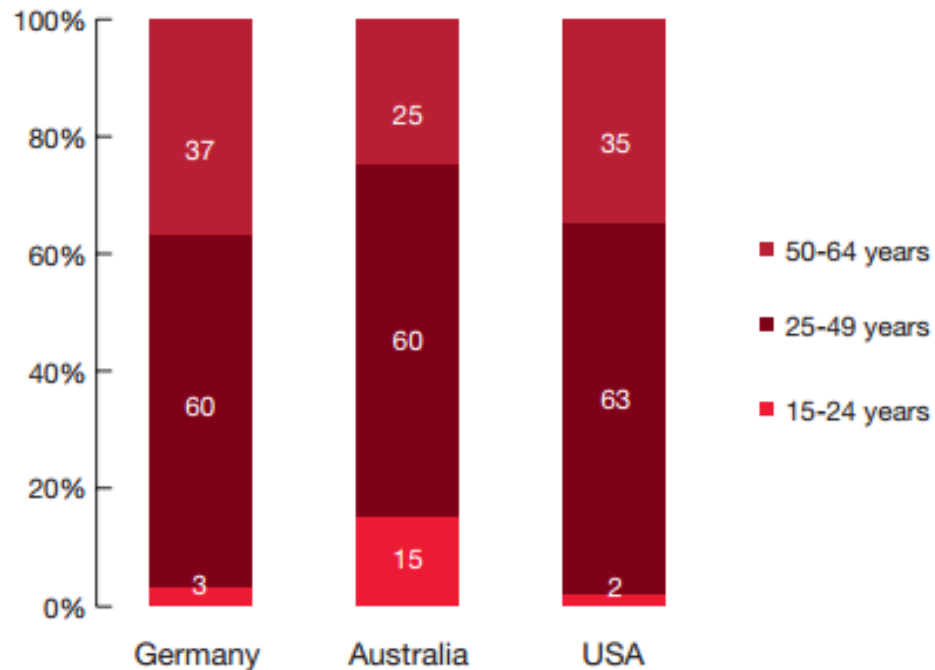
Organization	CEO Salary (\$)	Effective/Next Evaluation Date	Bonus Program
Dallas/Fort Worth Airport	\$453,200 ¹	Dec. 2014/unk.	Awarded a \$113,850 bonus in December 2014
Georgia Ports Authority	\$515,170 ²	Unk./unk.	No bonus payments reported, but received \$117,434 in “travel compensations” ³
Jacksonville Port Authority	\$320,000 ⁴	July 2013/unk.	None, but receives \$6,000 annual car allowance ⁵
Port of Long Beach	\$350,000 ⁶	July 2014/unk.	Unknown
Port of Oakland	\$325,000 ⁷	Sept. 2013/unk.	20% bonus target ⁸
South Carolina Ports Authority	\$435,000 ⁹	Dec. 2015/unk.	33% bonus target ¹⁰
Tampa International Airport	\$364,651 ¹¹	Oct. 2015/unk.	\$500,000 retention bonus if he remains in position through 2018 ¹²
Tampa Port Authority	\$365,750 ¹³	Nov. 2014/unk.	\$50,000 each year in deferred compensation ¹⁴
Virginia Port Authority	\$618,750 ¹⁵	Feb. 2015 ¹⁶ /unk.	Port officials agreed in Jan. 2015 to award a one-time bonus of \$168,750 at the end of first full year in the post, and an extra incentive payment of \$52,312.50 ¹⁷

Changing Demographics

- Nearly one third of workers in the U.S. are over 50
- 86 million millennials (20 to 30 year olds) will be in the workforce by 2020 – equating to 40% of the total working population
- Nearly 60% of 50-plus workers plan to continue working past 65 and 82% of workers 60-plus have the same goal
- SHRM states only 4% of employers have a strategy for recruiting and retaining older workers
- Women comprise about 57% of today's workforce, but are underrepresented in the transportation/logistics field – 11% (2013)
- African Americans comprise only 15% and Asians just 9% of the “production, transportation & material moving” workforce

