AAPA 104th Annual Convention
Miami, FL

Special Session for Port Directors
Strategic Human Capital Issues

Presented by
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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 plan\(^1\)
- 61% of public companies have no emergency CEO succession plan\(^1\)
- 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

<table>
<thead>
<tr>
<th>Organization</th>
<th>CEO Salary ($)</th>
<th>Effective/Next Evaluation Date</th>
<th>Bonus Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dallas/Fort Worth Airport</td>
<td>$453,200(^1)</td>
<td>Dec. 2014/unk.</td>
<td>Awarded a $113,850 bonus in December 2014</td>
</tr>
<tr>
<td>Georgia Ports Authority</td>
<td>$515,170(^2)</td>
<td>Unk./unk.</td>
<td>No bonus payments reported, but received $117,434 in “travel compensations”(^3)</td>
</tr>
<tr>
<td>Jacksonville Port Authority</td>
<td>$320,000(^4)</td>
<td>July 2013/unk.</td>
<td>None, but receives $6,000 annual car allowance(^5)</td>
</tr>
<tr>
<td>Port of Long Beach</td>
<td>$350,000(^6)</td>
<td>July 2014/unk.</td>
<td>Unknown</td>
</tr>
<tr>
<td>Port of Oakland</td>
<td>$325,000(^7)</td>
<td>Sept. 2013/unk.</td>
<td>20% bonus target(^8)</td>
</tr>
<tr>
<td>South Carolina Ports Authority</td>
<td>$435,000(^9)</td>
<td>Dec. 2015/unk.</td>
<td>33% bonus target(^10)</td>
</tr>
<tr>
<td>Tampa International Airport</td>
<td>$364,651(^11)</td>
<td>Oct. 2015/unk.</td>
<td>$500,000 retention bonus if he remains in position through 2018(^12)</td>
</tr>
<tr>
<td>Tampa Port Authority</td>
<td>$365,750(^13)</td>
<td>Nov. 2014/unk.</td>
<td>$50,000 each year in deferred compensation(^14)</td>
</tr>
<tr>
<td>Virginia Port Authority</td>
<td>$618,750(^15)</td>
<td>Feb. 2015(^16)/unk.</td>
<td>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)</td>
</tr>
</tbody>
</table>
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

Source: Transamerica Center for Retirement Studies
Changing Demographics

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


Source: PwC “Transportation & Logistics 2030 Volume 5: Winning the talent race” (released in 2012)
Changing Demographics

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

- Difficulty finding candidates with the required skills: 31%
- Competition for resources: 20%
- Lack of awareness of the logistics function: 17%
- Lack of interest in entering field: 20%
- Compensation package is not competitive: 8%
- Other: 2%

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

Source: PwC “Transportation & Logistics 2030 Volume 5: Winning the talent race” (released in 2012)
Changing Demographics - 92% of US recruiting efforts include some combination of social media outreach

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

Compensation Data Sources (slide 5)

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