Changing Demographics

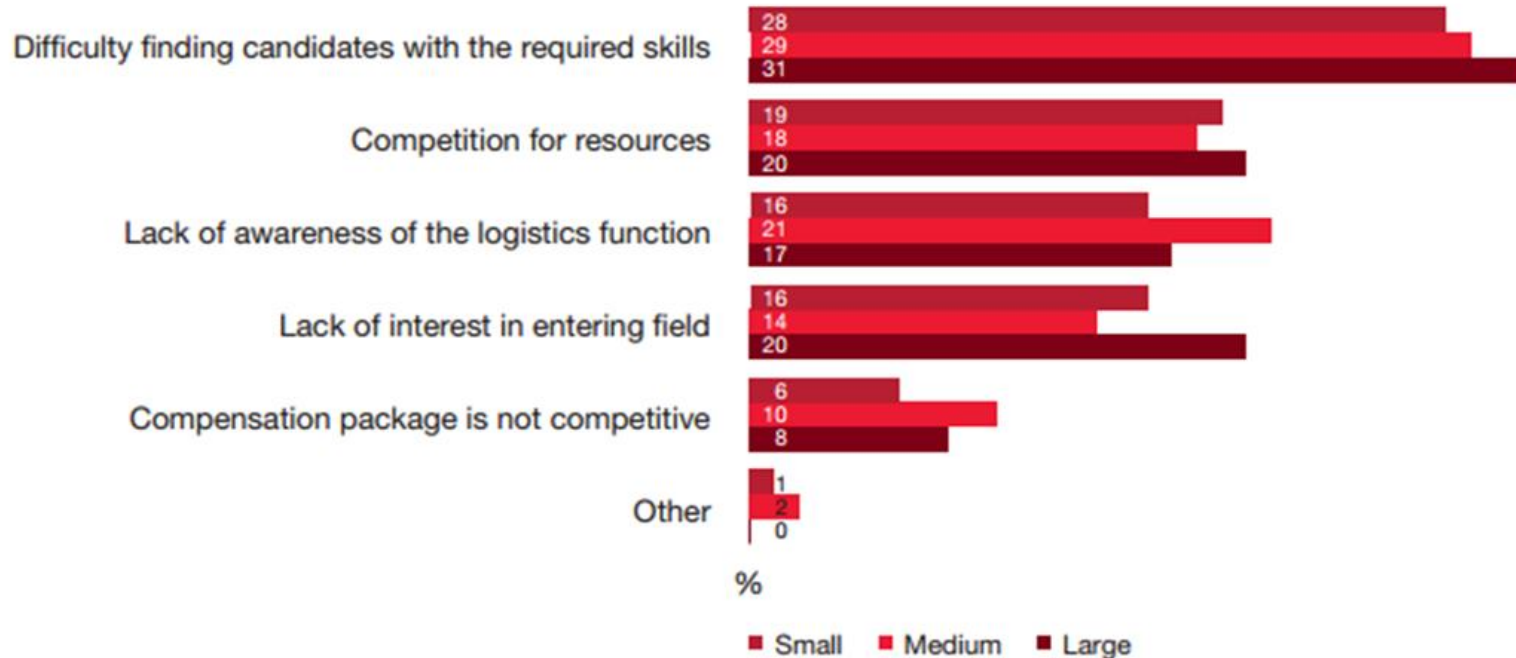
Figure 2: Age distribution in transportation and logistics in Germany, Australia and the US



Sources: Germany: Bundesamt für Güterverkehr, 2011, Australia: Department of Transport, Victoria, 2008, USA: Global Insight tabulations of CPS micro-data files for Jan-Oct, 2004, PwC analysis

Changing Demographics

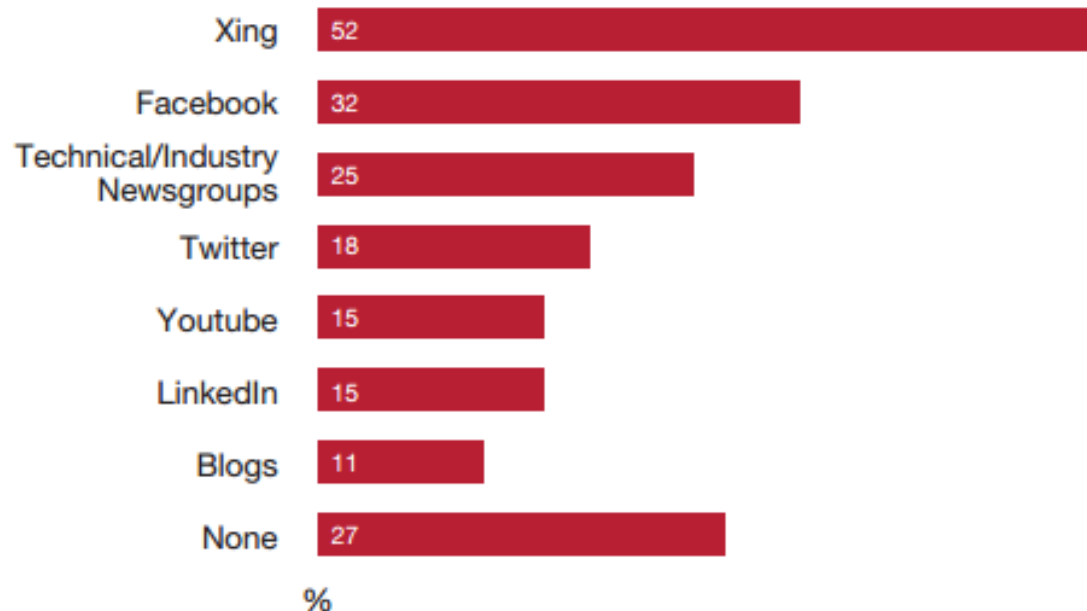
Figure 3: Recruiting issues are similar for logistics companies of all sizes



Source: Canadian Supply Chain Sector Council, Canadian Logistics Skills Committee (2005)

Changing Demographics - 92% of US recruiting efforts include some combination of social media outreach

Figure 4: Communication channels used by logistics companies in Germany, 2011



Source: Bremerhaven University of Applied Sciences, Prof. Dr. Heike Simmet, "Social Media in der Speditions- und Logistikbranche", 2011

Source: Social Times, September 2015

Graph Source: PwC "Transportation & Logistics 2030 Volume 5: Winning the talent race" (released in 2012)

The Millennial Phenomenon

Generations X and Y have different priorities Millennials are very iconoclastic and ambitious; it is important to understand what drives them:

- 64% want to make the world a better place
- 72% want to be their own boss
- 79% of those with a boss, want that person to be more of a coach and mentor
- 88% want collaborative vs. competitive work culture
- 88% want “work-life’ integration

Leadership 2030

At the 100,000 foot level, massive global forces will reshape your business by 2030. The six key drivers of this are:

1. Globalization 2.0
2. Environmental Crisis
3. Individualization and value pluralism
4. The Digital Era
5. Demographic change
6. Technological conversion

Source: "Leadership 2030." 2014. Hay Group Holdings, George Vielmetter and Yvonne Sell. Published: amazonbooks.com

Compensation Data Sources (slide 5)

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Compensation Data Sources (slide 5)...*continued*

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Boyden global executive search Contact Information



Tim C. McNamara
Managing Partner
Global Head of Transportation
& Infrastructure Practice

1100 Connecticut Avenue, NW
Suite 1000

Washington, DC 20036-4112

Tel: +1 202 536.5168

Fax: +1 202 536.5169

Cell: +1 202 320.5336

tmcnamara@boyden.com

www.boyden.com